

Case No.

659

Application, Transcript,
Small Exhibits, Etc.

NO.
CASE 659: Warren Petroleum Corp.
Unorthodox Gas Production Unit
Eumont Gas Pool

This order to be
back dated to
May 27 *[Signature]* Limited

January 5, 1954

CONSERVATION COMMISSION
OF NEW MEXICO
SANTA FE, NEW MEXICO

C
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P
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IN THE MATTER OF APPLICATION OF WARREN
PETROLEUM CORPORATION FOR APPROVAL OF AN (CASE NO.
UNORTHODOX GAS UNIT EMBRACING 236.7) 659
CONTIGUOUS ACRES IN THE EUMONT GAS POOL, ()
LEA COUNTY, NEW MEXICO.

Gentlemen:

Comes now WARREN PETROLEUM CORPORATION, a Delaware corporation with offices in Tulsa, Oklahoma, hereby petitioning the New Mexico Oil Conservation Commission for approval of an unorthodox gas proration unit lying wholly within the Eumont Gas Pool, namely, Lots 1,2,3,4,5 and 6 of Section 5, Township 21 South, Range 36 East, N.M.P.M., Lea County, New Mexico, and in support thereof does state:

1. That the petitioner is the sole owner of all leases on the 236.7 acres confined by the boundaries of Section 5, Township 21 South, Range 36 East, N.M.P.M., Lea County, New Mexico, and concerns but a single royalty owner.
2. That the petitioner's Heasley State Well No. 7 is located 1317 feet from the North and 1300 feet from the West boundaries of the section and is completed within the vertical limits of the Eumont Gas Pool as defined by the New Mexico Oil Conservation Commission.
3. That the petitioner's lease is entirely surrounded by producing gas wells in the Eumont Gas Pool and is, therefore, itself capable of production.
4. That a plat showing the above described lands and all offset properties indicating well locations and lease ownership to the best of our knowledge is hereto attached.

Wherefore the petitioner requests that, in the interest of conservation and protection of correlative rights, the Commission grant an exception to Rule No. 7(a), Order No. R-370-A, as provided therein, by which the petitioner may operate the above described lands as a single unit; thereby having the allowable of petitioner's No. 7 well increased in the proportion to which the acreage of this lease bears to the standard of 160 acre allowable.

Respectfully submitted

BJM:cp

WARREN PETROLEUM CORPORATION

(Plat attached may be found in office
of Oil Conservation Commission, Santa
Fe, New Mexico.)

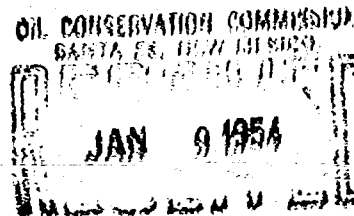
N.M. Oil & Gas Eng. Comm.
Hobbs, New Mexico
Feb. 3, 1954

Feb Coal Co. 657
Warren Petroleum Corporation

P.O. Box 1589

Tulsa 2, Oklahoma

January 5, 1954



Oil Conservation Commission
State of New Mexico
Santa Fe, New Mexico

IN THE MATTER OF THE APPLICATION OF
WARREN PETROLEUM CORPORATION FOR
APPROVAL OF AN UNORTHODOX GAS UNIT
EMBRACING 236.7 CONTIGUOUS ACRES IN
THE EUMONT GAS POOL, LEA COUNTY, NEW
MEXICO

Gentlemen:

Comes now WARREN PETROLEUM CORPORATION, a Delaware corporation with offices in Tulsa, Oklahoma, hereby petitioning the New Mexico Oil Conservation Commission for approval of an unorthodox gas proration unit lying wholly within the Eumont Gas Pool, namely, Lots 2, 3, 4, 5 and 6 of Section 5, Township 21 South, Range 36 East, N.M.P.M., Lea County, New Mexico, and in support thereof does state:

1. That the petitioner is the sole owner of all leases on the 236.7 acres confined by the boundaries of Section 5, Township 21 South, Range 36 East, N.M.P.M., Lea County, New Mexico, and concerns but a single royalty owner.
2. That the petitioner's Heasley State Well No. 7 is located 1317 feet from the North and 1300 feet from the West boundaries of the section and is completed within the vertical limits of the Eumont Gas Pool as defined by the New Mexico Oil Conservation Commission.
3. That the petitioner's lease is entirely surrounded by producing gas wells in the Eumont Gas Pool and is, therefore, itself capable of production.
4. That a plat showing the above described lands and all offset corners indicating well locations and lease ownership to the best of our knowledge is hereto attached.

