

Case No.

723

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Application, Transcript,  
Small Exhibits, Etc.

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. 723  
ORDER NO. R-490

THE APPLICATION OF SHELL OIL  
COMPANY FOR AN ORDER GRANTING  
APPROVAL OF AN EXCEPTION PURSUANT  
TO RULE 7 (a) OF ORDER NO. R-373-A IN  
ESTABLISHMENT OF AN UNORTHODOX GAS  
PRORATION UNIT OF 80 CONTIGUOUS ACRES  
CONSISTING OF S/2 NE/4 of SECTION 15,  
TOWNSHIP 21 SOUTH, RANGE 37 EAST,  
NMPM., LEA COUNTY, NEW MEXICO,  
IN THE TUBB GAS POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m., on June 16, 1954,  
at Santa Fe, New Mexico, before the Oil Conservation Commission, herein-  
after referred to as the "Commission".

NOW, on this 7<sup>th</sup> day of July, 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 juris-  
diction of this case and the subject matter thereof.

(2) That pursuant to provisions of Rule 7 (a) of Order No. R-373-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, Shell Oil Company, 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 37 EAST, NMPM.  
S/2 NE/4 of Section 15

containing 80 acres, more or less.

(4) That applicant, Shell Oil Company, has a producing well on the  
aforesaid lease known as State, No. 1, located 1980' from the North line  
and 1978' from the East line of Section 15, Township 21 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-373-A, and is located  
within the limits of the pool heretofore delineated and designated as the  
Tubb Gas Pool.

(6) That it is impractical to pool applicant's said lease with adjoining acreage in the NE/4 of Section 15, Township 21 South, Range 37 East, NMPM., and that the owners of adjoining acreage in said quarter section have not objected to the formation of the proposed proration unit of 80 acres, but have 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 Tubb Gas Pool.

(8) That creation of a proration unit consisting of the aforesaid acreage will not cause but will prevent waste, and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Shell Oil Company for approval of an unorthodox proration unit consisting of the following described acreage

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM.  
S/2 NE/4 of Section 15

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

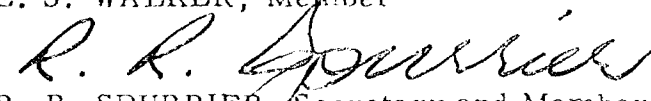
(2) That applicant's well, State No. 1, located in the SW/4 NE/4 of Section 15, Township 21 South, Range 37 East, NMPM., shall be granted an allowable from January 1, 1954 in the proportion that the above described 80 acre unit bears to the standard or orthodox proration unit for said pool, all until 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

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
Will H.B.I. No. 2  
CASE 723

New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Attention: Mr. R. R. Spurdier

Gentlemen:

We have been duly informed by Mr. R. R. Spurdier of their application for approval of an unorthodox 80-acre gas production unit in the Indio Gas Field to be assigned Shell State 1 located 1980 feet from the north line and 1970 feet from the east line of Section 15, T-21-N, R-37-E, Lea County, New Mexico. We understand that the unorthodox gas production unit will consist of the land described as S/2 NE/4 of Section 15, T-21-N, R-37-E, Lea County, New Mexico.

You are respectfully advised that we hereby waive any objections to the formation of the above described unorthodox gas production unit.

Yours very truly,

MARKHAM, CONE, AND REDFERN

*J. R. Cone*

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
Shell EXHIBIT No. 3  
CASE 723

New Mexico Oil Conservation Commission,  
P. O. Box 871  
Santa Fe, New Mexico

Attention: Mr. R. R. Spardow

Gentlemen:

We have been duly informed by Shell Oil Company of their application for approval of an unorthodox 80 acre gas production unit in the Tubb Gas Pool to be assigned Shell State 1 located 1930 feet from the north line and 1775 feet from the east line of Section 15, T-21-S, R-37-E, Lea County, New Mexico. We understand that the unorthodox gas production unit will consist of the lands described as S/2 NE/4 of Section 15, T-21-S, R-37-E, Lea County, New Mexico.

You are respectfully advised that we hereby waive any objections to the formation of the above described unorthodox gas production unit.

