

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 28, 1962

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Corporation for the
assignment of an allowable to its Gushwa Well No.
1, located in the S/2 of Section 21, Township 18
South, Range 26 East, Eddy County, New Mexico, for
the commencement of gas prorationing in the Atoka-
Pennsylvanian Gas Pool July 1, 1961, to the date of
connection of said August 12, 1961. Applicant
alleges that said well was unreasonably discrimi-
nated against by being denied access to a gas
transportation facility during said period.

CASE 2587

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: The hearing will come to order, please. Case
2578.

MR. MORRIS: Application of Yates Petroleum Corporation
for the assignment of an allowable to its Gushwa Well No. 1, loca-
ted in the S/2 of Section 21, Township 18 South, Range 26 East,
Eddy County, New Mexico, for the commencement of gas prorationing
in the Atoka-Pennsylvanian Gas Pool July 1, 1961, to the date of
connection of said well August 12, 1961.

MR. LOSEE: If the Examiner please, A. J. Losee, Losee
and Stewart, representing the Applicant, and I have one witness.

(Witness sworn.)

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PHONE 243-6691



MR. UTZ: Are there other appearances in this case?

You may proceed.

(Whereupon, Applicant's Exhibits 1, 2a, 2b, 2c, 3, 4, 5a, 5b, 5c, 5d, 5e, and 5f marked for identification.)

JACK W. McCALL

called as a witness, having been first duly sworn on oath, testified as follows:

DIRECT EXAMINATION

BY MR. LOSEE:

Q State your name, please.

A Jack McCall.

Q Where do you live, Mr. McCall?

A Artesia, New Mexico.

MR. UTZ: What's your initials?

A Jack W.

Q (By Mr. Losee) What is your occupation?

A Landman for Yates Petroleum.

Q It is not your intention in this hearing to testify as a petroleum expert, is it?

A No, sir.

Q Please refer to what has been marked Applicant's Exhibit No. 1, and state what that portrays.

A It is a plat of the Atoka-Pennsylvanian Pool with the outline around the South Half of 21 where the Gushwa Well is located.



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Q Does it also show the location of the other wells in the Atoka-Pennsylvanian Gas Pool?

A Yes, it does.

Q Does it show the leases located offsetting the Gushwa No. 1 Proration Unit?

A Yes, sir.

Q This pool is completed in the Pennsylvanian formation?

A That's right.

Q And is a gas pool?

A Yes, sir.

Q Is Yates Petroleum Corporation the operator of the Gushwa No. 1 Well?

A Yes, sir.

Q That well has a proration unit dedicated to it comprising what lands?

A The South Half of Section 21.

Q In Township 18 South, Range 26 East?

A Right.

Q When was the drilling of that well, the Gushwa No. 1, completed?

A In February of 1961. February --

Q 20th?

A 20th, right.

Q That's when drilling stopped on it. When did you complete the testing and the perforating of the well?



A It was completed in March, about March 20th, 1961.

Q It's producing from this Pennsylvanian Pool?

A Yes, sir.

Q Did Yates Petroleum Corporation file the completion papers on this well?

A Yes.

Q Please refer to Exhibits 2-a, b, and c, and state briefly what they are.

A The Miscellaneous Report on the Completion, and the Request for Allowable, C-104, and the Authorization to Transport Natural Gas.

Q Now the Authorization to Transport the gas was approved by the Commission on March the 22nd of 1961?

A Yes, sir.

Q At the time of the completion of this well and the Authorization to Transport Gas, was there a gas transportation facility in the Atoka-Pennsylvanian Field capable of handling gas from this well?

A There was.

Q What company owned that facility?

A Trans Western Pipeline Company.

Q Did Pan American Petroleum Corporation also have a line in that field?

A Yes, they did.

Q Was the South Half of this Section 21 on which the Gushwa



No. 1 is located, was that under a previous contract to Trans Western Pipeline Company?

A Yes, Contract 350.

Q Please refer to what has been marked Applicant's Exhibit 3 and state what that is.

A This is Yates Petroleum Corporation's contract with Trans Western Pipeline, and it was executed in December of 1960.

Q December the 6th?

A December the 6th.

Q Does that specifically dedicate the Gushwa Well and the acreage proration unit, 320 proration unit?

A Yes, it does.

Q That contract was still in existence on the date of the completion of the well?

A Yes.

Q Did the Federal Power Commission grant Yates Petroleum Corporation authority to sell gas under this contract; and if so, on what date?

A Yes, they did. We were granted our approval February 13, 1961.

Q Is a copy of that approval marked as Applicant's Exhibit No. 4?

A Yes.

Q Did Trans Western Pipeline Company connect this Gushwa No. 1 Well, did they ever connect to it?



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A Yes, on August 12, 1961.

Q Are they still connected to the well?

A Yes.

Q Was this Atoka-Pennsylvanian Gas Pool placed on gas prorationing effective July 1st, 1961?