Natural Gasoline • Natural Gas
Crude Oil • Propane • Butane • Hexane • Heptane • Iso-Butane • Iso-Pentane

Warren Petroleum Corporation

Oil Conservation Commission
January 5, 1954
Page Two

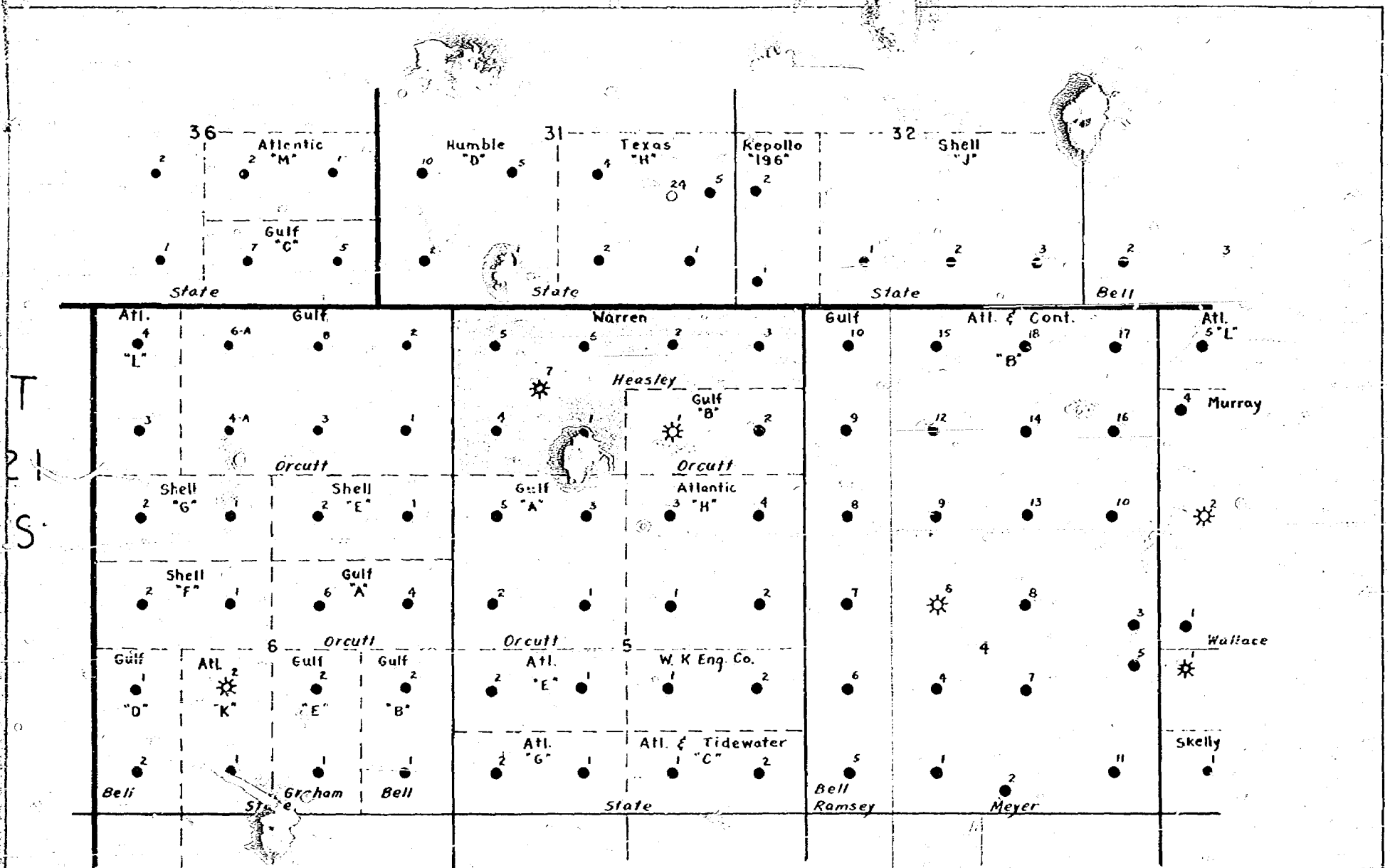
Wherefore the petitioner requests that, in the interest of conservation and protection of correlative rights, the Commission grant an exception to Rule No. 1, Order No. R-370-A, as provided therein, by which the petitioner may operate the above described lands as a single unit, thereby having the allowable of petitioner's No. 7 well increased in the proportion to which the acreage of this lease bears to the standard 160 acre allowable.

