

Case No.

753

Application, Transcript,
Small Exhibits, Etc.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

October 11, 1954

Charm Oil Company
Carper Building
ARTESIA, NEW MEXICO

Attention: Mr. V. P. Sheldon

Gentlemen:

Attached is copy of Order R-528 issued by the Commission
in Case 753 under date of October 4, 1954.

Very truly yours,

OIL CONSERVATION COMMISSION

By For W. B. Macey

WBM:nr

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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. 753
Order No. R-528

THE APPLICATION OF CHARM 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 80 CONTIGUOUS ACRES
CONSISTING OF E/2 SW/4 OF SECTION 12,
TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM,
LEA COUNTY, NEW MEXICO, IN WHAT IS NOW
DELINEATED AS THE EUMONT GAS POOL
UNDER THE PROVISIONS OF ORDER R-520.

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 4th day of October, 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-370-A, and Order R-520, 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, Charm 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 35 East, NMPM
E/2 SW/4 of Section 12

containing 80 acres, more or less.

(4) That applicant, Charm Oil Company has a producing well on the aforesaid lease known as State Superior No. 1, located 1980 feet from the South line and 1980 feet from the West line of Section 12, Township 21 South, Range 35 East.

Order No. R-528

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

(6) That it is impractical to pool applicant's said lease with adjoining acreage in the SW/4 of Section 12, Township 21 South, Range 35 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.

(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 application of Charm Oil Company for approval of an unorthodox proration unit consisting of the following described acreage

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM
E/2 SW/4 of Section 12

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


(2) That applicant's well, State Superior No. 1, located in the NE/4 SW/4 of Section 12, Township 21 South, Range 35 East, NMPM, shall be granted an allowable 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


W. B. MACEY, Secretary and Member

SEAL

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 753

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
STATE OF NEW MEXICO
Santa Fe, New Mexico

August 18, 1954.

IN THE MATTER OF:

Application of Charm Oil Company for un-orthodox gas proration in Jalco Gas Pool;
E/2 SW/4 Section 12, Township 21 South,
Range 35 East, Lea County, New Mexico.) Case No. 753

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 753.

MR. SHELDON: V. P. Sheldon. Which procedure do you want to follow?

MR. MACEY: If you outline the pertinent facts concerning your application and the well and any exhibits that you have.

MR. SHELDON: Yes. My name is Viles P. Sheldon, Agent, Charm Oil Company. Charm Oil Company owns a leasehold tract consisting of the east half, southwest quarter, Section 12, Township 21 South, Range 35 East, Lea County, upon which there have been two oil wells drilled in the center of their respective 40 acre tracts.

The No. 1 well is located in the northeast quarter, northeast quarter southwest quarter and is an oil well producing from the Seven Rivers zone, prorated in the Eunice Oil Field; by Order No. DC126 dated June 21, 1954, the Commission authorized a dual completion. The well has been dual completed producing gas from the Yates, in accordance with procedure as suggested and approved

or suggested by Charm and approved by the Commission. The results of which were filed on Form 3102 dated July 9th.

In the opinion of Charm Oil Company, it is impractical to further attempt the unitization of this 80-acre tract into a standard gas proration unit. The entire 80 acres is productive of gas as evidenced by completed gas wells in all directions. That to protect the correlative rights, the Charm Oil Company, we plead that the Commission grant exception and grant an allowable to this 80 acre gas proration unit.

I do have several exhibits that I would present. A Lane wells radio activity log and a sketch of the completion of the dual completion and a map.

(Marked Charm's Exhibits Nos. 1, 2, 3, for identification.)

MR. MACEY: Is there objection to the introduction of these exhibits? If not they will be received in evidence.

Are there any questions of the witness?

Mr. Sheldon, for the purpose of the record, is your No. 1 well located in the center of the 40 acres? It is a 660 location?

MR. SHELTON: Yes, it is, it is a 660 location.

MR. MACEY: If no further questions, the witness may be excused. One other point I would like to put into the record, the fact that the recent Commission order puts the acreage in the Eumont Gas Pool.

MR. SHELTON: Yes, it is in the Eumont now.

MR. MACEY: Any further testimony or statement? If not the case will be taken under advisement.

(Witness excused.)

