

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

20 May 1986

COMMISSION HEARING

IN THE MATTER OF:

The disposition of cases called on
the docket of 20 May 1986 for which
no testimony was presented.

CASE
8901, 8902,
8690.

BEFORE: Richard L. Stamets, Chairman
Ed Kelley, Commissioner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Jeff Taylor
Legal Counsel to the Division
Oil Conservation Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

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3 MR. STAMETS: The hearing will
4 please come to order.

5 To expedite things this morning
6 let me announce that at the request of the applicants Cases
7 8901, 8902, and 8690 will each be continued to the June 19th
8 Commission Hearing. Also, I would note for those in
9 attendance that the Commission would like not to have a
10 hearing in July, so I think that we won't.

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12 (Hearing concluded.)
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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY
that the foregoing Transcript of Hearing before the Oil Con-
servaion Division was reported by me; that the said tran-
script is a full, true, and correct record of the hearing,
prepared by me to the best of my ability.

Sally W. Boyd CSR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

19 June 1986

COMMISSION HEARING

IN THE MATTER OF:

Application of Doyle Hartman for
compulsory pooling, a nonstandard
proration unit, two unorthodox
locations, and simultaneous dedica-
tion, Lea County, New Mexico.

CASE

8690

8902

BEFORE: Richard L. Stamets, Chairman
Ed Kelley, Commissioner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Charles E. Roybal
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For the Applicant:

Willaim F. Carr
Attorney at Law
CAMPBELL & BLACK P. A.
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Santa Fe, New Mexico 87501

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I N D E X

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STATEMENT BY MR. CARR

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DANIEL S. NUTTER

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Direct Examination by Mr. Carr

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Questions by Mr. Lyon

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E X H I B I T S

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Hartman Exhibit One, Plat

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2 MR. STAMETS: We'll call next
3 Case 8690.

4 MR. ROYBAL: Case 8690. Appli-
5 cation of Doyle Hartman for compulsory pooling, a nonstand-
6 ard proration unit, two unorthodox locations, and simultan-
7 eous dedication, Lea County, New Mexico.

8 MR. CARR: May it please the
9 Commission, my name is William F. Carr with the law firm
10 Campbell & Black, P. A., of Santa Fe. We represent Mr.
11 Hartman and I have one witness.

12 At this time, if it pleases the
13 Commission, I would request that Case 8902 also be called.

14 MR. STAMETS: Let's call Case
15 8902.

16 MR. ROYBAL: Case 8902. Appli-
17 cation of Doyle Hartman for compulsory pooling, two
18 nonstandard proration units, two unorthodox locations, and
19 simultaneous dedication, Lea County, New Mexico.

20 MR. CARR: May it please the
21 Commission, Case 8906 was originally heard by an examiner on
22 August 28 and October 9, 1985.

23 At that time the case was op-
24 posed by Lewis Burleson. Order R-8107 was entered in Case
25 8690 in which the Division approved a 400-acre unit and im-

1 posed certain limits on production from the wells in that
2 unit.

3 Mr. Hartman filed an applica-
4 tion for hearing de novo on January 24th, and filed an
5 amended application, and on the 28th of April filed a second
6 amended application.

7 That case was docketed as Case
8 8902.

9 At this time we would move that
10 Case 8690 be dismissed, since it is superseded by Case 8902.

11 MR. STAMETS: We will then dis-
12 miss Case 8690.

13 MR. CARR: This week Mr. Kella-
14 hin and I have reached an agreement whereby we agreed that
15 Mr. Hartman would not oppose the application of Mr. Burleson
16 which has previously been heard today, and in exchange, Mr.
17 Burleson waived objection to the application of Mr. Hartman
18 in this case, and I'd like to hand you a letter dated June
19 17th, which constitutes the agreement between Mr. Hartman
20 and Mr. Burleson.

21 What we have before you is Case
22 8902. It was styled that way, although it was really filed
23 as an amended application in a previous case.

24 The difference is instead of a
25 single 400-acre unit we now have two 200-acre spacing and

1 proration units; that's basically the difference.

2 As the case was styled there is
3 also a request for compulsory pooling. We have received a
4 farmout from Terra Resources. There may be some small re-
5 maining interst outside. We're not certain on that. The
6 title is complicated. We therefore would also request, how-
7 ever, that the compulsory pooling portion of the case be
8 dismissed. If there is still a very small outstanding in-
9 terest we'll simply have to come back on that maybe.

10 So we would ask that the por-
11 tion of Case 8902 that relates to compulsory pooling be dis-
12 missed.

13 MR. STAMETS: We will dismiss
14 that portion of the case.

15 MR. CARR: At this time I would
16 request that since the testimony is the same as that presen-
17 ted in the original hearing that the record of Case 8690 be
18 incorporated by reference into this case today, Case 8902.