Respectfully submitted,

WARREN PETROLEUM CORPORATION

By Don Oedman

BJM:cp



R 36 E

WARREN PETROLEUM CORPORATION
 HEASLEY-STATE LEASE
 Sec. 5-21S-36E,
 Lea County, New Mexico
 Scale: 1" = 2000'

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

June 10, 1954

Warren Petroleum Corporation
Box 1569
TULSA 2 - OKLAHOMA

Attention: Mr. Oldham

Gentlemen:

We now transmit to you the Commission's Order No. R-451 issued on May 27, 1954, in Case 659, which was heard at the regular hearing on February 17, 1954.

Very truly yours,

W. B. Macey
Chief Engineer

WBH:mr

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF CON-
SIDERING:

CASE NO. 659
Order No. R-451

THE APPLICATION OF Warren
Petroleum Corporation
FOR AN ORDER GRANTING APPROVAL
OF AN EXCEPTION TO RULE 7 (a) OF
ORDER NO. R-370-A IN ESTABLISHMENT
OF AN UNORTHODOX GAS PRORATION
UNIT OF 236.7 CONTIGUOUS ACRES
CONSISTING OF LOTS 1, 2, 3, 4, 5
and 6 of Section 5, Township
21 South, Range 36 East,
NMPM, Lea County, New
Mexico, in the Armand Gas
Pool.

BY THE COMMISSION:

ORDER OF THE COMMISSION

This cause came on for hearing at 9 o'clock a. m., on February 17,
1954, at Santa Fe, New Mexico, before the Oil Conservation Commission, herein-
after referred to as the "Commission".

NOW, on this May day of April, 1954, the Commission, a
quorum being present, having considered the records and testimony adduced, and
being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose
thereof having been given as required by law, the Commission has jurisdiction of this
case and the subject matter thereof.

(2) That pursuant to provisions of Rule 7 (a) of Order No. R-370-A,
the Commission has power and authority to permit the formation of a gas proration
unit consisting of other than a legal quarter section after notice and hearing by the
Commission.

(3) That applicant, Warren Petroleum Corporation,
is the owner of an oil and gas lease in Lea County, New Mexico, the land consisting of
other than a legal quarter section, and described as follows, to-wit:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM.
LOTS 1, 2, 3, 4, 5 and 6 of Section 5.

containing 236.7 acres, more or less.

Order No. R- 451

(4) That applicant, *Warren Petroleum Corporation*, has a producing well on the aforesaid lease known as *Heasley State, No. 7* located *1317'* from the North line and *1300'* from the *West* line of Section *5*, Township *21* South, Range *36* East.

(5) That the aforesaid well was completed and ~~in production~~ prior to January 1, 1954, the effective date of Order No. R-370A, and is located within the limits of the pool heretofore delineated and designated as the *Cumont* Gas Pool.

(6) That it is ~~impossible~~ ^{*impractical*} to pool applicant's said lease with adjoining acreage in ~~the North half~~ *Lots 7 and 8 of Section 5, Township 21 South, Range 36 East, NMPM.* and that the owners of adjoining acreage in said ~~quarter sections~~ ^{*Lots*} ~~have~~ ^{*has*} not objected to the formation of the proposed proration unit of *236.7* acres, but ~~have~~ ^{*has*} expressly consented thereto.

