

Case No.

746

Application, Transcript,
Small Exhibits, Etc.

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 746 Regular Hearing

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
ROOMS 105, 106, 107 EL CORTEZ BUILDING
TELEPHONE 7-9546
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
July 15, 1954

IN THE MATTER OF:

Application of El Paso Natural Gas Company
for 160-acre unorthodox gas proration unit
in Eumont Gas Pool: Lots 5, 6, 11 and 12
of Section 2, Township 21 South, Range 36
East.

} Case No. 746
}

BEFORE:

Mr. E. S. (Johnny) Walker
Mr. R. R. Spurrier

TRANSCRIPT OF HEARING

MR. WALKER: We will move on to Case 746.

MR. HOWELL: Mr. Evans will also be a witness in this case.

ROBERT F. EVANS,

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

DIRECT EXAMINATION

By MR. HOWELL:

Q Please state your name for the record, Mr. Evans.

A Robert F. Evans.

MR. HOWELL: We would like to file, at this time, an
amended application. Since filing the original application which
asked for 160-acre unit, one of the offset operators, Amerada

Petroleum Company has requested that its 80 acres be included in the unorthodox unit, and we are now filing that amended application asking that the unit be a 240 acre unit consisting of Lots 3 and 4, 5 and 6 and 11 and 12 in Section 2, Township 21 South, Range 36 East.

MR. MACEY: Are you sure that there are 240 acres in that tract?

MR. HOWELL: The map so shows.

MR. MACEY: I thought the north lots were a little smaller.

MR. HOWELL: Our plats so show. It is a long section in which there is a section and a half. I think it is in that particular section, and I checked our own lots at first and each of our lots had 40 acres, I am positive, at the beginning.

MR. WALKER: Does anyone have an objection to the amended application? If not it will be received.

Q Mr. Evans, do you have a plat showing the location of Section 2 in Township 21 South, Range 36 East?

A Yes, sir.

(Marked Exhibits 1 through 5, for identification.)

MR. HOWELL: Will you hand the plat to the Commission?

Q Does El Paso Natural gas hold the lease-hold rights on Lots 5 and 6, 11 and 12 in that section?

A Yes, sir, that is correct.

Q Do those lots each contain 40 acres?

A Yes, sir, 40 acres.

Q Is that located within the Eumont Gas Pool?

A Yes, sir, that is correct.

Q I believe that to the north of the four lots owned by El Paso are lots 3 and 4 containing 40 acres each, is that correct?

A 40 acres, more or less, I am not certain as to the exact acreage.

Q Is that adjoining tract to the north owned by Amerada Petroleum Corporation?

A Yes, sir, that is correct.

Q What other wells or production is there in that immediate area?

A There is the Sun - Aikens Well located in Section 3. It is in the southeast quarter of the northeast quarter.

Q Within Section 2, is Lots 13 and 14 in the north half of the southwest quarter of that Section 2 owned by Gulf Oil Corporation or operated by Gulf Oil Corporation?

A Yes, sir, that is correct.

Q Janda Number 1 Well, oil well now producing on that tract?

A Yes, sir.

Q Then is there a 320 acre tract comprising Lots 1, 2, 7, 8, 9, 10, 15, 16 of Section 3 operated by Warren Petroleum Corporation?

A Yes, sir.

Q That is in the adjoining Section 3?

A Yes, sir.

Q To the east, in Lots 1, 2, 7 and 8, containing approximately 160 acres there is a Cities Service Company operator?

A Yes, sir.

Q Lots 9 and 10, 15 and 16, Southeast quarter of that section, 320 acre Stanolind Oil and Gas Company is operator?

A Yes, sir, that is correct.

MR. HOWELL: We offer letters from Warren Petroleum Company, Stanolind and Cities Service Company.

Q What formation is the distinction of this well that El Paso Natural Gas Company desires to drill?

A That is the Queen Formation at approximately 3,600 feet from the surface.