19 MR. STAMETS: That incorpora-
20 tion will be made.

21 MR. CARR: And at this time I'd
22 like to call Mr. Nutter, who will identify the new units and
23 give some general testimony as to the wells on those units.

24 MR. STAMETS: Are there any
25 other appearances in this case?

1 Is Mr. Nutter your only wit-
2 ness?

3 MR. CARR: Yes, he is.
4

5 (Witness sworn.)
6

7 DANIEL S. NUTTER,
8 being called as a witness and being duly sworn upon his
9 oath, testified as follows, to-wit:
10

11 DIRECT EXAMINATION

12 BY MR. CARR:

13 Q Will you state your full name and place
14 of residence?

15 A Dan Nutter, Santa Fe, New Mexico.

16 Q Mr. Nutter, by whom are you employed and
17 in what capacity?

18 A I'm a consulting petroleum engineer em-
19 ployed by Mr. Doyle Hartman in this particular case.

20 Q Have you previously testified before this
21 Commission and had your credentials as an engineer accepted
22 and made a matter of record?

23 A I have.

24 Q Are you familiar with the second amended
25 application filed in this matter by Mr. Hartman?

1 A Yes, I am.

2 Q Are you familiar with the proration units
3 and the wells located thereon?

4 A Yes, I am.

5 MR. CARR: Are the witness'
6 qualifications acceptable?

7 MR. STAMETS: They are.

8 Q Mr. Nutter, would you refer to Hartman
9 Exhibit Number One in Case 8902, identify this and review
10 the information contained on the exhibit?

11 A Hartman Exhibit Number One is a plat of
12 Sections 22 and 27, Township 25 South, Range 37 East, in the
13 Jalmat Gas Pool, Lea County, New Mexico.

14 Also shown are a number of oil wells.
15 These are mostly in the Langlie Mattix Pool.

16 There are two proration units colored
17 solid on the exhibit, the first being colored pink. It's a
18 200-acre nonstandard proration unit comprising the south --
19 the west half of the southwest quarter of Section 22, and
20 the west half of the northwest quarter and the southeast
21 quarter of the northwest quarter of Section 27, both in
22 Township 25 South, Range 37 East.

23 This proration unit is 200 acres and
24 would simultaneously be dedicated to Hartman's Carlson Har-
25 rison Federal No. 1, located in Unit F of Section 27; his

1 No. 2, located in Unit D of Section 27; his No. 3-A, located
2 in Unit L of Section 22; and his No. 4, located also in Unit
3 L of Section 22.

4 The other proration unit, which is
5 colored solid, is in yellow and is a 200-acre nonstandard
6 proration unit comprising the west half of the southeast
7 quarter of Section 22 and the northeast quarter of the
8 northwest quarter and the west half of the northeast quarter
9 of Section 27 in Township 25 South, Range 37 East, and would
10 be dedicated to Hartman's Carlson Harrison Well No. 5, which
11 is located in Unit C of Section 27.

12 I have also outlined on the exhibit in
13 red the south half of Section 22. This was a 320-acre pro-
14 ration unit which was assigned to what Hartman now calls the
15 3-A in section -- in Unit L of Section 22. It was original-
16 ly called the El Paso Carlson No. 1, and was 300 -- it was
17 the unit well for a 320-acre unit.

18 This well was completed in the Jalmat in
19 1956 and had dedicated thereto the entire 320-acre unit
20 being the south half of Section 22 from 1956 until the be-
21 ginning of 1986, for thirty years.

22 About two years ago some of the acreage
23 was farmed out and Antweil drilled his No. 2 Terra Resources
24 Well in Unit letter F of Section 22 and dedicated an 80-acre
25 proration unit, being the white acreage between the pink and

1 the yellow in the south half of Section 22.

2 Through some oversight this 80 was not
3 deducted from the 320-acre unit that was dedicted to the El
4 Paso Well, so there was a simultaneous dedication of that
5 acreage to two proration units for period of almost two
6 years; however, it has been straightened out now and the 80
7 acres is a unit dedicated to a well as is proper.

8 MR. STAMETS: Mr. Nutter, I be-
9 lieve that's Unit letter K, isn't it?

10 A Okay, K. No, that would be Unit letter
11 M. It's the Terra Resources Well and it's in the southeast
12 quarter of the southwest quarter of Section 22 --

13 MR. STAMETS: Okay, --

14 A -- so it would be Unit letter M.

15 MR. STAMETS: It shows as a gas
16 well.

17 A Yes, sir, it is a gas well.

18 MR. STAMETS: Okay. I was
19 looking at the oil well north of that.

20 A I'd also mention the well which has the
21 combination symbol of an oil well and a gas well, located in
22 Unit letter B of Section 27. That would be the Terra
23 Resources Carlson No. 1.