(7) That unless a proration unit consisting of applicant's aforesaid acreage is permitted, applicant will be ~~deprived~~ ^{*its*} of the opportunity to recover ~~its~~ just and equitable share of the natural gas in *Cumont* Gas Pool.

(8) That creation of a proration unit consisting of the aforesaid acreage will not cause but will prevent waste, will protect correlative rights, and is necessary to prevent confiscation of applicant's property.

IT IS THEREFORE ORDERED:

(1) That the application of *Warren Petroleum Corporation*, for approval of an unorthodox proration unit consisting of the following described acreage

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM.

Lots 1, 2, 3, 4, 5 and 6 of Section 5

be and the same

is hereby approved, and a proration unit consisting of aforesaid acreage is hereby created, and approved

Order No. R- 451

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Lot 5 (2) That applicant's well, *Hearley State, no. 7*, located in ~~the~~ of Section *5*, Township *21* South, Range *36* East, NMPM, shall be granted an allowable from January *2*, 1954 in the proportion that the above described *236.7* acre unit bears to the standard or orthodox proration unit for said pool, all until further order of the Commission.

DONE at Santa Fe, New Mexico, the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Secretary and Member

(S E A L)

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 659
Order No. R-451

THE APPLICATION OF WARREN PETROLEUM
CORPORATION FOR AN ORDER GRANTING
APPROVAL OF AN EXCEPTION PURSUANT TO
RULE 7 (a) OF ORDER NO. R-370-A IN
ESTABLISHMENT OF AN UNORTHODOX GAS
PROPRATION UNIT OF 236.7 CONTIGUOUS ACRES
CONSISTING OF LOTS 1, 2, 3, 4, 5 and 6 OF
SECTION 5, TOWNSHIP 21 SOUTH, RANGE 36
EAST, NMPM, LEA COUNTY, NEW MEXICO, IN
THE EUMONT GAS POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m., on February 17, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 27th day of May, 1954, the Commission, a quorum being present, having considered the records and testimony adduced, and being fully advised in the premises;

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That pursuant to provisions of Rule 7 (a) of Order No. R-370-A, the Commission has power and authority to permit the formation of a gas propration unit consisting of other than a legal quarter section after notice and hearing by the Commission.

(3) That applicant, Warren Petroleum Corporation, is the owner of an oil and gas lease in Lea County, New Mexico, the land consisting of other than a legal quarter section, and described as follows, to-wit:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Lots 1, 2, 3, 4, 5 and 6 of Section 5.

containing 236.7 acres, more or less.

(4) That applicant, Warren Petroleum Corporation, has a producing well on the aforesaid lease known as Heasley State, No. 7 located 1317' from the North line and 1300' from the West line of Section 5, Township 21 South, Range 36 East.

(5) That the aforesaid well was completed and prior to January 1, 1954, the effective date of Order No. R-370-A, and is located within the limits of the pool heretofore delineated and designated as the Eumont Gas Pool.

(6) That it is impractical to pool applicant's said lease with adjoining acreage in Lots 7 and 8 of Section 5, Township 21 South, Range 36 East, NMPM, and that the owner of adjoining acreage in said Lots has not consented to the formation of the proposed proration unit of 236.7 acres, but has expressly consented thereto.

(7) That unless a proration unit consisting of applicant's aforesaid acreage is permitted, applicant will be deprived of the opportunity to recover its just and equitable share of the natural gas in the Eumont Gas Pool.

(8) That creation of a proration unit consisting of the aforesaid acreage will not cause but will prevent waste, will protect correlative rights, and is necessary to prevent confiscation of applicant's property.

IT IS THEREFORE ORDERED:

(1) That the application of Warren Petroleum Corporation, for approval of an unorthodox proration unit consisting of the following described acreage:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Lots 1, 2, 3, 4, 5 and 6 of Section 5

be and the same is hereby approved, and a proration unit consisting of aforesaid acreage is hereby created.