Q That will be a gas well?

A Yes, sir.

Q Is that area reasonably proven, all of the 240 acres included in this amended application, reasonably proven productive of gas?

A Yes, sir.

Q In your opinion, is it necessary that an unorthodox drilling location be granted and approved in order that the owners of the gas rights in this 240 acres can recover their fair share of the gas?

A Yes, sir, that is correct.

MR. HOWELL: We offer the plat and several letters.

MR. WALKER: Without objection they will be admitted. Any further questions of the witness? Any comments in this case?

MR. CHRISTIE: R. S. Christie, Amerada Petroleum. We have no objection to the application, in fact, we urge that the Commission approve the amended application by El Paso.

MR. WALKER: Anyone else? If not the witness may be excused and the case will be taken under advisement.

(Witness excused.)

MR. MALONE: If I may add a statement to the record in this case. Ross Malone, on behalf of Gulf Oil Corporation. Gulf is the owner of the south offset and has no objection to the granting of the non-standard unit as requested.

MR. WALKER: Anyone else? If not the case will be taken under advisement and we will take a short recess.

STATE OF NEW MEXICO)
)
 COUNTY OF BERNALILLO) SS.

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 17th day of July, 1954.

Ada Dearnley
 Notary Public and Court Reporter

My Commission Expires:
 June 19, 1955

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. 746
ORDER NO. R-518

THE AMENDED APPLICATION OF EL PASO
NATURAL GAS COMPANY 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 PRODUCTION UNIT OF
234.81 CONTIGUOUS ACRES CONSISTING OF LOTS
3, 4, 5, 6, 11 and 12 IN SECTION 2, TOWNSHIP
21 SOUTH, RANGE 36 EAST, NMPM, LEA COUNTY,
NEW MEXICO, IN THE SUIVANT GAS POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on July 15, 1954,
at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico,
hereinafter referred to as the "Commission."

NOW, on this 12th day of August, 1954, the Commission, a quorum
being present, having considered the testimony adduced and the records in
the case, 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 cause 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 pro-
duction unit consisting of other than a legal quarter section after notice
and hearing by the Commission.

(3) (a) That applicant, El Paso Natural Gas 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 36 East, NMPM
Lots 5, 6, 11 and 12 of
Section 2

containing 160 acres, more or less.

(b) That Amerada 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 3 and 4 of Section 2

containing 74.81 acres, more or less.

(4) That applicant, El Paso Natural Gas Company, has a well on the
aforesaid lease known as the Shell-State No. 5, located 3200 feet from the
north line and 660 feet from the west line of Section 2, Township 21 South,
Range 36 East.

(5) That the aforesaid well is located within the limits of the pool heretofore delineated and designated as the Eumont Gas Pool.

(6) (a) That it is impractical to pool applicant's said lease with adjoining acreage in the north half of Section 2, Township 21 South, Range 36 East, and that owners of adjoining acreage in said half sections have not objected to the formation of the proposed proration unit of 234.81 acres, but have expressly consented thereto.

(b) That Amerada Petroleum Corporation has consented to the formation of the proposed proration unit.

(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 and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the amended application of El Paso Natural Gas Company for approval of an unorthodox proration unit consisting of the following described acreage:

Township 21 South, Range 36 East, NMPM
Lots 3, 4, 5, 6, 11 and 12 of
Section 2

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

(2) That applicant's well, Shell-State No. 5, located in Lot 12 of Section 2, Township 21 South, Range 36 East, NMPM, shall be granted an allowable in the proportion that the above described 234.81-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, on the 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

W. B. Macey
W. B. Macey, Member and Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF)
EL PASO NATURAL GAS COMPANY FOR)
APPROVAL OF A 160 ACRE UNORTHODOX)
GAS PRORATION UNIT IN THE EUMONT GAS)
POOL CONSISTING OF LOTS 5, 6, 11 and)
12, SECTION 2, TOWNSHIP 21 SOUTH,)
RANGE 36 EAST, N.M.P.M., LEA COUNTY,)
NEW MEXICO.)