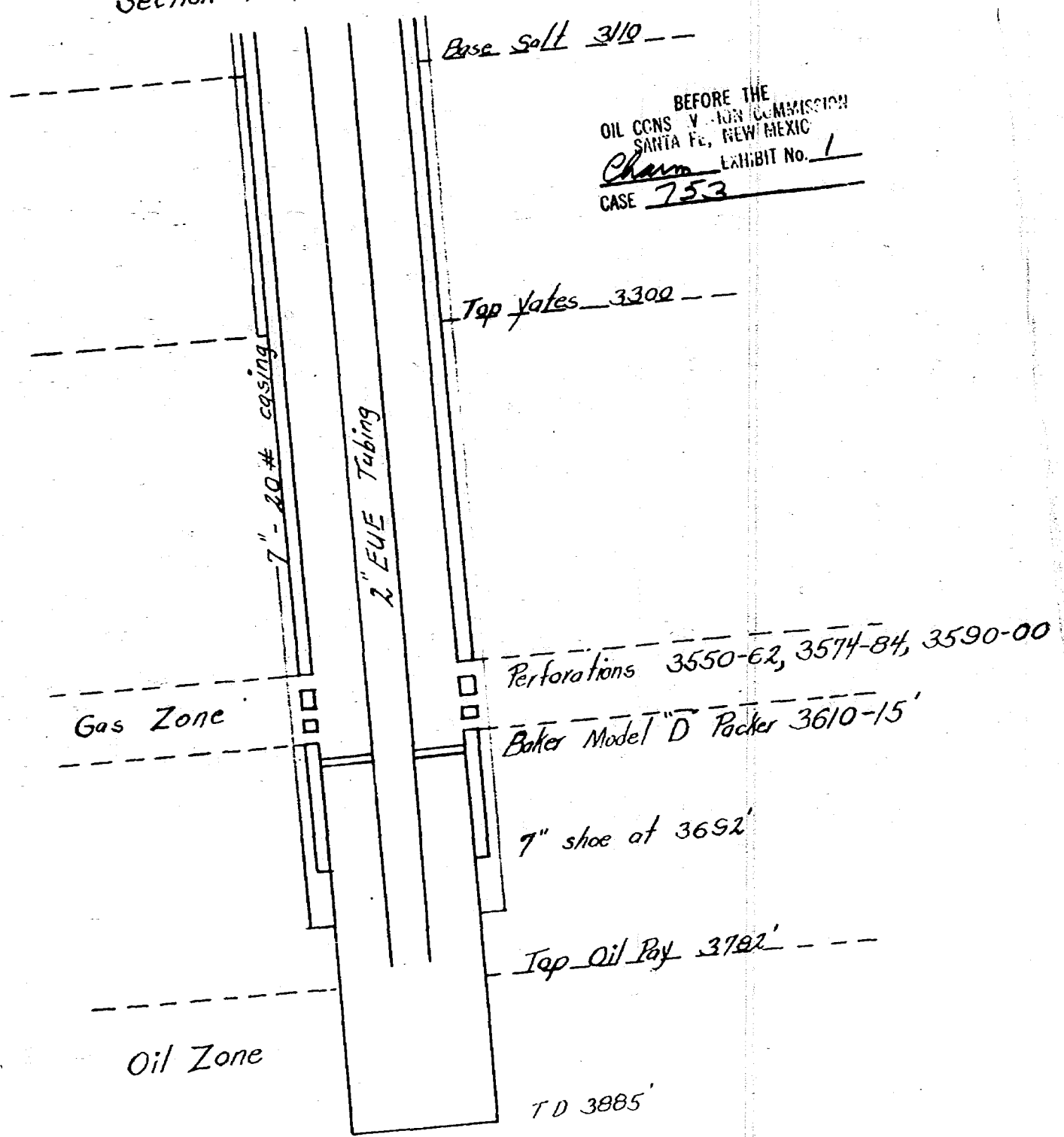
C E R T I F I C A T E

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings in the matter of Case No. 753, 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.


Reporter

ADA DEARNLEY & ASSOCIATES
STENOGRAPHIC REPORTERS
ROOM 105-106-107 EL CORTEZ BLDG.
PHONES 7-9645 AND 3-9546
ALBUQUERQUE, NEW MEXICO

Order DC-126
Diagramatic Sketch Charm Oil Company
Superior-State #1 Dual Completion
Section 12-21-35, Eunice - Jalco