(2) That applicant's well, Heasley State, No. 7, located in Lot 5 of Section 5, Township 21 South, Range 36 East, NMPM, shall be granted an allowable from January 2, 1954 in the proportion that the above described 236.7 acre unit bears to the standard or orthodox proration unit for said pool, all until further order of the Commission.

DONE at Santa Fe, New Mexico, this day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E. L. Mechem
EDWIN L. MECHEM, Chairman

E. S. Walker
E. S. WALKER, Member

R. R. Spurrer
R. R. SPURRIER, Secretary and Member

(S E A L)

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
February 17, 1954

TRANSCRIPT OF PROCEEDINGS
Case No. 659

ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 105-106, EL CORTEZ BLDG.
PHONES 7-2545 AND 7-746
ALBUQUERQUE, N.M. 84700

BEFORE THE
OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

February 17, 1954

IN THE MATTER OF:

Case No. 659

In the matter of the application of
Warren Petroleum Corporation for an
exception to Rule 7(a) of Order No. R-370-
A to permit the establishment of an
unorthodox gas proration unit of
236.7 acres; namely, Lots 1, 2, 3,
4, 5 and 6 of Section 5, Township
21 South, Range 36 East, Lea County,
New Mexico, in the Eumont Gas Pool.

(Notice of publication read.)

R. C. S E A R S

the witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By: Mr. O. Gordon Oldham representing Warren Petroleum Corporation.

Q State your name.

A R. C. Sears, Tulsa.

Q By whom are you employed, Mr. Sears?

A Warren Petroleum Corporation.

Q What capacity?

A Engineer.

Q How long have you been employed by Warren Petroleum Corporation?

A One year.

ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 105-106, EL CORTEZ BLDG.
PHONES 7-9645 AND 5-9546
ALBUQUERQUE, NEW MEXICO

Q What previous training have you had as a petroleum engineer?

A University degree and B. S. in petroleum engineering from Oklahoma University. Experience in petroleum engineering since that date with the exception of some time served in the Army, since 1942.

Q Have you made a study of the matter covered by the application of Warren Petroleum Corporation in Case Number 659 before this Commission regarding the application for an unorthodox location for a well on the Hensley State lease on the unit described as 236.7 acres out of the specific Township 21 South, Range 36 East?

A I have.

Q Is there presently a well located on this acreage?

A There is.

Q What is the approximate location of the well?

A 1317 feet from the north and 1300 feet from the west boundaries of the section.

Q Is that acreage within the vertical limits of the Eumont Gas Field as defined by this Commission?

A It is.

Q Is it also within the horizontal limits of the field?

A It is.

Q What is the distance from the well to the nearest producing gas well in the field, approximately?

A Approximately 2000 feet.

Q Who is the owner of the nearest well?

A The Gulf Oil Corporation.

Q The Gulf Oil Corporation is the working interest owner?

A Gulf Oil.

Q Have you notified Gulf Oil Corporation of the application?

A We discussed this matter, yes.

Q Was there any objection by the Gulf?

A No objection.

Q The Gulf well is located on an 80 acre tract immediately south of the north eastern portion of the 236.7 acres, the subject of the application?

A That is right.

Q Has there been any proposal between Warren and Gulf as to the unitization of Gulf's 80 acres with the adjoining acreage on the north belonging to Warren?

A I believe that Gulf submitted a platt when these orders were first considered stating that they had intended to make such a unit.

Q But that intention so far as you know has been withdrawn?

A That is right. I had better state that it has not been withdrawn but I understand they have no objection to withdrawing it.

Q You are familiar with the order of this Commission establishing 160 acre gas proration units for the Eumont field?

A I am.

Q In your opinion will a well located within the vertical limits of the Eumont Field effectively recover the fair share of the gas from more than 160 acres?

A Yes.

Q What area would you say that a well located in the Eumont Pool would effectively drain?

A Minimum of 640 acres.

Q Are you familiar with the cost of the drilling of wells in the Eumont Pool?

A Yes, sir.

