

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 18, 1976

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil Conserva-) CASE
tion Commission on its own motion to) 5630
consider the contraction of the)
Double L-Queen Associated Pool by the)
deletion of certain lands on the east)
side thereof and the concurrent exten-)
sion of the Vest Ranch-Queen Pool to)
include said lands.)

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: William F. Carr, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

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1 MR. NUTTER: The hearing will come to order, please.
2 We will call now Case 5630 which is the hearing called by the
3 Oil Conservation Commission on its own motion to consider the
4 contraction of the Double L-Queen Associated Pool by the
5 deletion of certain lands and the concurrent extension of
6 the Vest Ranch Pool to include those lands. Also to consider
7 special pool rules for the Vest Ranch Pool.

8 We will call for appearances in this case.

9 MR. CARR: Mr. Examiner, I'm William F. Carr appear-
10 ing for the Commission. I have one witness to be sworn.

11 MR. NUTTER: I'll call for further appearances. No
12 other appearances?

13 (THEREUPON, the witness was duly sworn.)

14 MR. NUTTER: Mr. Carr, will you proceed?

15
16 R. L. STAMETS

17 called as a witness, having been first duly sworn, was
18 examined and testified as follows:

19
20 DIRECT EXAMINATION

21 BY MR. CARR:

22 Q Will you state your name and position for the record,
23 please?

24 A R. L. Stamets, Technical Support Chief, Oil
25 Conservation Commission, Santa Fe, New Mexico.

1 Q Mr. Stamets, do your duties with the Commission
2 include serving as an examiner and testifying as an expert
3 witness in various cases for the Commission?

4 A They do.

5 Q Are you familiar with the subject matter of Case
6 5630?

7 A Yes, I am.

8 MR. CARR: Mr. Examiner, are the witness's qualifica-
9 tions acceptable?

10 MR. NUTTER: Yes, they are.

11 Q (Mr. Carr continuing.) Mr. Stamets, what is the
12 Commission seeking in this case?

13 A Basically what we are trying to do here is correct
14 a little bit of the nomenclature problem we have in Chaves
15 County and to set up special pool rules for oil wells and gas
16 wells in this area, set up an associated pool.

17 Q Will you refer to Commission Exhibit One and explain
18 to the Examiner what it shows?

19 A All right, we have two exhibits in this case and
20 they are the same base map which was Exhibit Number Two in
21 Case 4352 concerning the Double L-Queen Associated Pool.
22 Exhibit Number One is to show a structure contour map on the
23 top of the Queen formation. You see there the oil wells, gas
24 wells, dry holes, locations, temporarily abandoned wells,
25 marked in the common symbols. You can also see that there are

1 three general producing areas on the map. The two lines of
2 cross section shown on there, let's say AA prime runs from
3 the north down to the Double L-Queen Pool, across the
4 squiggly orange line, south into the Sulimar-Queen Pool.

5 The BB prime line crosses the Double L-Queen Pool
6 and up in the northeast corner of the exhibit is what is known
7 as the Vest Ranch-Queen Pool.

8 What we have here is a typical Queen sequence in
9 this part of Chaves County. We have oil in a rim, down dip
10 from gas. You can see in the Vest Ranch area, there's a thin
11 string of oil wells with gas wells up dip to the west. The
12 squiggly orange line running from Section 32, 14, 30 down to
13 Section 16 in 15, 30 is a permeability porosity pinch-out and
14 then we move on to the west and we find the oil wells of the
15 Double L-Queen Pool proper. And then I have already mentioned
16 the squiggly line in the south part of this exhibit, separating
17 the Double L-Queen Associated Pool from the Sulimar.

18 MR. NUTTER: Mr. Stamets, would you define what a
19 squiggly line is for the record?

20 A. For the record, we have an orange line which looks
21 somewhat snake-like, with an arrow at each end, separating
22 the three producing areas.

