

Case No.

724

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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. 724  
ORDER NO. R-491

THE APPLICATION OF SHELL OIL  
COMPANY FOR AN ORDER GRANTING  
APPROVAL OF AN EXCEPTION PURSUANT  
TO RULE 7 (a) OF ORDER NO. R-376-A IN  
ESTABLISHMENT OF AN UNORTHODOX GAS  
PRORATION UNIT OF 80 CONTIGUOUS ACRES  
CONSISTING OF S/2 NE/4 OF SECTION 32,  
TOWNSHIP 18 SOUTH, RANGE 38 EAST,  
NMPM., LEA COUNTY, NEW MEXICO  
IN THE BYERS-QUEEN 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 jurisdic-  
tion of this case and the subject matter thereof.

(2) That pursuant to provisions of Rule 7 (a) of Order No. R-376-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 18 SOUTH, RANGE 38 EAST, NMPM,  
S/2 NE/4 of Section 32

containing 80 acres, more or less.

(4) That applicant, Shell Oil Company, has a producing well on the  
aforesaid lease known as State "A", No. 1, located 2310' from the North  
line and 1650' from the East line of Section 32, Township 18 South, Range  
38 East.

(5) That the aforesaid well was completed and in production prior to  
January 1, 1954, the effective date of Order No. R-376-A, and is located

within the limits of the pool heretofore delineated and designated as the Byers-Queen Gas Pool.

(6) That it is impractical to pool applicant's said lease with adjoining acreage in the NE/4 of Section 32, Township 18 South, Range 38 East 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 Byers-Queen 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 18 SOUTH, RANGE 38 EAST, NMPM.  
S/2 NE/4 of Section 32

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

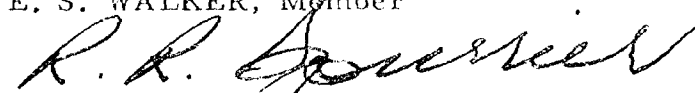
(2) That applicant's well, State "A", No. 1, located in the SW/4 NE/4 of Section 32, Township 18 South, Range 38 East, NMPM, shall be granted an allowable from January 1, 1954 in the proportion that the above described 80 acre unit bears to the standard or orthodox proration unit for said pool, all until 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

S E A L



OFFICE OGC  
MAY 13 10:03

SHELL OIL COMPANY

Box 1957  
Hobbs, New Mexico

May 14, 1954

Subject: Application for Unorthodox  
Gas Proration Unit, Shell  
State (A-1118) Lease,  
Byers-Queen 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 A-1 well in the Byers-Queen 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 (A-1118) lease which includes the S/2 NE/4 of Section 32, T-18-S, R-38-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-376A.
3. Shell State A-1, located 2310 feet from the north line and 1650 feet from the east line of Section 32, T-18-S, R-38-E, Lea County, New Mexico, was completed as a single zone Byers-Queen gas well September 17, 1941.
4. No other Byers-Queen gas well is completed on the 80-acre proration unit proposed under this application.

Yours very truly,

W. E. Owen  
Division Manager

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

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TRANSCRIPT OF PROCEEDINGS

CASE NO. 724

Regular Hearing

WILLIAM H. HUGHSTON  
OIL CONSULTANT & BROKER  
Santa Fe, New Mexico  
June 10, 1947

IN THE MATTER OF:

Application of Shell Oil Company for 80-  
acre unorthodox gas proration unit in  
the Byers-Queen Gas Pool; S/2 NE/4 of  
Section 32, Township 18 South, Range 3  
East, 44th, Lea County, New Mexico.

Case No. 724

BEFORE:

Honorable Edwin L. Mechem  
Mr. S. S. (Johnny) Walker  
Mr. R. A. Spurrier

TRANSCRIPT OF HEARING

MR. SPURRIER: Case Number 724.

H. J. ANDERSON,

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

DIRECT EXAMINATION.

By MR. HUGHSTON:

Q You have a plat prepared in connection with Case 724,  
showing the unorthodox unit requested there?

A Yes, sir.

Q This was prepared under your direction?

A Yes, sir.

Q The facts reflected herein with reference to the state

ADA DEARNLEY & ASSOCIATES  
STENOGRAPHIC REPORTERS  
ROOM 105-106-107 EL CORTEZ BLDG.  
PHONES 7-9545 AND 5-9346  
ALBUQUERQUE, NEW MEXICO

and location of the unorthodox unit requested are true and correct?

A Yes, sir.

Q The other facts shown on the legend of the map are also true and correct?

A That is correct.

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

MR. HUGHSTON: We offer the plat as Shell's exhibit No. 1.

MR. SPURNER: Without objection it will be admitted.

Q Mr. Edwardson, state to the Commission the basis on which this unorthodox unit is requested.

A This plat shows the 80-acre gas proration proposed by Shell Oil Company for its State A-1 well in the Byers-Queen Pool. This unit shall consist of the south half, northeast fourth of Section 32, Township 19 South, Range 38 East, Lea County, New Mexico, as outlined in red. Other gas wells completed in the Byers-Queen Pool in this vicinity also are shown in red. Shell's State A-1 was originally completed from the San Andres, June 11, 1930. This well was re-completed from the Queens sand September 17, 1941. On potential test the well flowed at a rate of 11,000,000 cubic feet per day. Utilization in this case is impractical as the gas production from this well is used only for operators lease facilities, by the operators.