Yours very truly,

THE OHIO OIL COMPANY

*W. D. Mills*

5-21-52

NEW MEXICO  
OIL AND GAS COMMISSION  
SANTA FE, NEW MEXICO  
EXHIBIT NO. 4  
223

New Mexico Oil Conservation Commission  
P. O. Box 87  
Santa Fe, New Mexico

Attention: Mr. R. R. Spurrier

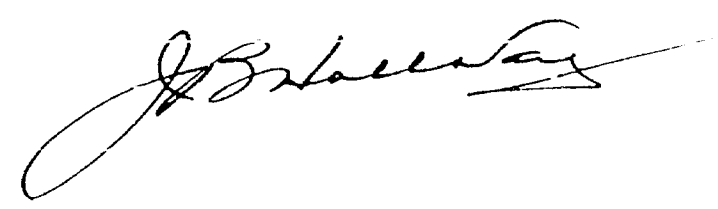
Gentlemen:

We have been duly informed by Shell Oil Company of their application for approval of an unorthodox 80 acre gas proration unit in the Tubb Gas Pool to be assigned Shell State 1 located 1921 feet from the north line and 1978 feet from the east line of Section 15, T.21N., R.37E., Lea County, New Mexico. We understand that the unorthodox gas proration unit will consist of the lands described as 5/2 113/4 of Section 15, T.21N., R.37E., Lea County, New Mexico.

You are respectfully advised that we hereby waive any objections to the formation of the above described unorthodox gas proration unit.

Yours very truly,

TIDE WATER ASSOCIATED OIL CO.



Shell  
223

New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Attention: Mr. R. R. Sparrier

Gentlemen:

We have been advised by Shell Oil Company of their application for approval of an unorthodox 80-acre gas production unit in the 199b-100 tract to be assigned Shell State A located 199b-100 tract from the north line and 1971 feet from the east line of Section 15, T-21-S, R-37-E, Lea County, New Mexico. We understand that the unorthodox gas production unit will consist of the land described as S/2 NE/4 of Section 15, T-21-S, R-37-E, Lea County, New Mexico.

You are respectfully advised that we hereby waive any objections to the formation of the above described unorthodox gas production unit.

Yours very truly,

CITIES SERVICE OIL CO.

*R. E. Adams*  
R. E. Adams,  
Proration Engineer

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Shell  
CASE 723

R-37-E

Humble  
H.B.P.  
"V" 5-V  
3462 (E)

Humble  
H.B.P.  
3462 (E)

Southern Union  
3410 (E)

Stanolind  
7-21-50 to 10-11-56

Gutman

Fred Manley

Tide Water

Continental

State N.C.L.

State

J. H. Nolan

Tide Water  
6-10-51

Moran et al  
Shell 1/4  
NM. 1302-#1 & #2, 1/4 Int  
P.D.S.  
3440 (E)

Shell 5/8  
NM. 1302-#1 & #2  
NM. 1596-#1 & #2  
P.D.S.  
3412 (E)

Argo 1/4  
Int. 5/8

Cities Service  
H.B.P.  
"S"

Shell  
NM. 1195  
6-9-51  
P.D.S.  
H.B.P. 3431, 4  
State

P. A. Andrews, Est

Shell  
NM. 1195-#1 thru #7  
6-15-52 U.L.  
P.D.S.  
3445 (E)

Ohio  
1-20-53 et al

Markham et al

SHELL OIL COMPANY  
TUBB GAS FIELD  
LEA COUNTY, NEW MEXICO

LEGEND

Tubb Gas Producer

Shell State 1

Proposed Proration Unit

Scale: 1" = 1000'

To Accompany Application for  
Unorthodox Gas Proration Unit.  
Shell State 1

Exhibit A

21-37

22



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

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TRANSCRIPT OF PROCEEDINGS

CASE NO. 723

Regular Hearing

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
June 10, 1954

IN THE MATTER OF:

Application of Shell Oil Company for 80-  
acre unorthodox gas proration unit in the  
Tubb Gas Pool: 3/2 NE/4 Section 15,  
Township 21 South, Range 37 East, NMPA,  
Lea County, New Mexico.

Case No. 723

BEFORE:  
Honorable Edwin L. Mechem  
Mr. E. S. (Johnny) Walker  
Mr. R. R. Spurrier

TRANSCRIPT OF HEARING

MR. SPURRIER: Case No. 723.

R. J. EDWARDS O.K.

called as a witness, having been first duly sworn, testified as  
follows:

DIRECT EXAMINATION

By MR. HUGHSTON:

Q Mr. Edwards, have you prepared a plat in 723 in regard  
to the application of the unorthodox unit requested there?

A Yes, sir.

Q This was prepared under your direction?

A Yes, sir.