23 MR. NUTTER: And that's a squiggly line?

24 A. That's a squiggly line.

25 MR. NUTTER: Thank you, sir.

1 Q (Mr. Carr continuing.) Do you have any further
2 testimony relating to Exhibit Number One?

3 A No, I don't.

4 Q Mr. Stamets, moving to Exhibit Number Two, would you
5 first state just generally what this exhibit shows?

6 A Okay. This is the same exhibit as I have already
7 mentioned, except on this exhibit I have shown the pools in
8 question. The heavy black line outlines the Double L-Queen
9 Associated Pool. The southern portion of the Vest Ranch Pool
10 is shown in the heavy blue line and there is some part of the
11 pool that extends off the map to the north.

12 Not shown on this map is what is known as the
13 Southeast Chaves Queen Gas Area. This is a large area in
14 Chaves County which is not really a pool but it is an area
15 recognized for the development of the Queen formation for gas
16 production. There are special rules in that area which limit
17 the gas allowables, which provides for the three hundred and
18 twenty acre spacing for gas wells. However, the special pool
19 rules do not discuss oil development.

20 Q Now, Mr. Stamets, before you go one, would you
21 please refer to Exhibit Two and the docket that has been
22 prepared and distributed at this hearing and point out any
23 differences between the two?

24 A Yes, we are talking about contracting the Double L-
25 Queen Pool and in sort of a hash-mark grayish line, which

1 is shown on this exhibit, we have marked what we propose to
2 be the final eastern pool limit of the Double L-Queen Pool.

3 Perhaps I should just mention here now what we
4 propose to contract from the Double L differs from what is
5 shown on the docket in this case. In Township 14 South,
6 Range 30 East in Section 31, we propose to delete only the
7 northeast quarter of the southeast quarter. The other quarter
8 section being included in the Double L-Queen Unit area and
9 testimony in that case indicating that there is productive
10 acreage under that quarter section contributing to the Double L-
11 Queen Pool.

12 In Township 15 South, Range 30 East in Section 6,
13 instead of deleting the southeast quarter, we are only deleting
14 the east half, southeast quarter in the southwest quarter,
15 southeast quarter for the same reason.

16 MR. NUTTER: In other words, the northwest quarter
17 of the southeast quarter would remain in the Double L-Queen?

18 A. Yes, that is correct.

19 There are some other changes but they are related
20 to the Vest Ranch-Queen and I would like to get into that when
21 I get to that point of the exhibit.

22 Going back to the original dark line, the black line
23 of the Double L-Queen, it can be seen that that pool boundary
24 crosses the permeability porosity pinch-out and actually it
25 extends east of what should be the Double L-Queen Pool and we

1 are proposing that it be contracted so that only the Queen
2 formation, which is actually in contact with the Double L-Queen
3 Pool is in that pool.

4 Now, we have also shown on Exhibit Two a red line.
5 That is what we are proposing to be expanded or this outlines
6 the area that we are proposing to be expanded to the Vest
7 Ranch Pool.

8 There is a slight change in the docket and what we
9 are proposing here. In Section 8 we are proposing that the
10 entire section be added to the Vest Ranch Pool instead of the
11 north half and the southeast quarter and in Section 9 we are
12 proposing that the west half be included in the Vest Ranch
13 Pool.

14 Now, if this addition to the Vest Ranch were made,
15 it is easily seen that we would have both oil production in
16 a very narrow rim on the east side and gas production in a
17 much wider belt on the west side of the pool. To allow
18 development of both the gas and the oil in this pool, it is
19 proposed that the Vest Ranch-Queen Pool be redesignated the
20 Vest Ranch-Queen Associated Pool and that special pool rules
21 and regulations similar to the Double L-Queen Associated Pool
22 be put in force and effect there. These regulations should
23 allow development of the oil and the gas in a manner which
24 will not cause waste and which will protect the correlative
25 rights of all of the owners in there.

1 And the allowable would be no different from what
2 it is today on those wells, both the oil and the gas.

3 There are a couple of differences which we are
4 proposing between the Vest Ranch rules and the Double L-Queen
5 rules. For example, in Rule Number Four, we are proposing
6 that any well which is to be drilled in a known gas area should
7 be located according to the statewide spacing rules for wells
8 on three hundred and twenty acres, that being no closer than
9 six, sixty to the nearest side boundary or nineteen, eighty to
10 the nearest end boundary, nor closer than three, thirty to
11 any governmental quarter-quarter section line, instead of,
12 within a hundred and fifty feet of the center of a quarter-
13 quarter section as it is set out in the Double L rules.