Q The well is not connected to any transmission line, is that correct?

A Yes, sir.

Q Now, you don't sell any gas, commercial gas, do you?

A No.

Q How much is being produced?

A This well produces approximately five to six million cubic feet per month.

Q We would be willing to unitize, would we not, Mr. Edwardson, if such could be worked out on a practical basis?

A That is correct.

MR. HUGHSTON: That is all.

MR. SPURRIER: Does anyone have a question of the witness in Case 724? If not we will take the case under advisement and we will move on to Case 725.

(Witness excused.)

#### C E R T I F I C A T E

I, ADA DEARNLEY, do hereby certify that the above and foregoing transcript of proceedings before the Oil Conservation Commission in Mabry Hall, Santa Fe, New Mexico on June 16, 1954, is a true and correct record to the best of my knowledge, skill and ability.

Dated at Albuquerque, New Mexico, this 12th day of June, 1954.

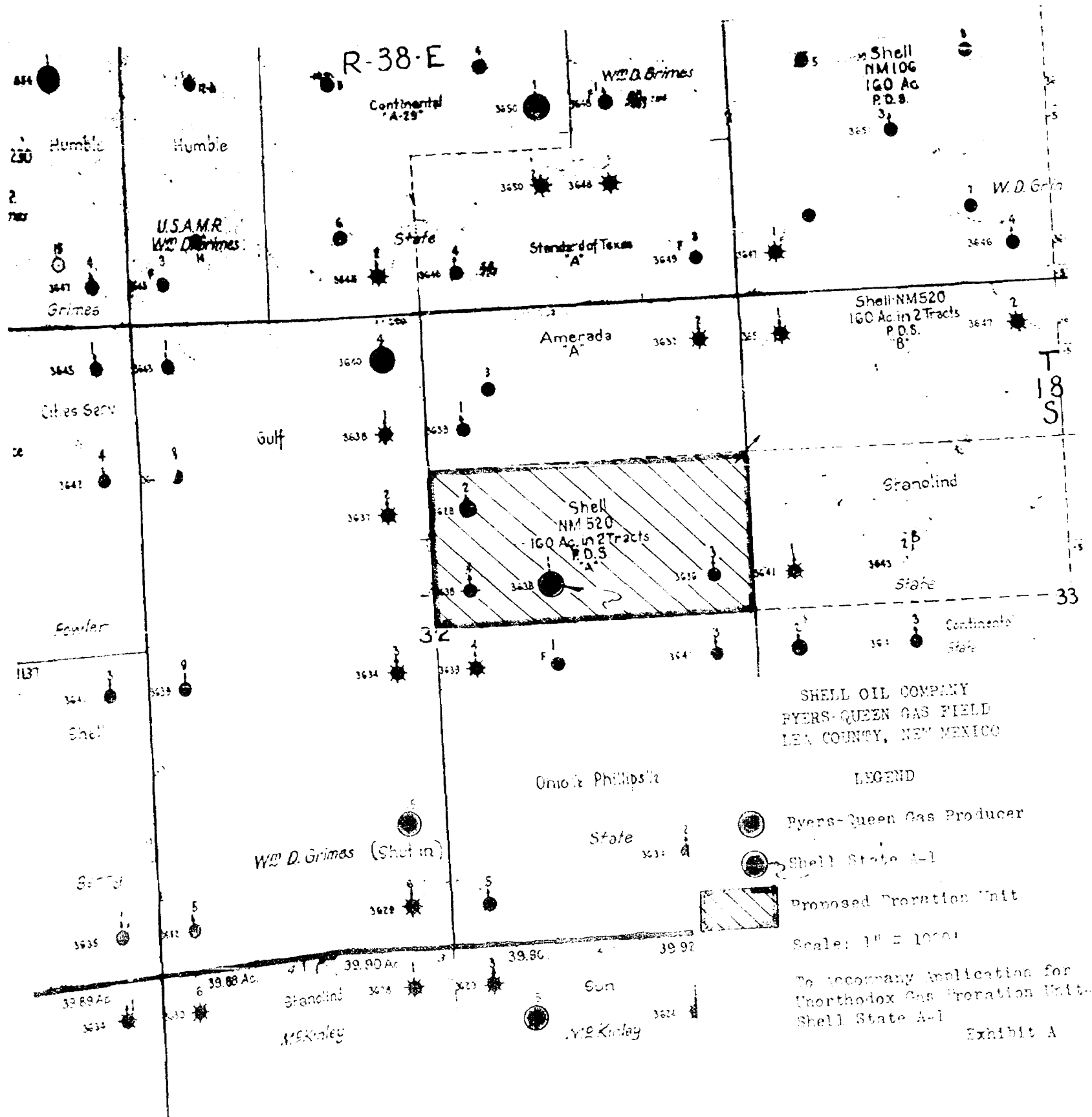
My Commission Expires:  
June 10, 1955

