BEFORE THE NAME OF THE DIL CONSERVATION COMMISSION Conta Fe, New Mexico January 6, 1971

The Mark of Coastal States Gas

Propany for expansion of

Lea County, New Mexico.

Lea County

Case No. 4480

Break Peaks S. Nutter, Examiner

TANSCRIPT OF HEARING



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MR. HATCH: This is Case No. 4480 which is the Application of Coastal States Gas Producing Company for expansion of a unit area, Lea County, New Mexico. MR. HINKLE:

I am Clarence Hinkle, of Hinkle, Bondurant, Cox and Eaton, appearing for Coastal States Gas Producing Company.

> (Whereupon, Applicant's Exhibits Nos. 1 through 5 were marked for identification.)

JACK McGRAW

Called as a witness, having first been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. HINKLE:

Q State your name, your residence, and by whom you are employed?

My name is Jack McGraw. I work for Coastal States Gas Producing Company as a division engineer in Midland, Texas.

0 Are your qualifications as a Petroleum Engineer a matter of record with the Commission; you have previously testified before the Commission?

A Yes, sir.

Q Have there been prepared under your direction certain exhibits for introduction in this case?

There have been.

209 SIMMS BLDG. P.O. BOX 1092 PHONE 243-6691 PALBUQUERQUE, NEW MEXICO 87103 FIRST NATIONAL BANK BLDG. EAST PALBUQUERQUE, NEW MEXICO 87108

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4 PAGE Are you familiar with the Application by Coastal Q States Gas Producing Company in this case? Α Yes, sir. What is Coastal States attempting to accomplish by their application? Coastal States is seeking to expand the Flying Α "M" (San Andres) Unit. I refer you to Exhibit No. 1, and I ask you to explain what this is and what it shows. All right. No. 1 is a plat showing the existing Flying "M" (San Andres) boundary, and also this proposed There is actually two things that we are extended area. doing in this expansion. We are including the non-committed tracts to the new unit as well as including some new tracts. Q "N.C."?

Those non-committed tracts, they are indicated as

Those tracts were included in the Α That is correct. unit boundary of the old unit and were not committed to the unit because of the non-development at the previous time, which was 1967. Those tracts have now been developed and the operator has indicated that he wants to join in the unit.

Now, referring to Exhibit No. 2, could you ex-0 plain what this shows?

Exhibit No. 2 is a plat showing the injection

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wells that have been already added, and that were added by administrative approval as soon as we got the committment from Southland Royal that they would join in, and this is actually on injection at this time.

Q Now, have you attained approval from USGS of the proposed expansion?

A Yes, we have.

Q I now refer to Exhibit 3. Could you explain that?

A Exhibit No. 3 is a letter from the USGS stating their approval of this expansion.

Q Has it been approved by the Commissioner of Public lands?

A Yes, sir, Exhibit No. 4 is a letter from the Commissioner of Public Lands stating his approval.

Q Inconnection with expansion, did he have participation in any way?

A No, sir, nor formula as such. Exhibit No. 5 shows the parameter in the expanded unit. The form and parameters are the same. The parameters that were used in 1967, they have been updated, however.

Q And Exhibit No. 5 shows this?

A Yes.

Q Is it a formula that has been approved by all of the working owners in the unit as it now exists in the proNEW MEXICO 87103 87108 (1092⊕PHONE 243-6691⊕ALBUQUERQUE, DG. EAST⊕ALBUQUERQUE, NEW MEXICO X O B 209 SIMMS BLDG. P.O. B

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Α Q Α Q far? Α

posed expansion?

Yes, it has.

In your opinion, is the expansion in the interest of conservation and prevention of waste?

Yes, sir, it is very necessary for the continuation of this pressure maintenance projection.

Has the pressure maintenance been successful so

Yes, it has. In varying degrees, it has been, and what we might say--drug out--due to the fact that these tracts were non-committed, and there was some non-development in the south portion of the field. Our best performande was that this injection was normal where we control the area and could inject order as we desired, and then since we have converted these three wells, we have not been increasing the production in the central area of the field. We are still quite a ways on in the south area,

Have you referred to the primary production, sub-Q stantially?

Yes, sir, we have, and the total field recovery at this time is in the neighborhood of 20 to 25000 barrels a month.

I would like to offer Exhibits Nos. MR. HINKLE: 1 to 5, inclusive.

NUTTER: Coastal States' Exhibits Nos. 1 through

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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS 209 SIMMS BLDG. P.O. BOX 1092 PHONE 243-6691 PALBUQUERQUE. NEW MEXICO 87103 FIRST NATIONAL BANK BLDG. EAST PALBUQUERQUE, NEW MEXICO 87108

5 will be admitted into evidence. MR. HINKLE: Thank you. That is all we have. CROSS EXAMINATION BY MR. NUTTER: Is additional acreage, which will be included in Q the unit, is this described as the west half of the west half, and the west half northwest of Section 34, is this the acreage which is in the northeast quarter of Section 4 of the other Township? Α Yes, sir. That is the total sum? Q Yes, sir. Α MR. NUTTER: Thank you. If there are no further questions of Mr. McGraw, you may be excused. (Whereupon, the witness was excused.) MR. NUTTER: Do you have anything further, Mr. Hinkle? MR. HINKLE: No. MR. NUTTER: Is there anything further in Case No. 4480? If not, we will take the case under advisement.

STATE OF NEW MEXICO)

SS
COUNTY OF SANTA FE)

I, RICHARD L. NYE, Court 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.

RICHARD L. NYE, Court Reporter

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