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Replication, Transcript,
5 mill Exhibits, Etc.

E 752: Ohio Oil Company application unorthodox gas proration unit - ont Special Hearing July 21 1954

OIL CONSERVATION COMMISSION P. O. BOX 871

SANTA FE, NEW MEXICO

December 7, 1954

The Chic Oil Company P. O. Box 3128 HOUSTON, TEXAS

Attention: Mr. Terrell Couch, Legal Department

Gentlemen:

We enclose a copy of Order R-527-A issued nunc pro tune by the Commission in Case 752. We greatly appreciate your letter of October 8 furnishing us with information needed for clarification of the original order.

Very truly yours,

WBM:nr

W. B. Macey Secretary - Director

MAIN OFFICE COR

1954-0550 17 周 均: 10

Legal Department

W. Hume Everett Thomas N. McElroy J. Q. Terrell Couch

December 10, 1954

Houston.Texas

Mr. W. B. Macey, Secretary-Director New Mexico Oil Conservation Commission P. O. Box 871 Santa Fe, New Mexico

> Re: Case 752

Dear Sir:

I acknowledge receipt of your letter of December 7 enclosing copy of Order R-527-A in the above numbered case.

Thank you for giving your attention to my request. I recognize that you have a multitude of new matters to consider at all times and, therefore, I am doubly grateful for your reconsideration of the Order originally entered in this case.

Very truly yours,

TC: MK

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. 752 Order No. R-527-A

THE APPLICATION OF THE OHIO CIL 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 PRORATION UNIT OF 160 CONTIGUOUS ACRES CONSISTING OF 5/2 N/2 OF SECTION 9, TOWN-SHIP 20 SOUTH, RANGE 37 EAST, NMPM, LEA COUNTY, NEW MEXICO, IN WHAT IS NOW DELINEATED AS THE EUMONT GAS POOL UNDER THE PROVISIONS OF ORDER NO. R-520.

NUNC PRO TUNC ORDER OF THE COMMISSION

BY THE COMMESION:

This cause came on for hearing at 9 o'clock a.m. on August 18, 1954, at Santa Fe, New Mexico, before the Oil Genservation Commission, hereinafter referred to as the "Commission".

Thereafter, on the 4th day of October, 1954, the Commission entered its Order R-527 approving the unorthodox protetion unit as prayed for in the said application.

MOW, on this <u>A G</u> day of <u>November</u>, 1954, the Commission, a quorum being present, having considered the records and testimeny adduced, having also considered more particularly certain portions of the record, and finding that certain matters which were emmitted in Order R-527 should be expressly recited in this cause, it exters berewith its nunc pro tune order supplementing and amending said Order R-527. The Commission, 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, and Order R-520, the Commission has power and authority to permit the formation of a gas provation unit consisting of other than a legal quarter section after notice and hearing by the Commission.
- (3) That applicant, The Ohio Oil Company, is the owner of an oil and gas lease in Lea Gounty, 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 8/2 N/2 of Section 5

containing 160 acres, more or less.

- (4) That applicant, The Ohio Oil Gempany, has a producing well on the aforesaid lease known as W. H. Laughlin No. 3 located 1980 feet from the North line and 1980 feet from the East line of Section 9. Township 20 South, Range 37 East, and that applicant has declared that it desires to dually complete said well on the above described land instead of re-completing its W. H. Laughlin Well No. 4 thereon,
- (5) That the aforesaid well No. 3 was completed in the Monument Oil Pool and was in production from that pool long prior to January 1, 1954, the effective date of Order R-376-A; that the said well is located within the boundaries of the pool heretofore delineated and designated as the Eument Gas Pool; and that by Order No. DC-143 the Commission has heretofore authorized the dual completion of said well within the limits of the Eument Gas Pool and the Menument Oil Pool.
- (6) That it is impossible to peol applicant's said lease with adjoining acreage in Section 9 and that the owners of adjoining acreage in said section have not objected to the formation of the proposed proration unit of 160 acres.
- (7) That unless a provation 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 provation 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 The Ohio Oil Company for approval of an unorthodex provation unit consisting of the following described acreage:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM S/2 N/2 Section 9

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

(2) That in lieu of approval of re-completion of applicant's W. H. Laughlin Well No. 4, applicant is hereby authorized to dually complete its W. H. Laughlin Well No. 3 in accordance with and subject to the provisions of Order No. DC-143 entered by this Commission August 6, 1954, and that upon such dual completion the said W. H. Laughlin Well No. 3, located in

-2-Order No. R-527-A

\$>...

the SW/4 NE/4 of Section 9. Township 20 South, Range 37 East, NMPM, shall be granted an allowable in the proportion that the above described 160 acre unit bears to the standard or orthodox provation unit for said pool, all until further order of the Commission.

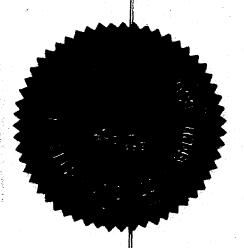
DONE at Santa Fe, New Mexico, the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM. Chairman

Elwalker

W. B. Macey, Member and Secretary



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. 752 Order No. R-527

THE APPLICATION OF THE OHIO OIL 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 PRORATION UNIT OF 160 CONTIGUOUS ACRES CONSISTING OF \$/2 N/2 OF SECTION 9, TOWN-SHIP 20 SOUTH, RANGE 37 EAST, NMPM, LEA COUNTY, NEW MEXICO IN WHAT IS NOW DELIMEATED AS THE EUMONT GAS POOL UNDER THE PROVISIONS OF ORDER NO. B520.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m., on August 18, 1954 at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 4 day of October, 1954 the Commission, a quotum 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-370-A, and Order R-520, the Commission has power and authority to permit the fermation of a gas preration unit consisting of other than a legal quarter section after notice and hearing by the Commission.
- (3) That applicant, The Ohio 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 20 SOUTH, RANGE 37 EAST, NMPM S/2 N/2 of Section 5

containing 160 acres, more or less.