NO. 746

Your Applicant, El Paso Natural Gas Company, amends its application heretofore filed and represents that since the filing of its application herein, Amerada Petroleum Corporation, the owner and operator of leasehold rights on Lots 3 and 4, in Section 2, Township 21 South, Range 36 E., N.M.P.M., Lea County, New Mexico, has requested your applicant to communitize the 160 acre tract owned by your applicant with the 80 acre tract owned by Amerada Petroleum Corporation.

Your Applicant and Amerada Petroleum Corporation have agreed to pool or communitize Lots 3, 4, 5, 6, 11 and 12 in said Section 2, Township 21 South, Range 36 E., N.M.P.M., Lea County, New Mexico, containing 240 acres, and herewith request that the 240 acre tract be approved as an unorthodox gas unit for a gas well to be completed in the Queen formation.

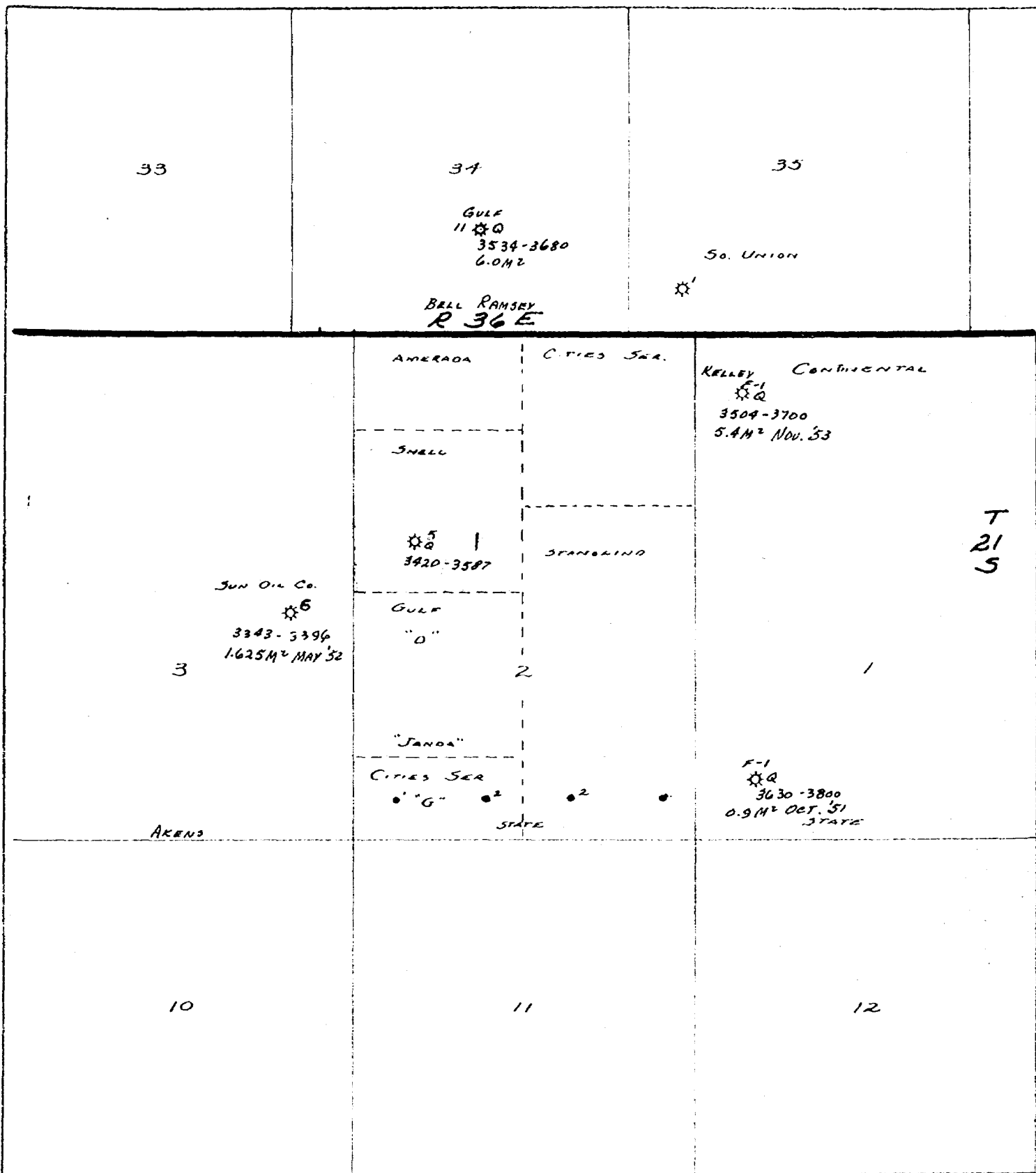
Your Applicant respectfully requests that its prior application be amended, pursuant to this application and that an appropriate Order be entered by the Commission.