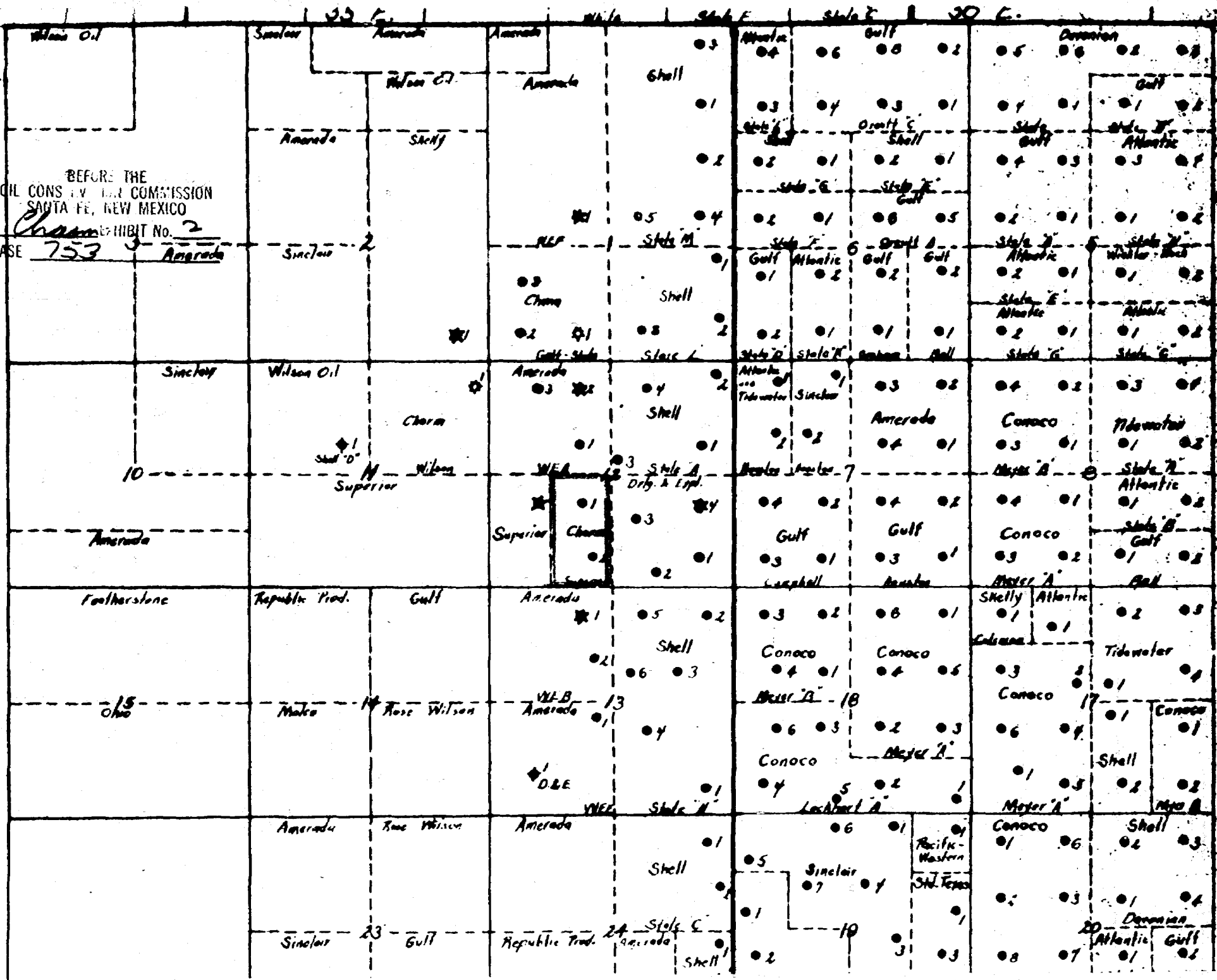


BEFORE THE
OIL CONS. V. REG. COMMISSION
SANTA FE, NEW MEXICO
Charm EXHIBIT No. 1
CASE 753

BEFORE THE
OIL CONS. COM. COMMISSION
SANTA FE, NEW MEXICO

EXHIBIT No. 2
CASE 753

215.
21 S.



OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
SANTA FE, NEW MEXICO

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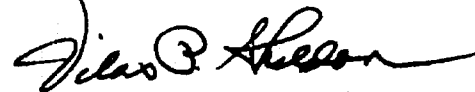
IN THE MATTER OF APPLICATION OF
CHARM OIL COMPANY FOR AN UNORTHODOX
GAS PRORATION UNIT OF 80 CONTIGUOUS
ACRES IN THE JALCO POOL, LEA COUNTY,
NEW MEXICO.

Comes now CHARM OIL COMPANY hereby petitioning the New Mexico Oil Conservation Commission for approval of an unorthodox gas proration unit consisting of the E/2 SW/4 of Section 12, Township 21 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and in support thereof does state:

1. That the petitioner is the owner of an oil and gas lease on the 80 acre tract described as E/2 SW/4 of Section 12, Township 21 South, Range 35 East, N.M.P.M., Lea County, New Mexico.
2. That petitioner has obtained permission from the Commission to dually complete a well on aforesaid lease, the well known as the Superior State # 1, located in the NE/4 SW/4 of Section 12, Township 21 South, Range 35 East.
3. The aforesaid well is within the boundaries of the Jalco Gas Pool.
4. That it is impractical to pool aforesaid 80 acre tract with adjoining acreage, as leasehold owners either already have their acreage committed to an unorthodox gas unit or are in process of now drilling their own gas well.
5. That the petitioners' lease is capable of producing gas by virtue of knowledge gained in drilling thereon, and by fact that offset wells in all directions produce gas from the Jalco Gas Pool.
6. That unless a proration unit of this 80 acre tract be permitted, petitioner will be deprived of the opportunity to recover its just share of gas.
7. That a plat showing the described land and all offset properties indicating well locations and lease ownership is hereto attached.

Whereas, the petitioner requests that in the interest of conservation and protection of correlative rights, the Commission grant an exemption to Rule 7 (a) of order R-372-A, as provided therein, by which the petitioner may operate the above described 80 acre unit and be granted an allowable in the proportion that 80 acres bears to the orthodox proration unit.

CHARM OIL COMPANY



VILAS P. SHELDON
Agent