(4) That applicant, The Ohio Oil Company, has a producing well on the aforesaid lease known as W. H. Laughlin No. 3 located 1980 feet from the North line and 1980 feet from the East line of Section 9, 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 impossible to pool applicant's said lease with adjoining acreage in Section 9 and that the owners of adjoining acreage in said section 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 recever its just and equitable share of the natural gas in the Eumont Gas Pool.
- (8) That creation of a prevation 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 The Ohio Oil Company for approval of an unorthodox proration unit consisting of the following described acreage

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM S/2 N/2 Section 9

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

(2) That applicant's well, W. H. Laughlin No. 3, located in the SW/4 NE/4 of Section 9. Township 20 South, Range 37 East, NMPM, shall be granted an allowable in the proportion that the above described 160 acremnt 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

EDWIN D. MECHEM, CHAIRMAN

E. S. WALKER, Inches

W. B. MACEY, Secretary and Member

SUGGESTED PARAGRAPH FOR INCLUSION IN ORDER TO BE ISSUED IN CASE 752 - CHIO OIL COMPANY:

The Chio Cil Company having decalred that it desires to dually complete its W. H. Laughlin Well No. 3 on said land instead of recompleting its W. H. Laughlin Well No. 4 thereon, the Commission in lieu of approving recompletion of said Well No. 4 does hereby authorize The Ohio Cil Company to dually complete said Well No. 3 in accordance with and subject to the provisions of Order No. DC-143 entered by the Commission August 6, 1954.

Submitted by Tarrell Carelle 8-18-54

August 9, 1954 9. 6. Box 5938 W. Hume Everett همو منافع Division Attornoy Mr. W. B. Macey Secretary-Director New Mexico Oil Conservation Commission P.O. Box 871 Santa Fe, New Mexico Dear Mr. Macey: Apparently my letter of August 5 and your letter to Mr. Couch of August 6 crossed in the mails. Consequently, the information requested in my letter appears to have been furnished in the form of Order DC-143 of August 6, 1954, enclosed with your letter. Thanking you, I am Very truly yours, Nume Evere WHE/1

1951-05 1 1 MAN Sejal Department

W. Hume Everett Thomas K. McElvoy J. O. Terrell Couch stameys

October 8, 1954

P.O.Box 3128 Houston, Texas

Mr. Wm. B. Macey New Mexico Oil Conservation Commission P.O. Box 871 Santa Fe, New Mexico

Dear Sir:

RE: Case No. 752 Order R-527

I have received a copy of the above designated order and appreciate the confirmation of the unit.

The language of the order, following as it does the usual form in the ordinary case of this type, indicates that the peculiar circumstances existing with respect to the application of The Ohio Oil Company may not have been called to the attention of the person preparing the order. I believe that this letter will bring to your mind the fact that Ohio's application in this case originally recited that its W.H. Laughlin Well No. 4 was to be re-completed on the proposed proration unit, and that before hearing on the case that plan was abandoned and Ohio elected to plug and temporarily abandon its Laughlin Well No. 4, and to dually complete Laughlin Well No. 3 on the proposed proration unit.

Application to dually complete the well was made in the usual manner and the dual completion was authorized by Administrative Order DC-143 entered August 6, 1954.

Under the circumstances, I suggest and request that instead of Findings "4" and "5", the following be substituted:

"(4) That applicant, The Ohio Oil Company, has a producing well on the aforesaid lease known as W.H. Laughlin No. 3 located 1980 feet from the North line and 1980 feet from the East line of Section 9, Township 20 South, Range 37 East, and that applicant has declared that it desires to dually complete said well on the above described land instead of re-completing its W.H. Laughlin Well No. 4 thereon.

"(5) That the aforesaid well No. 3 was completed in the Monument Oil Pool and was in production from that pool long prior to January 1, 1954, the effective date of Order R-370-A; that the said well is located within the boundaries of the pool heretofore delineated and designated as the Eumont Gas Pool; and that by Order No. DC-143 the Commission has heretofore authorized the dual completion of said well within the limits of the Eumont Gas Pool and the Monument Oil Pool."

I further suggest and request that item "(2)" in the order be amended to read as follows:

"(2) That in lieu of approval of re-completion of applicant's W.H. Laughlin Well No. 4, applicant is hereby authorized to dually complete its W.H. Laughlin Well No. 3 in accordance with and subject to the provisions of Order No. DC-143 entered by this Commission August 6, 1954, and that upon such dual completion the said W.H. Laughlin Well No. 3, located in the SW/4 NE/4 of Section 9, Township 20 South, Range 37 East, NMPM, shall be granted an allowable 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."

I feel certain that the proposed changes can be made by entering a nunc pro tunc order, either as a completely new order with the changes integrated, or by a separate order making the changes in the initial order.

Your consideration of the above requests will certainly be appreciated. If you feel that further discussion of the proposed changes will be beneficial, please do not hesitate to call me long distance, collect.

No doubt, you will recall that at the time this case was submitted we also submitted our case No. 751, seeking designation of a non-standard proration unit and approval of our re-completion of Ohio's State-McGrail Well No. 1. To date we have not received any order of the Commission in that case. We would appreciate your advising us as to whether such an order has been entered, and, if it has, we would be pleased to receive a copy of same.

I look forward to hearing from you at your earliest convenience.

Very truly yours,

Torrellouch

JOTC/1

NEW MEXICO OIL CONSERVATION COMMISSION SANTA FE, NEW MEXICO

Gentlemen:

Case No. 25: The Application of The Ohio Oil Company for Formation of Non-Standard Proration Unit in Eumont Gas Pool, Lea County, New Mexico, and for Approval of Recompletion of The Ohio Oil Company's W.H.Laughlin Well No. 4 in said Unit.

The Ohio Oil Company hereby applies for the designation and formation of a non-standard gas proration unit consisting of the S/2 of the N/2 of Section 9, Township 20 South, Range 37 East, in the Eumont Gas Pool, Lea County, New Mexico, and The Ohio also seeks approval for recompletion of its W. H. Laughlin Well No. 4 in said unit. In support of this application, The Ohio would show to this Commission the following:

- 1. The Ohio Oil Company is the owner of the oil and gas leasehold estate on the above described tract of land, which tract contains 160 acres, more or less. Said tract should be considered as containing 160 acres for the purpose of allocation of gas allowable in said pool.
- 2. The Ohio's W. H. Laughlin Well No. 4 was heretofore completed in the Monument Oil Pool in the SE/4 of the NE/4 of said Section 9, at a location 660 feet from the North line and 660 feet from the East line of the proposed non-standard gas proration unit. The Ohio has heretofore filed with this Commission, under date of June 22, 1954, The Ohio's notice of intention to convert said well into a gas well in the Eumont Gas Pool by plugging off the former producing formation and by perforating approximately 200 feet in the Yates, Seven Rivers and Queens formations.
- 3. The attached plat indicates the location of the proposed unit and the location of the surrounding tracts. The area included in the proposed unit is indicated on said plat by the diagonal lines shown thereon.
- 4. Adjoining the proposed non-standard gas proration unit and indicated on the plat by the heavy dash line, is the N/2 of the N/2 of said Section 9, which was heretofore formed into a non-standard gas proration unit in the Eumont Gas Pool by Order No. R-442 entered May 27, 1954, by this Commission, pursuant to the Application of Amerada Petroleum Corporation in Case No. 644. No objection was made to the formation of said adjoining non-standard unit by any of the adjoining operators. Ohio consented to the

formation of said adjoining unit upon the understanding that the adjoining operators would have no objection to the formation of the non-standard gas unit herein applied for.

- 5. According to The Ohio's records, the operators on the adjoining tracts are as follows: Amerada Petroleum Corporation, Cities Service Oil Company, Continental Oil Company, Gulf Oil Corporation, Skelly Oil Company, The Texas Company, and Tide Water Associated Oil Company. Each of said operators is being furnished with a copy of this Application and is thereby notified of the filing of same and requested to give written consent to the granting of this Application. Such written consents as are obtained will be presented at the hearing.
 - 6. The Ohio further states that:
- (a) The location of said well as recompleted is within the limits of the pool heretofore delineated and designated as the Eumont Gas Pool;
- (b) It is impractical to pool The Ohio's said leasehold estate with adjoining acreage so as to form a standard gas proration unit;
- (c) The Ohio will be deprived of the opportunity to recover its just and equitable share of the natural gas in the Eumont Gas Pool, unless the recompletion of such well is approved and the non-standard proration unit is formed, considered as containing 160 acres and consisting of the S/2 of the N/2 of said Section 9;
- (d) The creation of a proration unit consisting of the aforesaid acreage and the approval of such recompletion will not result in waste, will protect correlative rights and are necessary to prevent confiscation of The Ohio's property.

The Ohio Oil Company therefore respectfully requests that a time be set for hearing on this Application at the earliest practicable date; that notice of this Application and of such hearing be issued and served immediately by publication in accordance with the Rules and Regulations of this Commission as provided by law, and that on such hearing the recompletion of said well be approved and the said non-standard proration unit

sought hereby be formed and designated as containing 160 acres for the purpose of allocation of gas allowable in said field.

Respectfully submitted,

THE OHIO OIL COMPA	ANY CONTRACTOR					
91/3	fraget !					
W. H. Everett, Attorney						
(Not)	0000001					

P. O. Box 3128 Houston 1, Texas

The undersigned acknowledges receipt of a copy of the foregoing

Application and as an operator on adjoining acreage the undersigned waives

further notice and hearing and consents to the granting of this Application.

Signed this _____ day of ______, 1954.

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PLAT OF OHIO'S APPLICATION FOR UNORTHODOX GAS PRORATION UNIT

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

August 9, 1954

Mr. W. Hume Everett Legal Department The Chio Oil Company Box 3128 HOUSTON TEXAS

Dear Mr. Everett:

RE: OCC Case 752

Perhaps by this time our letter of August 6 addressed to Mr. Couch has been referred to you in his absence. In case it has not reached you, this is to verify the information that Case 752 has been set up for hearing on August 18, 1954, as shown on the docket. Dual completion for your company's W. H. Laughlin No. 3 Well was approved by an administrative order (DC-143), copies of which were sent to Mr. Couch and to Mr. Steele of your Midland office. Hearing is not necessary on the dual completion, as your offsets had been properly notified. After waiting the ten days stipulated by OCC Rule 112-A (and Order R-316) this office issued the approval, as no objection had been received.

Your other two cases (Case 751 and Case 752), having been readvertised, are to be heard August 18.

Very truly yours,

W. B. Macey Secretary - Director

WBM:nr

The Christoffice of the Stripe occ Legal Department 1887 111 11:06

VV. Hume Everett Thomas Iv. McElroy J. O. Terrell Couch

August 5, 1954

P.O.Box 3128 Youston,Texus

Mr. W. B. Macey, Secretary New Mexico Oil Conservation Commission P. O. Box 871 Santa Fe, New Mexico

Dear Mr. Macey:

Prior to the time Mr. Couch of this office left for his vacation, he told me that the matter of authorization to dually complete our W. H. Laughlin No. 3 well located in Section 9, Township 20 South, Range 37 East, Lea County, New Mexico, would be advertised and set for hearing on the same date and at the same time as Case No. 752.

The dual completion application was forwarded to you by Mr. Thomas A. Steele by letter dated July 21, 1954.

I do not know offhand whether notice must be published in this instance or not, but, if not, then I assume that the matter may be heard during the regular hearing on August 18, 1954, with, or in connection with, Case No. 752, which appears on your published docket received earlier this week.

If publication is necessary, I would very much appreciate your having that publication made right away, so that hearing can be held on the 18th, thereby saving us an extra trip to Santa Fe.

Thanking you to advise me with respect to the foregoing and with personal regards, I am

Very truly yours

W. Hume Everett

WHE: MK

Money in him

OIL CONSERVATION COMMISSION
P. O. BOX 871

SANTA FE, NEW MEXICO

August 6, 1954

Conje

Mr. J. O. Terrell Couch Legal Department The Chio Oil Company Box 3128 HOUSTON TRIAS

Dear Sir:

As you desired, your company's Cases 751 and 752 have been readvertised and are set up on the August 18 docket.

In line with your conversation with Mr. Rhodes of our staff, Case 752 was advertised without the inclusion of the clause relating to recompletion of your Laughlin Well No. 4, and in presenting your testimony you should mention the alteration of your petition to that effect.

The request for permission to effect a gas-oil dual completion of your Laughlin No. 3 Well was received from your Midland office on July 26. Since all offset operators had been properly notified of your intent, this application was eligible for administrative approval under provisions of Rule 112-A (and Order No. R-316), and therefore no hearing was necessary.

Attached is a copy of Order DC-143 granting permission to dually complete the Laughlin Well No. 3 in line with your proposed program.

Very truly yours,

WBMinr

W. B. Hacey, Secretary-Director

cc: The Chio Oil Company Attention: Mr. Thomas A. Steele Box 552, Midland, Texas

> Oil Conservation Commission Box 2045, Hobbs, N M

OIL CONSERVATION COMMISSION P. O. BOX 871 SANTA FE, NEW MEXICO

July 6, 1954

Hr. J. O. Terrell Couch Legal Department THE CHIO OIL COMPANY Box 3128 HOUSTON, TEXAS

Dear Sir:

Please refer to your letter of June 24, 1954, with which you sent applications relative to formation of two unorthodox gas proration units in the Euront Gas Pool. Your applications were received about ten days too late to permit their inclusion on the docket of cases advertised for the July 15 hearing; we try to maintain a 30-day limit to permit proper advertisement and study of the cases to be set.

However, we have scheduled a special hearing at 9 a.m. on July 21, and have advertised your two cases as prescribed by law. As to the provisions mentioned in your application regarding recompletion of wells on the described units, I believe those aspects can be worked out without the necessity for formal hearing.

Very truly yours,

W. B. Macey Chief Engineer

WBM:nr

MAIN OFFICE OCO The Chio Cil Co.
1954 JUN 25 Pil 4:08 Legal Department

W. Hume Everett Thomas K. McElroy J. O. Terrell Couch

June 24, 1954

P.O. Box 3128 Houston, Texas

New Mexico Oil Conservation Commission

Attorneys

P. O. Box 871 Santa Fe, New Mexico

Gentlemen:

The Applications identified below are enclosed in triplicate:

Application of The Ohio Oil Company for Formation of Non-Standard Proration Unit in Eumont Gas Pool, Lea County, New Mexico, and for Approval of Recompletion of The Ohio Oil Company's W. H. Laughlin Well No. 4 in said Unit.

Application of The Ohio Oil Company for Formation of Non-Standard Proration Unit in Eumont Gas Pool, Lea County, New Mexico, and for Approval of Recompletion of The Ohio Oil Company's State McGrail Well No. 1 in said Unit.

Please accept and file said Applications and, if it is convenient, please fix July 15, 1954, as the hearing date on each of the Applications. No contest is expected on either of the Applications, and it would be helpful to us to have the hearings fixed for the same day as the regular monthly hearing.

Of course, if time does not permit the publication of notice of the hearings more than ten days prior to July 15, we would prefer to have the hearings set as soon as possible after the expiration of the ten day period.

Please advise us the date selected for hearing of the enclosed Applications.

Very truly yours,

TC:MK Enc.6

BEFORE THE

Oil Conservation Commission SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 752

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES

COURT REPORTERS

ROOMS 105, 106, 107 EL CORTEZ BUILDING
TELEPHONE 7-9546
ALBUQUERQUE, NEW MEXICO

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

August 18, 1954

IN THE MATTER OF:

Application of Ohio Oil Company for unorthodox gas proration unit in Eumont Gas Pool: S/2 N/2 Section 9, Township 20 South, Range 37 East, Lea County, New Mexico. Case No. 752

TRANSCRIPT OF HEARING

MR. MACEY: The next case is 752.

MR. COUCH: We will proceed on the application of Ohio Oil Company for formation of non-standard proration unit in the Eumont Gas Pool consisting of the south half of the north half of Section 9, Township 20 South, Range 37 East, Lea County, New Mexico. I believe you have a copy of the application with the plat attached.

 \underline{D} . \underline{K} . \underline{S} \underline{P} \underline{E} \underline{L} \underline{L} \underline{M} \underline{A} \underline{N} , \underline{J} . \underline{R} .

having previously been sworn, testified as follows:

DIRECT EXAMINATION

By MR. COUCH:

- Q Please state your name. A D. K. Spellman, Jr.
- Q You are the same Mr. Spellman who has testified in Case 751?

 A Yes, sir.
- Q Refore this Commission. We refer to the record in that case for the qualifications of the witness and his position with the Ohio Oil Company.

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

- Q In your duties with Ohio Oil Company, you are acquainted with the area that I have described here?
 - A Yes.
 - Q For which we seek a non-standard proration unit?
 - A Yes.
- Q The application as originally filed sought also approval of recompletion of W. H. Laughlin Well Fo. L on the acreage, did it not?

 A Yes, sir.
- Q Mr. Spellman, were waivers sent to the offset operators as their offset operators are identified by the record of the Ohio Oil Company?

 A Yes, sir.

MR. COUCH: I believe the operators were the Amerada, the Texas Company, Skelly Oil Company, Cities Service Oil Company, Gulf Oil Corporation, Tidewater and Continental. We have received waivers signed by each of those companies consisting of a copy of the application with the Exhibit attached, which we offer in evidence.

(Marked Ohio's Exhibit for identification.)

- MR. MACEY: Is there objection to the introduction of these Exhibits? If not they will be received in evidence.
- Q Mr. Spellman, after the application was filed, the Form C102 was filed with the Hobbs office of the Commission for authority to recomplete Well Mo. 4?
- A Yes, sir. Form ClO2 was filed on our State W. H. Laughlin No. 4 on June 22, 1954 and was approved June 25, 1954.
- Q For the record, you mentioned that as State Laughlin. I believe that is not a state lease in this instance?
 - A It is my understanding it is. Yes, sir.

- Q After you had received approval for that recompletion and plugged off the Monument pay in that well, Mr. Spellman, did you, was it concluded to temporarily abandon that well?
 - A It was.
- Q That it would be more feasible to dually complete.
 Laughlin Well No. 3 on that same tract, is that right?
 - A Yes, sir, that was our opinion.
- Q And was notice of the temporary abandonment of the well filed with the Commission?
 - A Yes, sir, it was filed, ClO3, on July 21, 1954.
- Q As of that same date was application made for authority to dually complete Well No. 3 on that acreage? That is the date of the application I believe, July 21?

A I was going to say I was not in a position at this time to testify as to the exact date of the application, but I do know that the application was made and has been approved by the Commission.

Q In that connection, I have a photostatic copy of the Commission's Order Cl43, granting authority to dually complete the W. H. Laughlin Well No. 3 on the acreage referred to. It shows the application was filed with the Commission on July 26. The files will reflect that the application was dated July 21, that the customary administrative order was issued authorizing the dual completion of that Well No. 3.