Respectfully submitted,

EL PASO NATURAL GAS COMPANY

By:

Ernest D. Howell
Its Attorney



EPNG No. 1

Case 746

EL PASO NATURAL GAS COMPANY
EL PASO, TEXAS

SCALE 1" = 2000'	DATE 7-19-54	No.
DRAWN BY	CHECKED BY	



CITIES SERVICE OIL COMPANY

PRODUCERS-REFINERS-MARKETERS OF PETROLEUM PRODUCTS

BOX 97

HOBBS, NEW MEXICO

D. D. Bodie

Division Superintendent



June 14, 1954

Mr. Samuel Smith
El Paso Natural Gas Company
El Paso, Texas

Dear Sir:

Attached hereto are three copies of signed waivers covering your application for an unorthodox gas proration unit in Section 2, Township 21 South, Range 36 East, Lea County, New Mexico.

Yours very truly,

D. D. Bodie

DDB/lbc
Attachs.

El Paso Natural Gas Company

TENTH FLOOR BASSETT TOWER

El Paso, Texas

*EPNG
Ex 763
746*

New Mexico Oil Conservation Commission
Post Office Box 871
Santa Fe, New Mexico

Attention: Mr. R. R. Spurrier

Gentlemen:

We have been informed that El Paso Natural Gas Company has requested approval of an unorthodox 160 acre gas proration unit in the Eumont Gas Pool, to be allocated to its Shell State, No. 5 Well located 3209 feet from the North line and 660 feet from the West line of Section 2, Township 21 South, Range 36 East, N.M.P.M., Lea County, New Mexico. We understand that it is requested that such unorthodox unit consists of the lands described as Lots 5, 6, 11, 12 of Section 2, Township 21 South, Range 36 East, N.M.P.M., Lea County, New Mexico.

You are respectfully advised that we hereby waive notice as to said application for approval of said above described unorthodox gas proration unit and the approval of the formation of this unorthodox unit would meet with our approval.

Yours very truly,

CITIES SERVICE OIL COMPANY

By: 

Division Superintendent

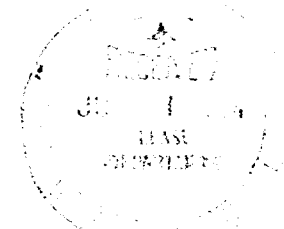
Warren Petroleum Corporation

P.O. Box 1589

Tulsa 2, Oklahoma

June 18, 1954

EPNG E No 4
746



El Paso Natural Gas Company
Tenth Floor Bassett Tower
El Paso, Texas

Gentlemen:

Attention: Mr. Samuel Smith,
Lease Department

We are returning herewith three copies of the letter addressed to the New Mexico Oil Conservation Commission in which Warren Petroleum Corporation waives objection to the formation of an unorthodox gas unit in Lots 5, 6, 11, 12 of Section 2, Township 21 South, Range 36 East, Lea County, New Mexico, as requested in your letter of June 10, 1954.

Yours very truly,

WARREN PETROLEUM CORPORATION,
Oil Division

By *E. S. Calvert*
E. S. Calvert

he
Enc.

7/10/54

Crude Oil • Propane • Butane • Hexane • Heptane • Iso-Butane • Iso-Pentane

Natural Gasoline • Natural Gas

El Paso Natural Gas Company

TENTH FLOOR BASSETT TOWER

El Paso, Texas

New Mexico Oil Conservation Commission
Post Office Box 871
Santa Fe, New Mexico

Attention: Mr. R. R. Spurrier

Gentlemen:

We have been informed that El Paso Natural Gas Company has requested approval of an unorthodox 160 acre gas proration unit in the Eumont Gas Pool, to be allocated to its Shell State, No. 5 Well located 3209 feet from the North line and 660 feet from the West line of Section 2, Township 21 South, Range 36 East, N.M.P.M., Lea County, New Mexico. We understand that it is requested that such unorthodox unit consists of the lands described as Lots 5, 6, 11, 12 of Section 2, Township 21 South, Range 36 East, N.M.P.M., Lea County, New Mexico.

You are respectfully advised that we hereby waive notice as to said application for approval of said above described unorthodox gas proration unit and the approval of the formation of this unorthodox unit would meet with our approval.

Yours very truly,

WARREN PETROLEUM COMPANY

BY: *W. S. Stewart*

STANOLIND OIL AND GAS COMPANY

OIL AND GAS BUILDING

FORT WORTH, TEXAS

June 18, 1954

File: RGH-4356-175

Subject: Waiver of Objection
Unorthodox Gas Proration Unit
Shell State Well No. 5
Eumont Gas Pool, Lea County,
New Mexico

EPNG E. No. 5
746

El Paso Natural Gas Company
10th Floor, Bassett Tower
El Paso, Texas

Attention: Mr. Samuel Smith

Gentlemen:

We are pleased to furnish the attached waivers requested in your letter of June 10, 1954, for approval of an unorthodox 160-acre gas proration unit in the Eumont Gas Pool. It is our understanding that this well will be located 3209 feet from the north line and 660 feet from the west line of Section 2, T-21-S, R-36-E, NMPM, Lea County, New Mexico, and the unorthodox unit requested consists of lands described as Lots 5, 6, 11 and 12 of this same Section 2.

Yours very truly,

STANOLIND OIL AND GAS COMPANY

By: 

ALEX CLARKE, JR.
Division Engineer

RLH:cp
Attachments

STANOLIND OIL AND GAS COMPANY

OIL AND GAS BUILDING

FORT WORTH, TEXAS

June 18, 1954

File: RGH-4357-175

Subject: Waiver of Objection
Unorthodox Gas Proration Unit
El Paso Natural Gas Company's
Shell State Well No. 5, Eumont
Gas Pool, Lea County, New Mexico

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

Attention: Mr. R. R. Spurrier

Gentlemen:

The undersigned, being an authorized representative of the offset operator, has been duly informed by El Paso Natural Gas Company of their intention to request approval of an unorthodox 160-acre gas proration unit for their Shell State Well No. 5 in the Eumont Gas Pool, and hereby waives all objections to the granting of the permit for this purpose.

This well is to be located 3209 feet from the north line and 660 feet from the west line of Section 2, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, and the unorthodox unit requested consists of lands described as Lots 5, 6, 11 and 12 of the above mentioned Section 2.