Q The statements made thereon, with reference to the loca-

ADA DEARNLEY & ASSOCIATES  
STENOGRAPHIC REPORTERS  
ROOM 105-106-107 EL CORTEZ BLDG.  
PHONES 7-9645 AND 5-9546  
ALBUQUERQUE, NEW MEXICO

tion and shape of the unit as reflected thereby are true and correct?

A Yes, sir.

(Under Shell's Exhibit No. 1,  
for identification.)

MR. HUGHSTON: We offer one plat in evidence as Shell's Exhibit 1.

MR. SPURRIER: Without objection it will be admitted.

Q Mr. Edwardson, state the facts which are the basis of the application for this unorthodox unit.

A This plat shows the 80-acre gas proration unit proposed by Shell Oil Company for its State 1 Well in the Tubb Gas Pool. This unit shall consist of the South half, northeast fourth of Section 15, Township 21 South, Range 37 East, Lea County, New Mexico, as outlined in red. Other wells in this vicinity in the Tubb Gas Pool are also shown in red. Shell State 1 originally was completed as a Drinkard Oil Well November 1, 1948. Permission to dually complete this well in the Tubb Gas Pool and Drinkard Pool was granted by the Oil Conservation Commission in Order R-190, dated August 28, 1952. The well was recompleted November 30, 1952 as a Tubb Gas Drinkard Oil dual well for a calculated absolute open flow potential of 12,000,000 cubic feet per day. Presently there are five Tubb Gas wells in Section 15. Three of these wells are located in the north half of the section as is the acreage under consideration.

Order Order Number A-450 the Wellbore was treated as exception to Rule 34 of Order Number 3734, for an unorthodox 150

acre gas production unit consisting of the north half of the north half of Section 15 is the Tubb Gas Pool. As the southeasterly adjoining 80-acre tract to the Tinewater acreage was occupied by Shell State 1 and Cities Service State 3-2, the other two Tubb Gas wells in the north half of Section 15, no unitization is necessary. We have waivers from all other operators in Section 15.

Q Do you have those waivers with you?

A Yes, sir.

MR. HUGHSTON: We submit the waivers to the Commission at this time. We have this addressed to the Commission. We will ask that they be identified as Exhibits in this case.

MR. SPURRIER: Without objection they will be admitted.

Q It is wholly impractical to form a unit at the northeast quarter of Section 15 in view of the fact that Tinewater has had the north half of the northeast quarter placed in another unit, is that correct?

A Yes, sir.

MR. HUGHSTON: I believe that is all.

MR. SPURRIER: Is there a question of the witness? If not the witness may be excused.

(Witness excused.)

MR. SPURRIER: Case 725 is the same land and acre lease, but another gas horizon. I say take it up on order if all right with the Commission, all of us will be dealing with the same area.

MR. SPURRIER: Very well, as was proposed with Case 725.

STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) ss.

I, Ada Kearney, 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 18<sup>th</sup> day of June, 1954.

Ada Kearney  
Notary Public, Court Reporter

My Commission Expires:

June 19, 1955

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

\* \* \* \* \*

TRANSCRIPT OF PROCEEDINGS

CASE NO. \_\_\_\_\_

Regular Hearing



RECEIVED OFFICE OCS  
MAY 14 1954

**SHELL OIL COMPANY**

Box 1957  
Hobbs, New Mexico

May 14, 1954

Subject: Application for Unorthodox  
Gas Proration Unit, Shell  
State (B-9188) Lease,  
Tubb Gas Pool, Lea County,  
New Mexico

Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Gentlemen:

Shell Oil Company respectfully submits application for an unorthodox gas proration unit for its State 1 well in the Tubb Gas Pool. Further, it is requested that this matter be considered at the next regular statewide hearing on June 16, 1954.

The following data is offered in support of this application:

1. Shell Oil Company is the owner and operator of the 80-acre State (B-9188) lease which includes the S/2 NE/4 of Section 15, T-21-S, R-37-E, Lea County, New Mexico, as shown on the attached plat.
2. Shell Oil Company proposes that the above described acreage be established as an unorthodox 80-acre gas proration unit in exception to Rule 7 (a) of Order R-373A.
3. Shell State 1, located 1980 feet from the north line and 1978 feet from the east line of Section 15, T-21-S, R-37-E, Lea County, New Mexico, was completed as a Tubb (gas) - Drinkard (oil) dual well November 30, 1952. Permission to dually complete this well in the Tubb Gas Pool and the Drinkard Pool was granted by the Oil Conservation Commission in Order R-190 dated August 28, 1952.
4. No other Tubb gas well is completed on the 80-acre proration unit proposed under this application.

Yours very truly,

W. E. Owen  
Division Manager