A It was.

Q And the period between July 1 and August 12, 1961, this Gushwa No. 1 well was not connected to the pipeline?

A That's right.

Q Did Yates Petroleum Corporation or you on their behalf make any efforts to have this well connected?

A About the time we completed the well in February, 15th to the 20th of February, we made numerous phone calls.

Q From your notes, do you have the dates of the phone calls you made to Trans Western and the people that you talked to about connecting this well?

A February the 15th we called Mr. Copas in Houston.

Q Do you know what his capacity is with Trans Western?

A Well, he's the top man. I don't know exactly what we call him, but he's the head of the list; and Mr. Wooten, who is their engineer.

Q In Houston?

A In Houston.

Q What was the date -- go ahead, this was on February 15?

A That was February 15. Then we called a fellow named



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Kutzinger.

Q Did you call these people?

A Yes, I did. Then the 24th of March we called Mr. Wooten again. The 24th of May we called Mr. Wooten again.

Q Were all of these calls made by you in an effort to connect this well?

A Yes.

Q Did you have any correspondence with Trans Western, trying to get this well connected?

A February 15th -- we have numerous letters.

Q Let's refer to what's been marked Applicant's Exhibit 5a, which is the copy of a letter dated February 15, 1961, to Mr. Copas. Did you mail that letter to him?

A Yes.

Q And part of that is a request to connect this well?

A Right.

Q Does that show the urgency because of your fee leases that were expiring?

A Yes. We were anxious to get them on production so that we wouldn't have to pay shut-in royalty.

Q Then what's been marked Applicant's Exhibit 5b, a letter dated February 16 to Mr. Wooten, is that also requesting that your well be connected?

A Yes, it is.

Q Then Applicant's Exhibit 5c is a letter dated April 6,



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1961, from your office enclosing four point test forms?

A Right.

Q Was the original of that letter mailed to Trans Western?

A Yes.

Q Applicant's Exhibit 5d is an original letter from Trans Western dated April 8th from Mr. J. T. Wooten. Would you read that letter into the record, please?

A "We are in receipt of the four point test and the completion forms relating to the Bob Gushwa Well. This well connection will be worked into our schedule immediately."

Q That's sufficient. On June 30th is a copy of a letter from our firm to Trans Western; is that letter again requesting a connection for this well?

A Yes, it is.

Q Does it outline the problems that you were undergoing by way of shut-in royalty and drainage?

A Yes, it does.

Q Then refer to Applicant's Exhibit 5f, which is a letter from Trans Western Pipeline with a schedule attached to it. Does this schedule set up and show the date of the completion of the Bob Gushwa Well and the fact that it has not at that date sold any gas?

A Yes, it does.

Q What does it show as the completion date for the well?

A March, 1961.



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Q Does it show any date of first delivery of gas?

A No, sir.

Q Does that schedule also set up Yates Petroleum Corporation's Linemeier Well, and what is the completion date of that?

A It shows the completion date to be March, 1961.

Q What is the date of first delivery of that gas?

A April 15, 1961.

Q On July 1st, 1961, had Yates Petroleum Corporation furnished everything that Trans Western had required to connect this well?

A Yes, we had.

Q Between July 1st of 1961 and August 12th of 1961, were there any wells completed in the Atoka-Pennsylvanian Gas Field that were not then connected to a pipeline?

A Not to my knowledge.

Q This well was completed along the middle of March of 1961 and not connected until August the 12th, is that approximately five months in duration?

A Right.

Q Do you know of any other wells in the Atoka-Pennsylvanian Gas Field that had to wait five months for a connection?

A No, I don't.

Q During all of this correspondence and telephone conversations with Trans Western, did they give you any reason for their delay in connecting this well?



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A Well, no.

Q Does it seem to to you they were just stalling in the connection?

A Yes.

Q In this application, Yates Petroleum Corporation has requested that the Commission find that this Gushwa No. 1 Well, although there was a gas transportation facility in the field capable of handling gas produced from the well, that the well was unreasonably discriminated against; and as a result, assign an allowable to the well for the period from the time the field first went on proration, July 1st, to the first sale of gas, August 12th. In your opinion, is the relief requested in this application necessary to protect the correlative rights of the working interest and royalty interest owners underlying this well?

A I believe it is.

Q Applicant's Exhibit 1 was prepared by you or under your direction, was it not?

A Yes.

Q The other exhibits are either correspondence or copies of contracts in which your employing company was either the recipient of a letter, or the writer, is that correct?

A Right.

MR. LOSEE: Applicant moves for the introduction of its Exhibit 1 through 5. We request that we be permitted to withdraw Exhibit 3, which is the original gas contract with Trans



Western.

MR. UTZ: You have copies of Exhibit 3?

MR. LOSEE: Yes, and substitute a conformed copy for it.

(Whereupon, Applicant's Exhibit
3 was marked for identification.)