24 This well was completed as a Langlie Mat-
25 tix well in 1939 and was produced from the Langlie Mattix

1 until it was abandoned in the Langlie Mattix in 1952.

2 It was completed then in the Jalmat Gas
3 Pool and produced from the Jalmat Gas Pool approximately
4 2,000,000 cubic feet of gas and was declared noncommercial
5 and abandoned in 1953, then.

6 But this would be our evidence that this
7 eastern portion of the proration unit was and probably still
8 is productive of gas. It's got a real good section in the
9 Lower Yates, which has never been perforated, and ultimately
10 we may do some more perforating over on the east side of the
11 proration unit.

12 However, the record, as incorporated from
13 the previous case, 8690, will demonstrate the productivity
14 of the east half of the proration unit. That well, by the
15 way, is shown as being second from the right on Exhibit Num-
16 ber Seven in Case Number 8690.

17 Q Mr. Nutter, in your opinion should the
18 production from either of these 200-acre spacing and prora-
19 tion units be limited in any way?

20 A No, I don't think so because both units
21 are the same size. They've both got a well, a new well, the
22 No. 4 on the pink unit, the No. 5 on the yellow unit, which
23 are capable of approximately the same productivity and both
24 of those wells will drain their proration units and there's
25 no reason why the production should be restricted from

1 either well.

2 Q Are the wells on these units necessary to
3 drain the units?

4 A They obviously are because the previous
5 wells on the units are low marginal wells and the new wells
6 will drain the acreage.

7 Q In your opinion will granting this
8 amended application be in the best interest of conservation,
9 the prevention of waste, and the protection of correlative
10 rights?

11 A Yes.

12 Q Was Exhibit Number One prepared by you?

13 A Yes, it was.

14 MR. CARR: At this time we
15 would offer into evidence Hartman Exhibit Number One.

16 MR. STAMETS: Exhibit Number
17 One will be admitted.

18 MR. CARR: I have nothing fur-
19 ther for Mr. Nutter on direct examination.

20 MR. STAMETS: Any questions of
21 the witness?

22 Mr. Carr, do we have a proof of
23 notice in this case?

24 MR. CARR: Well, I can provide
25 you with -- with return receipts that were mailed. I'll be

1 happy to do that after the hearing.

2 MR. STAMETS: Okay, that will
3 be fine.

4 MR. LYON: May I ask just one
5 question?

6 MR. STAMETS: Okay.

7
8 QUESTIONS BY MR. LYON:

9 Q Mr. Nutter.

10 A Yes, sir.

11 Q You carried me a little fast on these
12 wells that are produced from each of these units. Would you
13 review those for me again?

14 A Yes, sir. The only productive well at
15 the present time on the yellow unit would be the Carlson
16 Harrison Well No. 5, which is located in Unit letter C of
17 Section 27.

18 The pink unit has four wells on it.

19 The first is the No. 1 Carlson Harrison
20 and that's located in Unit letter E of Section 27.

21 Q E?

22 A Yes, sir.

23 Q Isn't E in the north half?

24 A In Section 27.

25 Q In Section 27, okay, all right, I'm with

1 you.

2 A The second well would be the Carlson Har-
3 rison No. 2, which is located in Unit letter D.

4 Q Right.

5 A These are both low marginal wells and pro-
6 duce a small amount of gas but not very much.

7 The third well is the old well of El
8 Paso's which had been dedicated to the 300-acre unit, and
9 it's labeled as the 3-A in Unit letter L of Section 22, and
10 it is still producing, although not very much.

11 Then Hartman twinned it and drilled the
12 No. 4 Well in Unit letter L and that is a good well produc-
13 ing at the present from the Jalmat Gas Pool.

14 So that unit would have four wells on it
15 and the other yellow unit would only have one well at this
16 time.

17 Q Okay, thank you.

18 MR. STAMETS: Any other ques-
19 tions of the witness?

20 If not, he may be excused.

21 Ed, do you have any concerns
22 about this?

23 MR. KELLEY: No, if Mr. Carr
24 will submit a proposed order.

25 MR. STAMETS: Okay, Mr. Carr,

1 if you will submit a proposed order and the proof of no-
2 tice, the Commission then will approve these two 200-acre
3 nonstandard units and the simultaneous dedication for the
4 pink (not clearly understood) as soon as we receive that or-
5 der.

6 MR. CARR: Thank you, Mr. Sta-
7 mets.

8 MR. STAMETS: This case, then,
9 will -- this case, then, is concluded.)

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11 (Hearing concluded.)

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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY
CERTIFY that the foregoing Transcript of Hearing before the
Oil Conservation Division (Commission) was reported by me;
that the said transcript is a full, true, and correct record
of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR