

Case No.

689

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Application, Transcript,  
Small Exhibits, Etc.

CASE 689: Sunray Oil Corporation  
Unorthodox Gas Proration Unit  
Eumont Gas Pool (W/2 W/2 7-205-37E)

MAIN OFFICE OCC

101 MAR 25 AM 8:42

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO  
Santa Fe, New Mexico

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TRANSCRIPT OF PROCEEDINGS

CASE NO. 688 & 689

Regular Hearing

March 17, 1954

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO  
Santa Fe, New Mexico  
March 17, 1954

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IN THE MATTER OF:

Application of Sunray Oil Corporation for  
approval of an unorthodox gas proration  
unit in the Eumont Gas Pool: E/2 E/2  
12-20S-36E.

Case No. 688

Application of Sunray Oil Corporation for  
approval of an unorthodox gas proration  
unit in the Eumont Gas Pool: W/2 W/2  
7-20-S-37E.

Case No. 689  
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TRANSCRIPT OF PROCEEDINGS

MR. WHITE: If the Commission please, there were a good many of the operators under a misunderstanding as to what kind of testimony should be introduced on the unorthodox units. In this case, as to the unorthodox units, we have no contest or protest to it, and for that reason, I have no witnesses available.

In regard to the two applications, the applicant is the owner and operator of the lease in the west half of the west half of Section 7, Township 20 South, Range 37 East, and the east half of the east half of Section 12 in Range 36 East. We would like to have the plats attached to our respective applications, marked Exhibits 1 and 2 respectively; and in regard to the wells, there are two producing, one in each unit, and they have been producing since 1936 from the Yates Sands, from our exhibit; we would like to have them marked and introduced as Exhibit No. 3, wells producing in the

surrounding area, or producing from the Yates, and it is the petitioner's

ALBUQUERQUE ASSOCIATES  
COURT REPORTERS  
ROOM 105-106, EL CORTEZ BLDG.  
PHONES 7-9545 AND 5-9546  
ALBUQUERQUE, NEW MEXICO

belief that the Yates Sands is productive throughout both of the unorthodox units applied for. We have here the consent from Amerada and Sinclair, and from the Anderson-Pritchard, who are the adjoining operators. We would like to have them marked Exhibit 5, 6 and 7, accordingly. We have had the verbal consent of Skelly, and Mr. Selinger was going to consent before the Commission had he been here. It is my understanding that the Continental, who off-sets us to the north in another section, will not consent to it, but they will not protest either, is that correct, Mr. Kellahin?

MR. KELLAHIN: That is correct. We won't grant a waiver.

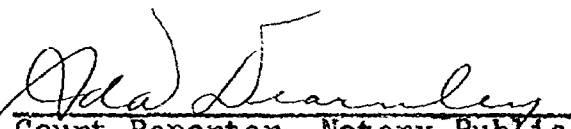
MR. WHITE: We do believe it is based on sound engineering principles, and if granted, will not create a chain effect and bring about the need for other unorthodox units. It will prevent waste and protect correlative rights.

MR. SPURRIER: Is there objection to counsel's proposed cases? If not, we will take them under advisement. Are there any other cases now before the meeting is adjourned?

STATE OF NEW MEXICO     )  
                                  ) ss  
COUNTY OF BERNALILLO    )

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 23rd day of March, 1954.

  
Court Reporter, Notary Public

My commission expires:

June 19, 1955.

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



SUNRAY OIL CORPORATION  
P. O. BOX 2039  
TULSA, OKLAHOMA

COPY

February 22, 1954

Continental Oil Company  
Fair Building  
Fort Worth 2, Texas  
Attention: Mr. H. L. Johnston

Anderson-Prichard Oil Corporation  
1000 Liberty Bank Building  
Oklahoma City, Oklahoma

Amerada Petroleum Corporation  
P. O. Box 2040  
Tulsa, Oklahoma  
Attention: Mr. R. S. Christie

Skelly Oil Company  
Skelly Building  
Tulsa, Oklahoma

Repollo Oil Company  
Artesia, New Mexico

Re: Assignment of unorthodox 160-acre gas proration  
unit to Sunray's Alaska-Cooper Well No. 3 in  
the Sumont Gas Pool, Lea County, New Mexico

Gentlemen:

Sunray Oil Corporation is filing an application with the Oil Conservation Commission of New Mexico for authority to assign the W/2 of the W/2 of Section 7 - Twp. 20A - Rge. 37E, Lea County, New Mexico, as an unorthodox 160-acre gas proration unit. This is in the nature of an exception to Rule 7 of Order No. R-370-A.

According to our records, you are the operator of an oil and gas lease either offsetting the proposed unit or in the same section as the proposed unit. If you have any objection to the assignment of this proration unit as above described, it is suggested that you contact the undersigned for such additional information as you might desire concerning this application.