Well No. 3 is located approximately how far from the nearest boundary of the 160 acres, Mr. Spellman?

A Well No. 3 is located within 660 feet of the nearest boundary.

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

- Q That is, it is 560 feet from that boundary approximately?
- A Yes.
- Q The next nearest boundary is approximately how far?
- A 1,980 feet.
- Q Mr. Spellman, this well when dually completed pursuant to the order of DC143 of this Commission issued August 6 would be dually completed in the Eumont Gas Pool, would it not, as presently delineated?
- A As presently delineated, it would be dually completed so as to produce gas from the Eumont Gas Zone.
- Q Would that remain completed as an oil well in that oil pool?
 - A It would remain as an oil well in the Monument Oil Pool.
- Q In your opinion is it impractical to pool the Ohio's leasehold acreage as to form a standard gas proration unit in this case?

 A Yes, sir.
- Q In your opinion would it be deprived of its opportunity to recover its fair share of gas unless the dual completion is authorized, and the non-standard unit is granted, as applied for?
 - A That is correct.
- Q Will it protect correlative rights and not result in waste to grant the proration unit that Ohio is seeking in this case?
 - A Yes, sir.

MR. COUCH: That is all.

MR. MACEY: Any further questions of the witness? If not, the witness will be excused and we will take both Cases 751 and 752 under advisement.

ADA DEARNLEY & ASSOCIATES

STENDTYPE REPORTERS

ROOM 108-108-107 EL CORTEZ BLDG.
PHONES 7-9645 AND 5-9546
ALBUQUERQUE, NEW MEXICO

CERTITICAT2

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings in the matter of Case No. 752, were taken by me on August 18, 1954, that the same is a true and correct record to the best of my knowledge, skill and ability.

Ada Saly
Reporter

ADA DEARNLEY & ASSOCIATES

STENOTYPE REPORTERS

ROOM 105-106-107 EL CORTEZ BLDG.

PHONES 7-9645 AND 5-9546

ALBUQUERQUE, NEW MEXICO

OHL CONSERVATION SION SANTA FE, NEW COLLEGE LAHIBIT OF LA

NEW MEXICO OIL CONSERVATION COMMISSION SANTA FE, NEW MEXICO

Gentlemen:

Case No. : The Application of The Ohio Oil Company for Formation of Non-Standard Proration Unit in Eumont Gas Pool, Lea County, New Mexico, and for Approval of Recompletion of The Ohio Oil Company's W.H.Laughlin Well No. 4 in said Unit.

The Ohio Oil Company hereby applies for the designation and formation of a non-standard gas proration unit consisting of the S/2 of the N/2 of Section 9, Township 20 South, Range 37 East, in the Eumont Gas Pool, Lea County, New Mexico, and The Ohio also seeks approval for recompletion of its W. H. Laughlin Well No. 4 in said unit. In support of this application, The Ohio would show to this Commission the following:

- 1. The Ohio Oil Company is the owner of the oil and gas leasehold estate on the above described tract of land, which tract contains 160 acres, more or less. Said tract should be considered as containing 160 acres for the purpose of allocation of gas allowable in said pool.
- 2. The Ohio's W. H. Laughlin Well No. 4 was heretofore completed in the Monument Oil Pool in the SE/4 of the NE/4 of said Section 9, at a location 660 feet from the North line and 660 feet from the East line of the proposed non-standard gas proration unit. The Ohio has heretofore filed with this Commission, under date of June 22, 1954, The Ohio's notice of intention to convert said well into a gas well in the Eumont Gas Pool by plugging off the former producing formation and by perforating approximately 200 feet in the Yates, Seven Rivers and Queens formations.
- 3. The attached plat indicates the location of the proposed unit and the location of the surrounding tracts. The area included in the proposed unit is indicated on said plat by the diagonal lines shown thereon.
- 4. Adjoining the proposed non-standard gas proration unit and indicated on the plat by the heavy dash line, is the N/2 of the N/2 of said Section 9, which was heretofore formed into a non-standard gas proration unit in the Eumont Gas Pool by Order No. R-442 entered May 27, 1954, by this Commission, pursuant to the Application of Amerada Petroleum Corporation in Case No. 644. No objection was made to the formation of said adjoining non-standard unit by any of the adjoining operators. Ohio consented to the

formation of said adjoining unit upon the understanding that the adjoining operators would have no objection to the formation of the non-standard gas unit herein applied for.

- 5. According to The Ohio's records, the operators on the adjoining tracts are as follows: Amerada Petroleum Corporation, Cities Service Oil Company, Continental Oil Company, Gulf Oil Corporation, Skelly Oil Company, The Texas Company, and Tide Water Associated Oil Company. Each of said operators is being furnished with a copy of this Application and is thereby notified of the filing of same and requested to give written consent to the granting of this Application. Such written consents as are obtained will be presented at the hearing.
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- (c) The Ohio will be deprived of the opportunity to recover its just and equitable share of the natural gas in the Eumont Gas Pool, unless the recompletion of such well is approved and the non-standard proration unit is formed, considered as containing 160 acres and consisting of the S/2 of the N/2 of said Section 9;
- (d) The creation of a proration unit consisting of the aforesaid acreage and the approval of such recompletion will not result in waste, will protect correlative rights and are necessary to prevent confiscation of The Ohio's property.

The Ohio Oil Company therefore respectfully requests that a time be set for hearing on this Application at the earliest practicable date; that notice of this Application and of such hearing be issued and served immediately by publication in accordance with the Rules and Regulations of this Commission as provided by law, and that on such hearing the recompletion of said well be approved and the said non-standard proration unit

sought hereby be formed and designated as containing 160 acres for the purpose of allocation of gas allowable in said field.

Respectfully submitted,

THE OHIO OIL COMPANY

By W Fyorett Attorney

O Terrell Couch, Attorney

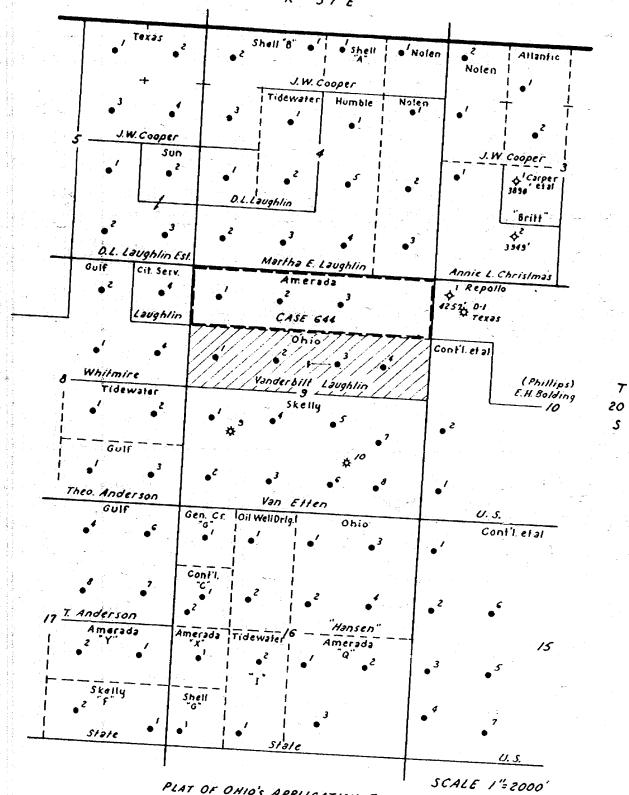
P. 0. Box 3128
Houston 1, Texas

The undersigned acknowledges receipt of a copy of the foregoing Application and as an operator on adjoining acreage the undersigned waives further notice and hearing and consents to the granting of this Application.

Signed this 2nd day of August

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CONTINENTAL OIL COMPANY



PLAT OF OHIO'S APPLICATION FOR UNORTHODOX GAS PRORATION UNIT FOR S1/2 OF N1/2 9-20-37

OIL CONSERVATION COMMISSION
SOUTH FE, NEW MEXI
CASE 252

NEW MEXICO OIL CONSERVATION COMMISSION SANTA FE, NEW MEXICO

Gentlemen:

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Respectfully submitted,

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y W. W. Great Attorney

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J. O. Terrell Couch, Attorney

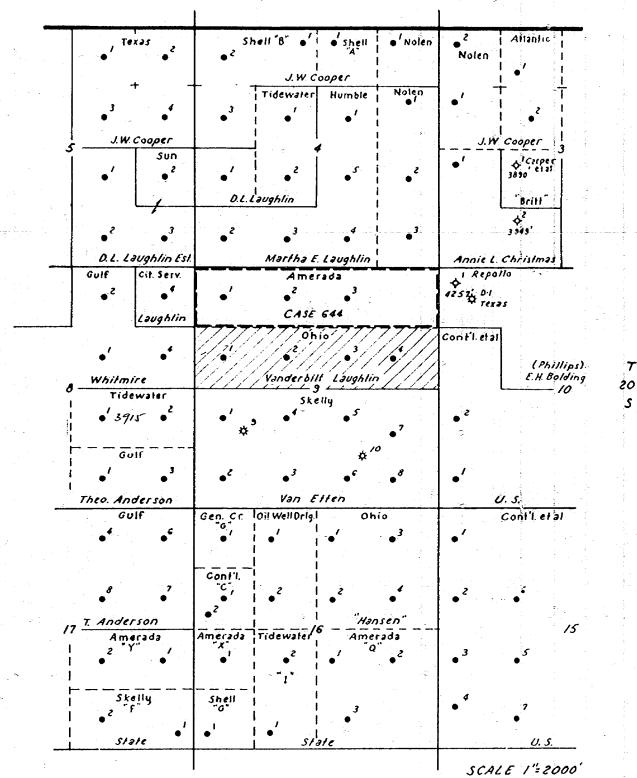
P. O. Box 3128 Houston 1, Texas

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Signed this 2nd day of August , 1954

TIDE WATER ASSOCIATED OIL COMPANY

H. E. Berg, Messager of Production



PLAT OF OHIO'S APPLICATION FOR UNORTHODOX GAS PRORATION UNIT FOR \$1/2 OF N/2 9.20.37

OIL CONSERVATION COMMISSION SANTA FE, LEW MEXICO CASE 252

NEW MEXICO OIL CONSERVATION COMMISSION SANTA FE, NEW MEXICO

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Respectfully submitted,

THE OHIO OIL COMPANY

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5. 0. Terrell Couch, Attorney

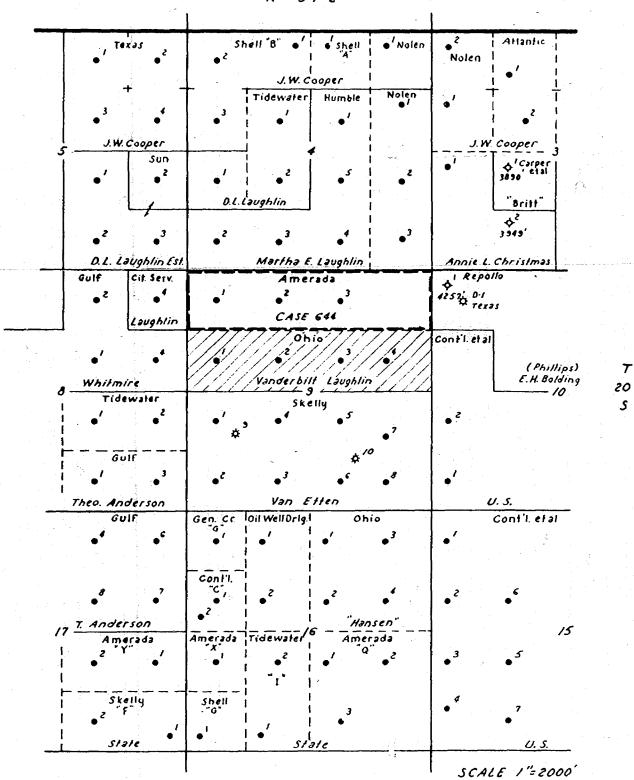
P. O. Box 3128 Houston 1, Texas

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Signed this 2 day of July , 1954

AMERADA PETROLEUM CORPORATION

By R.S. Christie



PLAT OF OHIO'S APPLICATION FOR UNORTHODOX GAS PRORATION UNIT FOR S'12 OF N'12 3.20-37

OIL CONSELVATION COMMISSION
SALVA LA COMMISSION
CASE 752
CASE 752

NEW MEXICO OIL CONSERVATION COMMISSION SANTA FE, NEW MEXICO

Gentlemen:

Case No. : The Application of The Ohio Oil Company for Formation of Non-Standard Proration Unit in Eumont Gas Pool, Lea County, New Mexico, and for Approval of Recompletion of The Ohio Oil Company's W.H.Laughlin Well No. 4 in said Unit.