MR. UTZ: Without objection, the stated exhibits will be
entered into the record of this case.

(Whereupon, Applicant's Exhibits
1 through 5 admitted in evidence.)

MR. LOSEE: That is the Applicant's case.

CROSS EXAMINATION

BY MR. UTZ:

Q I believe you stated that all testing was completed on
this well by March the 20th, 1961, is that true?

A We tested later, but our first test was completed at
that time.

Q What testing are you referring to, the four point testing?

A Yes.

Q Completion tests?

A Yes.

Q Did you file a copy of this four point test with the
Commission?

A I'm sure we did.

Q That test would be submitted to us on or before March
20th?

A Yes.



Q At that date, was the completion status of this well in such a manner that Trans. Western could have hooked on to it and started producing gas?

A Yes, it was.

Q Does Trans Western furnish all connections up to your wellhead?

A They furnish up to the separator.

Q You have a separator on the lease?

A Yes.

Q Ready to be hooked onto?

A I don't believe the separator was up at that time, but it was immediately after we got through testing.

Q At any rate, before July 1st was the separator on your lease?

A Definitely.

Q Ready for Trans Western to connect to?

A Yes.

Q At that time, speaking of July 1st, how near was Trans Western's gathering system to your well?

A About, less than a quarter of a mile.

Q Was it connected to the Olsen Townsite well?

A Yes.

Q Do you know offhand what date they connected to the Olsen well?

A I believe it was the 20th or somewhere around the 20th



of February.

Q So between the 20th of February, and August the 12th, the length of time it took them to connect the well less than a quarter of a mile to their gathering system?

A Right.

Q Is your well connected to that same gathering system?

A Yes, it is now.

MR. UTZ: Are there any questions of the witness?

MR. MORRIS: Yes.

BY MR. MORRIS:

Q Mr. McCall, you stated that Pan American also has a pipeline in this pool?

A Yes.

Q Are there any other pipelines gathering Pennsylvanian gas in this area?

A None besides Pan American's.

Q Did Yates Petroleum Corporation ever make any overtures toward Pan American with respect to getting hooked up with their pipeline?

A With the contract we have, there was no -- we couldn't.

Q In other words, you had the contract already signed with Trans Western?

A Right.

Q What was the effective date of that contract?

A December 6, 1960, I believe.



Q So it was signed and in effect before your well was actually completed?

A Yes.

Q This would have precluded you from making any overtures toward Pan American?

A Yes, sir.

Q Does Trans Western Pipeline in this area handle any other gas besides Pennsylvanian gas?

A You mean in the Atoka Pool?

Q Yes.

A No.

Q In this particular area, it's taking only from the Atoka Pool?

A Right.

Q Then it would follow, of course, that it is reasonably capable of handling this type of gas?

A Yes, sir.

MR. MORRIS: I believe that's all I have.

BY MR. UTZ:

Q Is there any particular topography between the Olsen well and your well which would make the laying of a gathering line impractical or difficult?

A No, sir.

Q It's all sandy hills?

A Well, it's kind of -- it isn't sandy, it's just kind of



gyppy.

Q But no different from any other part of the system?

A No different from any of the rest of it.

MR. UTZ: Any other questions of the witness? The witness may be excused.

(Witness excused.)

MR. UTZ: Are there any other statements in this case? The case will be taken under advisement.

* * * * *

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript under my personal supervision; and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

WITNESS my Hand and Notarial Seal this 3rd day of July, 1962.

Ada Dearnley
NOTARY PUBLIC

My Commission Expires:

June 19, 1963.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2587 heard by me on June 28, 1962.

[Signature] Examiner
New Mexico Oil Conservation Commission



NEW MEXICO OIL CONSERVATION COMMISSION

Examiner hearing - Elvis A. HutzSanta Fe, NEW MEXICOREGISTER

HEARING DATE

June 28, 1962

TIME: 9 A.M.

NAME:	REPRESENTING:	LOCATION:
SAUL A YAGER	SELF	902 ENTERPRISE BLDG
Ralph L. Gray	Hill & Meeker	TULSA(3)OKLA
Hal Porter	Waterford Lumber Co	Artesia, N. M.
Jack McCar	gates Pet Corp	Artesia N. M.
Q Loose	Loose & Stewart	Artesia N. M.
Jason Killahy	Kellahy & Fox	Artesia, N. M.
George W. Selinger	Tulsa Oil Co	Santa Fe
Ronald J. Jacobs	Skelly Oil Co.	Skelly
Clark A. Davis	Skelly	Tulsa
C.R. Black	TEXACO Inc.	Tulsa
Irma C. Hammann	J. Glen Turner	Midland
Bill Webb	" " "	Santa Fe
Henry Bindsege	Chaco Oil	Dallas
Am. G. Webb	J. Glenn Turner	Albany
Lawrence	Santa Fe	Dallas