Very truly yours,

SUNRAY OIL CORPORATION

*John D. Gassett*  
John D. Gassett

JDG:sp

cc: New Mexico Oil Conservation Comm.  
Santa Fe, New Mexico

FEB 24 1954

SUNRAY OIL CORPORATION  
P. O. BOX 2039  
TULSA, OKLAHOMA

COPY

March 2, 1954

Sinclair Oil and Gas Company  
Sinclair Building  
Tulsa, Oklahoma

Re: Assignment of unorthodox 160-acre gas  
proration unit to Sunray's Alaska-Cooper  
Well No. 3 in the Eumont Gas Pool,  
Lea County, New Mexico

Gentlemen:

Sunray Oil Corporation is filing an application with the Oil  
Conservation Commission of New Mexico for authority to assign the W/2  
of the W/2 of Section 7 - Twp. 20A - Rge. 37E, Lea County, New Mexico,  
as an unorthodox 160-acre gas proration unit. This is in the nature  
of an exception to Rule 7 of Order No. R-370-A.

According to our records, you are the operator of an oil and  
gas lease either offsetting the proposed unit or in the same section  
as the proposed unit. If you have any objection to the assignment  
of this proration unit as above described, it is suggested that you  
contact the undersigned for such additional information as you might  
desire concerning this application.

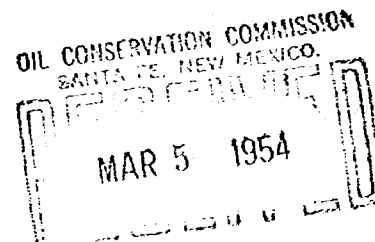
Very truly yours,

SUNRAY OIL CORPORATION

*John D. Gassett*  
John D. Gassett

JDG:mp

cc: New Mexico Oil Conservation Comm.  
Santa Fe, New Mexico



BEFORE THE OIL CONSERVATION COMMISSION, STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
SUNRAY OIL CORPORATION FOR AN EXCEPTION  
TO ORDER NO. R-370-A TO PERMIT IT TO  
ASSIGN AN UNORTHODOX 160 ACRE GAS  
PRORATION UNIT TO ITS A. COOPER WELL NO. 3  
LOCATED IN THE NW/4 OF THE NW/4 OF SECTION  
7 - TWP. 20S - RGE. 37E, LEA COUNTY, NEW MEXICO

*Case 689*

APPLICATION

Comes now Sunray Oil Corporation, applicant herein, and respectfully shows to the Honorable Oil Conservation Commission of the State of New Mexico as follows:

1. That applicant is the owner and operator of an oil and gas lease known as its A. Cooper lease, covering the W/2 of the W/2 of Section 7 - Twp. 20S - Rge. 37E, and the E/2 of the E/2 of Section 12 - Twp. 20S - Rge. 36E, Lea County, New Mexico. Order R-370-A requires standard proration units to be in the form of a square, which is a governmental quarter section. It is desired to form an unorthodox gas proration unit consisting of the W/2 of the W/2 of Section 7 - Twp. 20S - Rge. 37E. for the A. Cooper Well No. 3.
2. Applicant's A. Cooper Well No. 3 was completed on February 6, 1936 to a total depth of 3895'. This well is presently producing gas from the Yates formation, encountered at 2890'.
3. Unitization of portions of this tract with other tracts within Section 12 so as to form a standard 160-acre gas proration unit is impractical.
4. Attached hereto and incorporated herein by reference is a plat showing the location of the unit well and the outline of the proposed 160-acre gas proration unit.

WHEREFORE applicant prays that this matter be set for hearing, that notice be given thereof as required by law, and that upon final hearing the Oil Conservation Commission of the State of New Mexico enter its order authorizing applicant to assign an unorthodox gas proration unit to this well in accordance with this application and the rules and regulations of the Oil Conservation Commission.