ADA DEARNLEY & ASSOCIATES

COURT REPORTERS
ROOM 106, EL CORTEZ BLDG.
P.O. BOX 9648 AND 5-9648
ALBUQUERQUE, NEW MEXICO

Q In what formation is Warren's well located on the 236.7 acre tract completed?

A It is producing from the Yates, Seven Rivers and Queens formations.

Q Are there any other wells in the immediate area which are also completed in all three of those formations?

A Yes.

Q In your opinion, would correlative rights be adversely effected by this granting of this petition?

A No.

Q Who is the owner of the minerals under the 236.7 acre tract? In other words, who is the royalty owner?

A New Mexico.

Q State. Who is the owner of the tract immediately joining to the north?

A State of New Mexico.

Q What is the cost of completing a gas well in the three formations in the Eumont Pool from your experience?

A It costs us about \$45,000.00.

Q In your opinion, would the drilling of an additional well on the 236.7 acre tract result in economic waste?

A Yes.

MR. OLDHAM: I believe that is all we have.

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

MR. GIRAND: If the Commission please, representing Me-Tex Supply Company.

By: MR. GIRAND:

Q You list certain lots in your application, lots 1, 2, 3, 4, 5 and 6 in Section 5?

A Yes.

ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 105-106, EL CORTEZ BLDG.
PHONES 7-9545 AND 8-9548
ALBUQUERQUE, NEW MEXICO

Q Township 21 South, Range 36 East. That is along a correction township line, is it not?

A I am going to have to say I don't know. I am not familiar with that.

Q Have you looked at the map of the area?

A Yes, I have a map before me here.

Q Does the map show a regular section according to the scale?

A No, it is elongated.

Q How many acres are in the north half of the section?

A Approximately 80, less than 80.

Q Less than 80 acres in the north half of the section?

A Yes.

Q Where is the well that you propose to use as a gas well located in the lots you have in your appl-

A In the center of the north west 1

Q In the center of the north west 16

A Yes.

Q Which lot would that be?

A Would you excuse me just a moment while I drag that out. That would be in the corner of the lots making a square, 3, 4, 5 and 6.

Q Would it be in the corner of the south east corner of lot 5 or lot 6?

A It would be in the south east of 6. No, south west of 3 and the north west of 5.

Q South west of 3 and the north west of 5?

A Yes.

MR. GIRAND: I believe that is all.

MR. SPURRIER: Anyone else, if not a witness may be excused.

(Witness excused.)

MR. SPURRIER: Does anyone have anything further in this case, Mr. Malone?

MR. MALONE: May it please the Commission, Ross Malone representing Gulf. Gulf is the owner of the lease on Lots 7 and 8 which is roughly the equivalent of the south west of the north east quarter of Section 5. As stated by the witness negotiations were under way between Warren and Gulf for a unitization of what would substantially be the north east quarter of the section. It developed in those discussions that in view of the fact that both Gulf and Warren have gas wells on their respective tracts and that if the acreage here applied for is allocated to the Warren well that no unitization would be necessary as between Gulf and Warren, that Gulf certainly has no objection to granting the application.

MR. SPURRIER: Anyone else?

MR. GIRAND: If the Commission please. We would like to renew our objections filed in Case Number 521 in which the Commission entered its order Number R-356 as well as the objections made in Case Number 584 in which the Commission entered its Order 370-A. It is our position that the Commission is without authority subject to our general objections to the order to enter an order allowing more than one allowable from one bore hole. We feel that if an acreage allocation is made and if one well would drain, we will say 640 acres that ought to be allowable unit and not set a smaller unit and allow additional allowables because of additional drainage pledged to any one particular bore hole.

MR. SPURRIER: Anyone else? If not, we will take the Case under advisement and move on to 660.

C E R T I F I C A T E

I hereby certify that the above and foregoing transcript in Case 659 taken before the Oil Conservation Commission at Santa Fe on February 17, 1954 is a true and correct copy to the best of my knowledge, skill and ability.

Dated at Albuquerque this 23rd day of February, 1954.


REPORTER

ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 102-106, EL CORTADO BLDG.
PHONE 7-9645 AND 5-0546
ALBUQUERQUE, NEW MEXICO