Yours very truly,

STANOLIND OIL AND GAS COMPANY

By: 

ALEX CLARKE, JR.
Division Engineer

RLH:cp

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO 1954 JUN 23 AM 10:09

IN THE MATTER OF THE APPLICATION OF
EL PASO NATURAL GAS COMPANY FOR
APPROVAL OF A 160 ACRE UNORTHODOX
GAS PRORATION UNIT IN THE EUMONT GAS
POOL CONSISTING OF LOTS 5, 6, 11 AND
12, SECTION 2, TOWNSHIP 21 SOUTH,
RANGE 36 EAST, N.M.P.M., LEA COUNTY,
NEW MEXICO

NO. 746

Your Applicant, El Paso Natural Gas Company, represents that it is a Delaware corporation with a permit to do business in the State of New Mexico, that it is the present owner and holder of gas rights and Shell Oil Company is the present owner and holder of oil rights in State of New Mexico Lease No. B-1167, dated September 6, 1932, to be effective September 15, 1932, executed by the State of New Mexico as Lessor to Shell Petroleum Company as Lessee and extended by production, in so far as said lease covers Lots 5, 6, 11 and 12, ^{Section 2} Township 21 South, Range 36 East, N.M.P.M., Lea Company, New Mexico, containing 160 acres, more or less.

Your Applicant represents that Section 2 in Township 21 South, Range 36 East is an irregular section containing approximately 960 acres; that the 160 acre tract under which gas rights are owned by your Applicant is a square 160 acres in area, and, by reason of Section 2 being an irregular section, does not constitute a gas unit in the Eumont Pool as prescribed by Order 370-A of this Commission.

Your Applicant would show that its tract is offset to the south by a tract of 160 acres comprised of Lots 13 and 14 and the N/2 SW/4 of said Section 2 upon which Gulf Oil Corporation is Operator and upon which the Janda No. 1 oil well is now producing.

Your Applicant would show that said tract is offset to the west by a tract containing approximately 320 acres comprised of Lots 1, 2, 7, 8, 9, 10, 15 and 16 of Section 3 in said Township and Range, which also is an irregular section, and that Warren Petroleum Company and Gulf Oil Corporation are Operators of said tract upon which one gas well and one oil well have been drilled.

Your Applicant would show that its leased tract is offset to the north by Lots 3 and 4 in said Section 2, containing approximately 80 acres, upon which Amerada Petroleum Corporation is Operator and that, in the event your Applicant communitized Lots 5 and 6 and Lots 3 and 4, then your Applicant would have 80 acres remaining with the adjoining tract to the south consisting of 160 acres.

Your Applicant would further show that to the east its leasehold tract is offset by Lots 1, 2, 7 and 8, containing approximately 160 acres, of which Cities Service Company is Operator, and by Lots 9, 10, 15 and 16 and the SE/4 of said Section 2, containing approximately 320 acres, of which Stanolind Oil and Gas Company is Operator.

Your Applicant represents that it has mailed to each of the offset Operators a notice of this application.

Your Applicant represents that, pursuant to the terms and provisions of said Order 370-A, a spacing unit consisting of a regular quarter section has been established for the Eumont gas pool; that by reason of the irregularities contained in said Section 2, your Applicant cannot locate an unorthodox gas well on its leasehold interests.

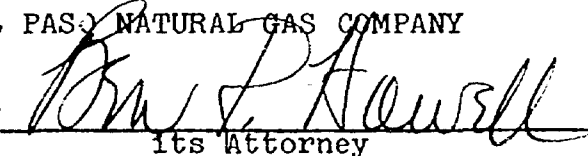
Your Applicant desires to drill a gas well to be completed in the Queens formation at an estimated total depth of 3,460 feet, and that, unless an unorthodox gas unit be approved, your Applicant will be deprived of its opportunity to recover its just and equitable share of the natural gas in the gas pool lying under the above described tract of land.

Your Applicant respectfully requests that an appropriate order be entered allowing the establishment of Lots 5, 6, 11 and 12, Section 2, Township 21 South, Range 36 East, as an unorthodox gas unit in the Eumont gas pool.

Respectfully submitted.

EL PASO NATURAL GAS COMPANY

By


its Attorney