*Ada Dearnley*  
Notary Public

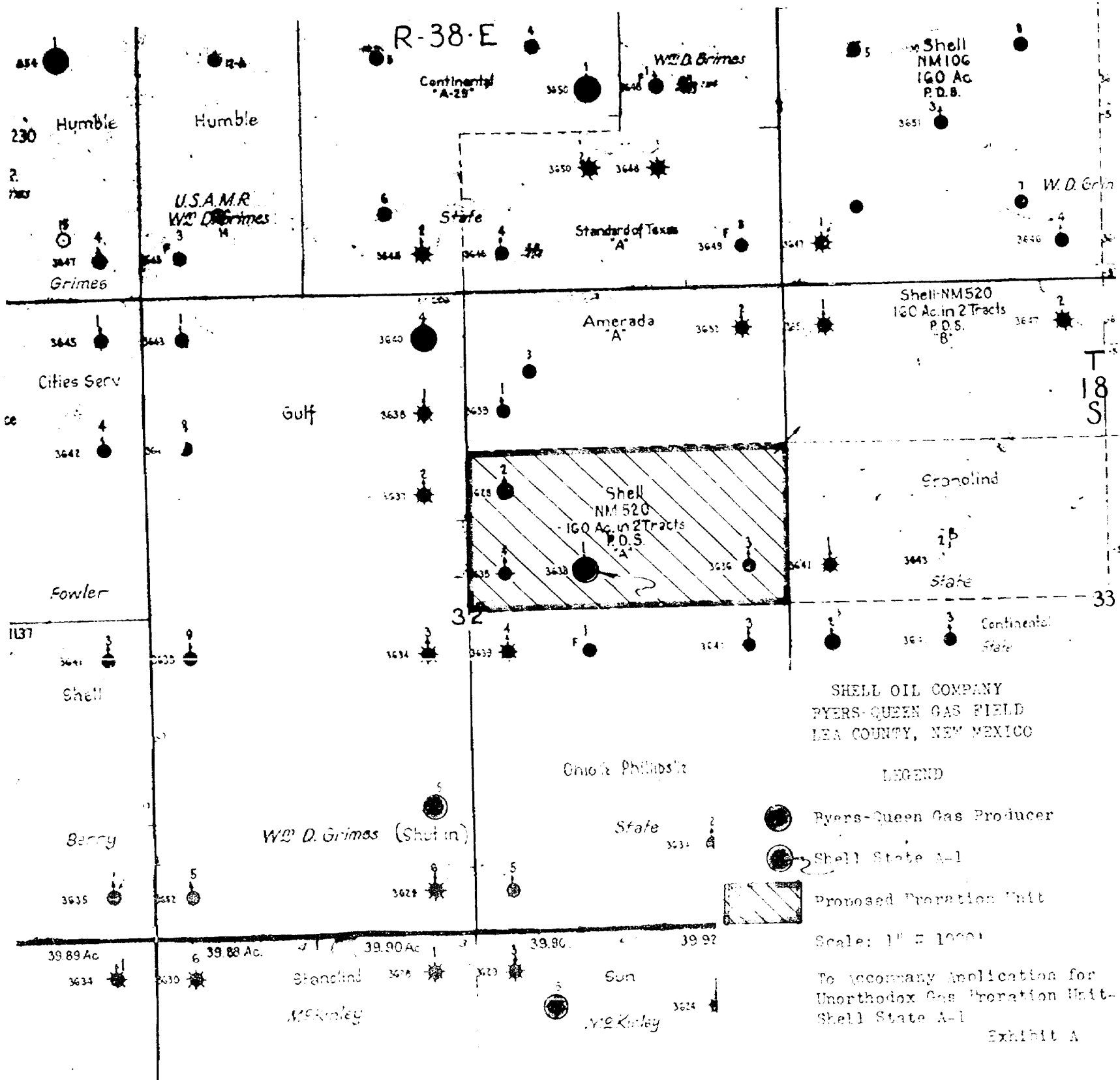
ADA DEARNLEY & ASSOCIATES  
STENOGRAPHIC REPORTERS  
ROOM 105-106-107 EL CORTEZ BLDG.  
PHONES 7-9645 AND 5-9548  
ALBUQUERQUE, NEW MEXICO



BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
Shell HEAT No. 1  
CASE 724



BEFORE THE  
OIL CONS. & PROD. COMMISSION  
SANTA FE, N.M.  
*Shell* HART No. 1  
CASE 727



BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
*Shell* EXHIBIT No. 6  
CASE 224

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

Attention: Mr. R. R. Spurrer

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 Bynum-Guinn Gas Pool to be assigned Shell State A-1 located 2310 feet from the north line and 1650 feet from the east line of Section 32, T-13-S, R-38-E, Lea County, New Mexico. We understand that the unorthodox gas proration unit will consist of the lands described as the S/2 NE/4 of Section 32, T-13-S, R-38-E, 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,

AMERADA PETROLEUM CORP.

*A. S. Christie*