

Case No.

726

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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. 726  
ORDER NO. R-493

THE APPLICATION OF SHELL OIL  
COMPANY FOR AN ORDER GRANTING  
APPROVAL OF AN EXCEPTION PURSUANT  
TO RULE 7 (a) OF ORDER NO. R-372-A IN  
ESTABLISHMENT OF AN UNORTHODOX GAS  
PRORATION UNIT OF 160 CONTIGUOUS ACRES  
CONSISTING OF NE/4 SW/4, SW/4 SE/4,  
S/2 SW/4 of SECTION 3, TOWNSHIP 21  
SOUTH, RANGE 37 EAST, NMPM., LEA  
COUNTY, NEW MEXICO IN THE BLINEBRY  
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 jurisdiction  
of this case and the subject matter thereof.

(2) That pursuant to provisions of Rule 7 (a) of Order No. R-372-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.  
NE/4 SW/4, SW/4 SE/4, S/2 SW/4 of Section 3

containing 160 acres, more or less.

(4) That applicant, Shell Oil Company, has a producing well on the  
aforesaid lease known as Livingston, No. 9 located 915' from the South line  
and 2208' from the West line of Section 3, 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-372-A, and is located  
within the limits of the pool heretofore delineated and designated as the  
Blinebry Gas Pool.

(6) That it is impractical to pool applicant's said lease with adjoining acreage in the SE/4 or SW/4 of Section 3, Township 21 South, Range 37 East, NMPM., 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 Blinebry 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.  
NE/4 SW/4, S/2 SW/4, SW/4 SE/4 of Section 3

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

(2) That applicant's well, Livingston, No. 9, located in the SE/4 SW/4 of Section 3, Township 21 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.

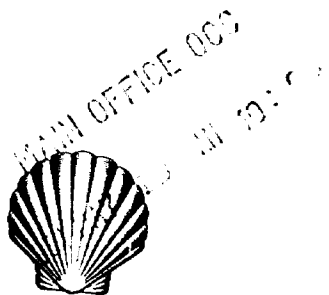
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
EDWIN L. MECHEM, Chairman

  
E. S. WALKER, Member

  
R. R. SPURRIER, Secretary and Member

S E A L



SHELL OIL COMPANY

Box 1957  
Hobbs, New Mexico

May 14, 1954

Subject: Application for Unorthodox  
Gas Proration Unit, Shell  
Livingston Lease, Blinebry  
Gas Pool, Lea County,  
New Mexico

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

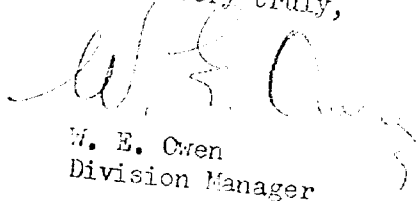
Gentlemen:

Shell Oil Company respectfully submits application for an unorthodox gas proration unit for its Livingston 9 well in the Blinebry 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 320-acre Livingston lease which includes the NE/4 SW/4, S/2 SW/4 and the SW/4 SE/4 of Section 3, 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 160-acre gas proration unit in exception to Rule 7 (a) of Order R-372A.
3. Shell Livingston 9, located 915 feet from the south line and 2208 feet from the west line of Section 3, T-21-S, R-37-E, Lea County, New Mexico, was completed as a Blinebry (gas) - Drinkard (oil) dual well December 23, 1952. Permission to dually complete this well in the Blinebry Gas Pool and the Drinkard Pool was granted by the Oil Conservation Commission in Order R-226 dated November 28, 1952.
4. No other Blinebry gas well is completed on the 160-acre proration unit proposed under this application.

Yours very truly,

  
W. E. Owen  
Division Manager

R38E

R37E

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
Shell EXHIBIT No. 1  
CASE 726

Aztec

Shell  
NM 1305  
240 Ac  
E 2 49  
POS

Shell  
NM 1305  
POS

Shell  
NM 1305  
240 Ac  
SOA  
G 15 5  
POS

Shell  
NM 1194  
220 Ac  
240 Ac  
G 15 52  
POS

EC Hill  
(Gulf)  
Western Oil Fields

Aztec  
11-10-54

SHELL OIL COMPANY  
BLINEBRY GAS FIELD  
LEA COUNTY, NEW MEXICO

LEGEND

Blinebry Gas Producer

Shell Livingston 9

Proposed Proration Unit

Scale: 1" = 1000'

To Accompany Application for  
Unorthodox Gas Proration Unit-  
Shell Livingston 9  
Exhibit A

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

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TRANSCRIPT OF PROCEEDINGS  
CASE NO. 726  
Regular Hearing

REPORT TO THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
June 16, 1954

IN THE MATTER OF:

Application of Shell Oil Company for 160-  
acre unorthodox gas proration unit in the  
Blinbry Gas Pool: NE/4 SE/4, S/2 SW/4,  
and S/4 SE/4 Section 3, Township 21 South,  
Range 37 East, NMP, Lea County, New Mexico.

Case No. 726

BEFORE:

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

TRANSCRIPT OF HEARING

MR. SPURRIER: Case No. 726.

E. J. EDWARDS

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

DIRECT EXAMINATION

By MR. HUGHSTON:

Q Do you have a plat prepared in Case 726, Mr. Edwards?

A Yes, sir.

Q Is was prepared under your direction?

A Yes, sir.

Q And the facts delineated there on with reference to the  
shape or area or location are true and correct?

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

A Yes, sir.

And the other facts mentioned on the legend of the plat are also true and correct?

A Yes, sir.

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

MR. HUGHSTON: We offer the plat in evidence as Shell's Exhibit 1 in this case.

MR. TROTT: Without objection it will be admitted.

Q Mr. Harrison, state the basis for the requested unorthodox unit in this case.

A This plat shows the 160-acre gas proration unit proposed by Shell Oil Company for its Livingston 9 well in the Blinbry Gas Pool. This unit shall consist of the northeast fourth, southwest fourth; the south half, the southwest fourth and the southwest fourth of the southeast fourth of Section 3, Township 21 South, Range 37 East, Lea County, New Mexico, as outlined in red. Other wells in this vicinity in the Blinbry Gas Pool are also shown in red. Shell Livingston 9 was originally completed as a Driskard Oil Well November 12, 1932. Permission to finally complete Shell Livingston 9 in the Blinbry Gas Pool and Driskard Oil Pool was granted by the Oil Conservation Commission in Order No. 10,325, dated December 2, 1932. The well was re-completed as a Blinbry Gas-Driskard Oil dual well December 23, 1932, for a gas potential of 2,000,000 cubic feet per day.

In the case of dual wells it is difficult to form an equitable



basis for an exception in payment of bonus to the other wells on which Shell Livingston is located. The exceptions to Standard, promotion in its have been allowed others in similar circumstances. We ask that you give equal treatment and be not to an exception in this case.

Q It is more difficult to utilize the fully completed wells than it is the other wells, is it not, in the ordinary operation?

A Yes, sir.

MR. HUGHSTON: That is all.

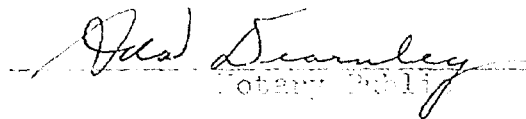
MR. SPURRIER: Does anyone have a question of the witness? Does anyone have a comment in any of these cases? If not we will take the case under advisement and the witness may be excused.

(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 New Mexico 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 18th day of June, 1954.

  
Notary Public

My Commission Expires:  
June 12, 1955

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