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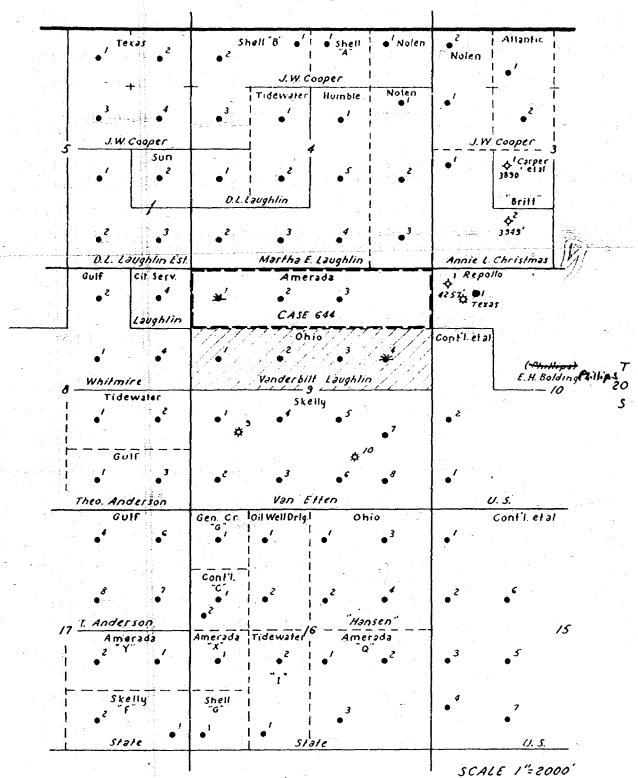
THE OHIO OIL COMPANY

P. O. Box 3128 Houston 1, Texas

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Signed this 3rd day of July, 1954.

The Texa Co By Jamarley Jr.



PLAT OF OHIO'S APPLICATION FOR UNORTHODOX GAS PRORATION UNIT FOR 5 1/2 OF N 1/2 3.20-37

THE TEXAS COMPANY
Producing Department
P. O. Box 1720
FORT WORTH 1, TEXAS



(0.8 POSTAGE) (2.06) (CC-51057)

Ohio Oil Company P. O. Box 552 Midland, Texas OH SION SION SASE 7.5 2

JUL 8 1954

THE OHIO OIL CO.

MIDLAND. TEXAS

DISTRICT MANAGES

NEW MEXICO OIL CONSERVATION COMMISSION SANTA FE, NEW MEXICO

Gentlemen:

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THE OHIO OIL COMPANY

V. N. Tuesel)

Den op

0. Terrell Couch, Attorney

P. 0. Box 3128
Houston 1, Texas

The undersigned acknowledges receipt of a copy of the foregoing

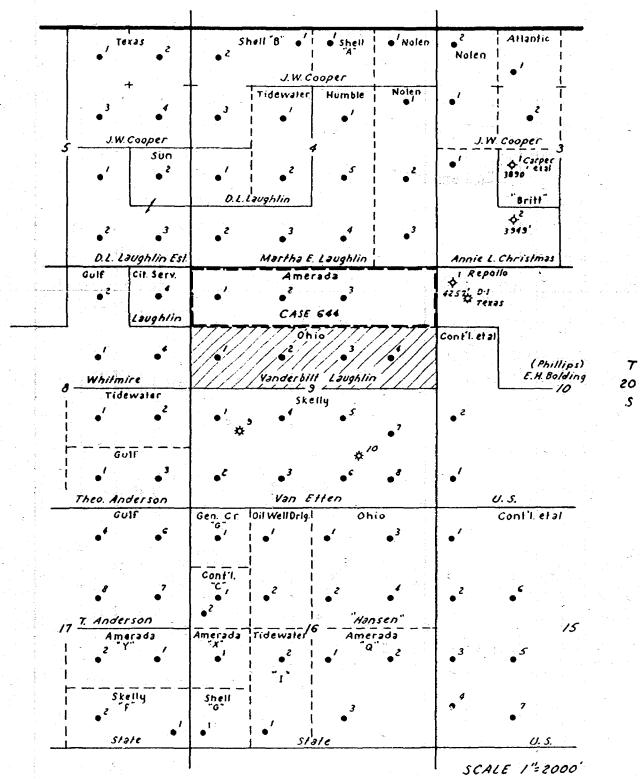
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Signed this <u>3</u> day of _

Theley Oil Company

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PLAT OF OHIO'S APPLICATION FOR UNORTHODOX GAS PRORATION UNIT FOR S1/2 OF N/2 9-20-37

HOBBS, NEW MEXICO

SKELLY OIL COMPANY

FOX SO

HOUSS, NEW MEXICO

1954



Mr. W. H. Everet Ohie Oil Company P. O. Box 3128 Houston 1, Mexas



OIL CONSTITUTION AND ISSION CASE

NEW MEXICO OIL CONSERVATION COMMISSION SANTA FE, NEW MEXICO

Gentlemen:

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O V. Creaters

J. O. Terrell Couch, Attorney

P. 0. Box 3128 Houston 1, Texas

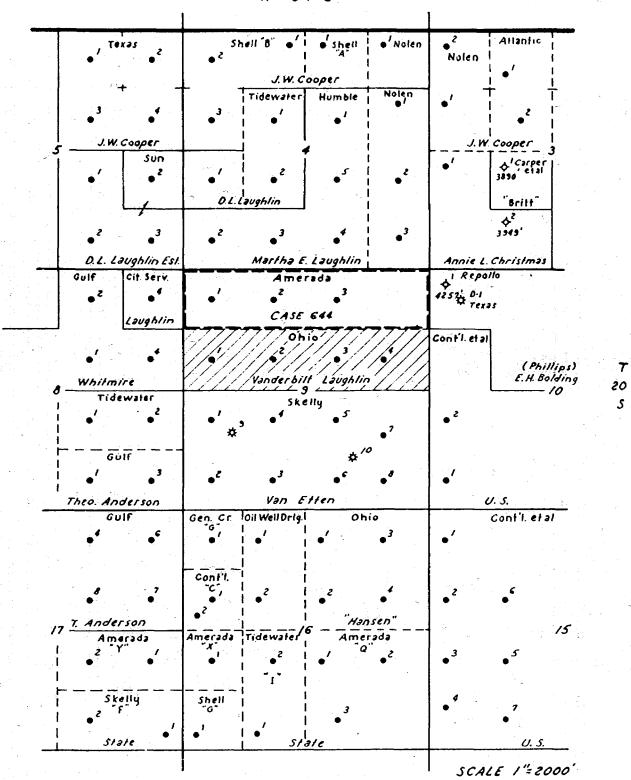
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Signed this ____day of

CITIES SERVICE OIL COMPANY

D. D. Bodie

Division Superintendent



PLAT OF OHIO'S APPLICATION FOR UNORTHODOX GAS PRORATION UNIT

OIL CONSELVATION COMMISSION
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NEW MEXICO OIL CONSERVATION COMMISSION SANTA FE, NEW MEXICO

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Case No. : The Application of The Ohio Oil Company for Formation of Non-Standard Proration Unit in Eumont Gas Pool, Lea County, New Mexico, and for Approval of Recompletion of The Ohio Oil Company's W.H.Laughlin Well No. 4 in said Unit.

- 1. The Ohio Oil Company is the owner of the oil and gas leasehold estate on the above described tract of land, which tract contains 160 acres, more or less. Said tract should be considered as containing 160 acres for the purpose of allocation of gas allowable in said pool.
- 2. The Ohio's W. H. Laughlin Well No. 4 was heretofore completed in the Monument Oil Pool in the SE/4 of the NE/4 of said Section 9, at a location 660 feet from the North line and 660 feet from the East line of the proposed non-standard gas proration unit. The Ohio has heretofore filed with this Commission, under date of June 22, 1954, The Ohio's notice of intention to convert said well into a gas well in the Eumont Gas Pool by plugging off the former producing formation and by perforating approximately 200 feet in the Yates, Seven Rivers and Queens formations.
- 3. The attached plat indicates the location of the proposed unit and the location of the surrounding tracts. The area included in the proposed unit is indicated on said plat by the diagonal lines shown thereon.
- 4. Adjoining the proposed non-standard gas proration unit and indicated on the plat by the heavy dash line, is the N/2 of the N/2 of said Section 9, which was heretofore formed into a non-standard gas proration unit in the Eumont Gas Pool by Order No. R-442 entered May 27, 1954, by this Commission, pursuant to the Application of Amerada Petroleum Corporation in Case No. 644. No objection was made to the formation of said adjoining non-standard unit by any of the adjoining operators. Ohio consented to the

- 5. According to The Ohio's records, the operators on the adjoining tracts are as follows: Amerada Petroleum Corporation, Cities Service Oil Company, Continental Oil Company, Gulf Oil Corporation, Skelly Oil Company, The Texas Company, and Tide Water Associated Oil Company. Each of said operators is being furnished with a copy of this Application and is thereby notified of the filing of same and requested to give written consent to the granting of this Application. Such written consents as are obtained will be presented at the hearing.
 - 6. The Ohio further states that:
- (a) The location of said well as recompleted is within the limits of the pool heretofore delineated and designated as the Eumont Gas Pool;
- (b) It is impractical to pool The Ohio's said leasehold estate with adjoining acreage so as to form a standard gas proration unit;
- (c) The Ohio will be deprived of the opportunity to recover its just and equitable share of the natural gas in the Eumont Gas Pool, unless the recompletion of such well is approved and the non-standard proration unit is formed, considered as containing 160 acres and consisting of the S/2 of the N/2 of said Section 9;
- (d) The creation of a proration unit consisting of the aforesaid acreage and the approval of such recompletion will not result in waste, will protect correlative rights and are necessary to prevent confiscation of The Ohio's property.

Respectfully submitted,

THE OHIO OIL COMPANY

1. N. Everely

J. O. Terrell Couch, Attorney

P. O. Box 3128 Houston 1, Texas

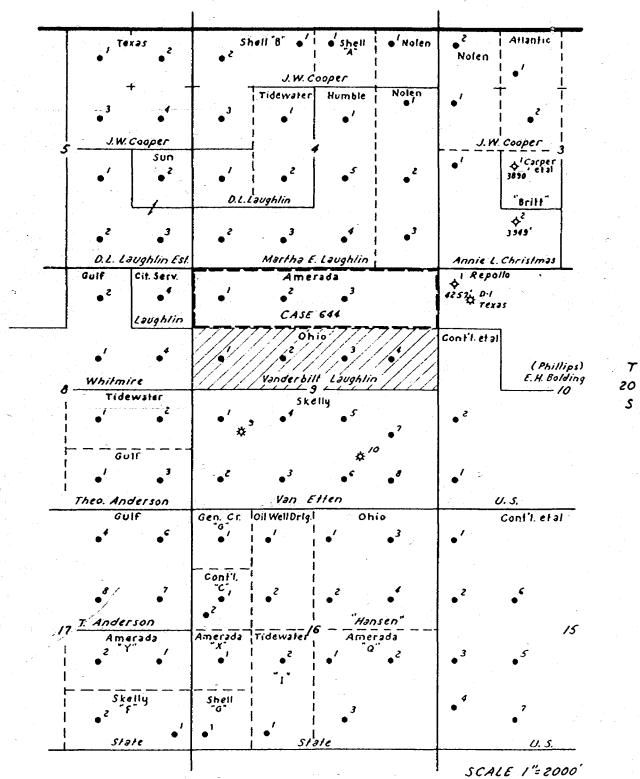
The undersigned acknowledges receipt of a copy of the foregoing Application and as an operator on adjoining acreage the undersigned waives further notice and hearing and consents to the granting of this Application.

Signed this 21st day of July , 1954

GULF OIL CORPORATION

By S.J. Fisher - Manager of Production

oru



PLAT OF OHIO'S APPLICATION FOR UNORTHODOX GAS PRORATION UNIT FOR 51/2 OF N1/2 9-20-37