14 In Rule Nine we are proposing that instead of two
15 gas liquid ratio tests per year, that only one be taken. The
16 development is not new in this area and checking the gas oil
17 ratios reported to the Commission as reflected in the oil
18 proration schedule, in checking production as shown in our
19 statistical report, none of the gas wells are producing any
20 liquids and none of the oil wells in the pool are producing
21 at high gas oil ratios, so it would appear that an additional
22 gas oil ratio test is an unnecessary expense on the operators
23 involved. Aside from that, we are not proposing any difference
24 in the rules and regulations.

25 Q Mr. Stamets, the recommended special pool rules

1 that you have been reading from, is it your desire that they
2 be marked as an exhibit and offered in the case?

3 A. No, this was just simply prepared for the aid and
4 assistance to the Examiner in preparing a form of order.

5 Q. Do you have any further testimony you would like
6 to offer in respect to Exhibit Two or the proposed special
7 pool rules?

8 A. No, I have no specific testimony. There is a letter
9 that I received from Leon Lampert of the Dalport Oil
10 Corporation and he asked for a couple of changes in the Vest
11 Ranch rules. He concurs with our recommendation that GOR
12 tests be taken annually, rather than semi-annually.

13 He asked that a gas well be defined as one with a
14 GOR in excess of a hundred thousand to one, rather than the
15 thirty thousand to one that now currently exists in the
16 Double L field. I don't believe this will be a problem
17 either way.

18 His third point, he says he retained the provision
19 that each future gas well shall be located on a standard three
20 hundred and twenty acre unit. I don't see that that is a
21 problem since allowables are restricted to the number of
22 dedicated acres, so whichever way we go I don't believe we
23 will have a problem there.

24 Q. Do you have anything further to add to your testimony?

25 A. No.

1 Q In your opinion would granting the Commission's
2 motion prevent waste and protect correlative rights?

3 A There would be no harm. There really would be no
4 change in what is already occurring, so there would be no
5 waste, correlative rights would continue to be protected and
6 we would just have a lot cleaner nomenclature situation.

7 MR. CARR: Mr. Examiner, at this time I offer Oil
8 Conservation Commission Exhibits One and Two.

9 MR. NUTTER: Exhibits One and Two will be admitted
10 into evidence.

11 (THEREUPON, Oil Conservation Commission Exhibits
12 One and Two were admitted into evidence.)

13 MR. CARR: I have nothing further.

14
15 CROSS EXAMINATION

16 BY MR. NUTTER:

17 Q Mr. Stamets, I'm not sure if I followed your
18 description of the extension of the Vest Ranch Pool as it
19 deviates from the docket. Now, in Township 15 South, Range 30
20 East, Section 4 is the same as the docket, right?

21 A Yes.

22 Q Section 5 is the same as the docket?

23 A It should be.

24 Q There is no extension in 6 or 7. In Section 8 you
25 would add all of Section 8?

1 A. Yes.

2 Q. Rather than the north half and southeast quarter
3 as shown on the docket?

4 A. That's right.

5 Q. Okay, now, what are you putting in in Section 9?

6 A. Section 9 would include the west half.

7 Q. And Section 9 is not included on the docket at all?

8 A. That is correct.

9 Q. Then in Section 16, the extension is as shown on
10 the docket, northwest quarter and northwest-southwest?

11 A. Yes, that is correct.

12 Q. And Section 17 is the same as the docket, northwest
13 half?

14 A. That is correct.

15 MR. NUTTER: Okay, thank you. Are there any further
16 questions of Mr. Stamets? He may be excused.

17 (THEREUPON, the witness was excused.)

18 MR. NUTTER: Do you have anything further, Mr. Carr?

19 MR. CARR: Nothing further.

20 MR. NUTTER: Does anyone have anything to offer in
21 Case 5630? We will take the case under advisement and the
22 hearing is adjourned.


23

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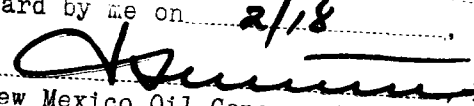
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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.


Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 230
heard by me on 2/18, 19 76


Examiner
New Mexico Oil Conservation Commission