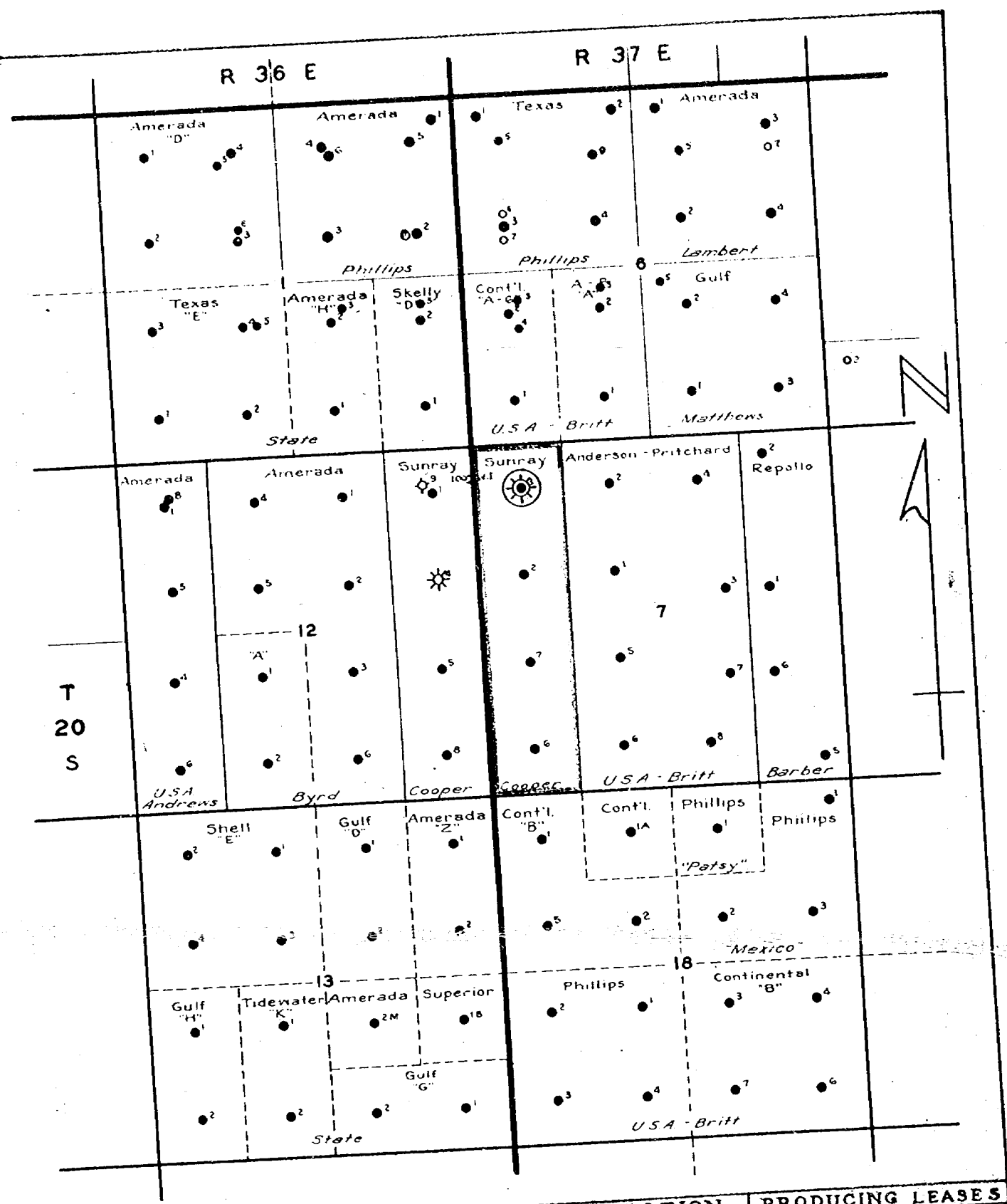
SUNRAY OIL CORPORATION

Dated this 18th day of February, 1954.

*John D. Gassett*  
John D. Gassett



296.



PRODUCING FORMATION		SUNRAY OIL CORPORATION		PRODUCING LEASES	
NAME	AVERAGE DEPTH	FIELD: MONUMENT			
GRAYBURG	3835	DISTRICT: N&W TEXAS GROUP: HOBBS			
		COUNTY: LEA STATE: N. MEX.			
		SCALE			
		2000 1000 0 1000 2000 4000			
		FEET			
		COOPER			
		— Gas Proration Unit			
		○ Unit Well			

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

April 27, 1954

Mr. L. C. White, Attorney  
Box 787  
SANTA FE, N M

Dear Sir:

On behalf of your client, Sunray Oil Corporation, we enclose signed copies of Orders R-457 and R-458 issued under date of April 16, 1954, to cover recent applications for approval of unorthodox gas proration units, as set forth in Cases 688 and 689, respectively.

Very truly yours,

W. B. Macey  
Chief Engineer

WBM:mr

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Y

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. 689  
ORDER NO. R-458

THE APPLICATION OF SUNRAY OIL  
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 PRORATION UNIT OF 160 CONTIGUOUS  
ACRES CONSISTING OF WEST HALF OF THE  
WEST HALF OF SECTION 7, TOWNSHIP 20  
SOUTH, RANGE 37 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 March 17, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 16<sup>th</sup> 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, Sunray Oil 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 20 South, RANGE 37 East, NMPM.

West half of the West Half of Section 7

containing 160 acres, more or less.

(4) That applicant, Sunray Oil Corporation, has a producing well on the aforesaid lease known as Alaska Cooper, No. 3, located 660' from the North line and 660' from the West line of Section 7, Township 20 South, Range 37 East.

(5) That the aforesaid well was completed and in production 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 the West Half of Section 7, Township 20 South, Range 37 East and that the owners of adjoining acreage in said quarter sections have not objected to the formation of the proposed proration unit of 160 acres.

(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 Sunray Oil Corporation for approval of an unorthodox proration unit consisting of the following described acreage:

TOWNSHIP 20 South, RANGE 37 East, NMPM.

West half of the West half of Section 7

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

(2) That applicant's well, Alaska Cooper, No. 3, located in the NW/4 NW/4 of Section 7, Township 20 South, Range 37 East, NMPM, shall be granted an allowable from January 1, 1954 in the proportion that the above described 160 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

(SEAL)