

Case No.

800

Application, Transcript,
Small Exhibits, Etc.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

January 17, 1955

Mr. Jack Campbell, Attorney
J. P. White Building
ROSWELL, NEW MEXICO

Dear Sir:

We enclose Order R-574 issued under date of January 13, 1955, in Case 800, in which you submitted application on behalf of your client, Neville G. Penrose, Inc.

Yours very truly,

W. B. Macey
Secretary - Director

WBM:mr

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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
CONSIDERING:

CASE NO. 800
Order No. R-574

THE APPLICATION OF NEVILLE G.
PENROSE, INC., FOR AN ORDER
AUTHORIZING THE FORMATION AND
ESTABLISHMENT OF A NON-STANDARD
GAS PRORATION UNIT OF 160 CONTIGUOUS
ACRES CONSISTING OF THE S/2 SE/4 OF
SECTION 7, AND THE W/2 SW/4 OF SECTION
8, TOWNSHIP 21 SOUTH, RANGE 37 EAST,
NMPM, LEA COUNTY, NEW MEXICO, IN THE
EUMONT GAS POOL, AND FOR THE ASSIGN-
MENT OF THE ACREAGE IN SUCH UNIT TO
THE NEVILLE G. PENROSE, INC., ALVES
WELL NO. 3 FOR GAS PRORATION PURPOSES.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m., on December 16, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this th 13 day of January, 1955, 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 the 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 the Commission has power and authority to permit the formation of a gas proration unit consisting of other than a legal section after notice and hearing by the Commission.
- (3) That the applicant, Neville G. Penrose, Inc., is owner of an oil and gas lease in Lea County, New Mexico, the land consisting of other than a legal section, and described as follows:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
S/2 SE/4 Section 7, and W/2 SW/4 Section 8

containing 160 acres, more or less, and lying within the horizontal limits of the Eumont Gas Pool as extended by Order R-569.

Case No. 800
Order No. R-574

(4) That the applicant, Neville G. Penrose, Inc., has a producing gas well on the aforesaid lease known as the Penrose Alves Well No. 3, located in the SE/4 SE/4 of Section 7, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

(5) That the aforesaid well was completed within the vertical limits of the Eumont Gas Pool, prior to 1954.

(6) That it is impractical to pool the applicant's lease with adjoining acreage in either of the aforementioned sections, and that the owners of adjoining acreage in said areas have not objected to the formation of the proposed proration unit of 160 acres.

(7) That unless a proration unit consisting of the applicant's aforesaid acreage is permitted, the applicant will be deprived of the opportunity to recover its just and equitable share of natural gas in the Eumont Gas Pool.

(8) That creation of a proration unit comprising the aforementioned acreage will not cause but will prevent waste, and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Neville G. Penrose, Inc., for approval of a non-standard gas proration unit consisting of the following described acreage:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
S/2 SE/4 Section 7, and W/2 SW/4 Section 8

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

(2) That, for the purpose of gas proration in the Eumont Gas Pool, applicant's well, the Alves Well No. 3, located in SE/4 SE/4 Section 7, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, shall be granted an increased allowable from the 1st day of February, 1955, in the proportion that the above-described 160-acre unit bears to the standard gas proration unit for the Eumont Gas 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

John F. Simms
JOHN F. SIMMS, Chairman

E. S. Walker
E. S. WALKER, Member

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





BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 800

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
December 16, 1954

Application of Neville G. Penrose, Inc., for approval
of a 160-acre non-standard gas proration unit in the
Eumont Gas Pool: S/2 SE/4 of Section 7 and W/2 SW/4
of Section 8, Township 21 South, Range 37 East, Lea
County, New Mexico.

Case No.
800

BEFORE:

Mr. E. C. (Johnny) Walker
Mr. William B. Macey

Transcript of Hearing

J O H N P. M c N A U G H T O N

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

DIRECT EXAMINATION

By: MR. CAMPBELL:

Q State your name, please.

A John P. McNaughton.

Q Where do you live, Mr. McNaughton?

A Fort Worth, Texas.

Q By whom are you employed?

A Neville G. Penrose, Inc.

Q In what capacity?

A Assistant Vice-President.

Q Mr. McNaughton, are you acquainted with the application
of Neville G. Penrose, Inc.?

A Yes, sir.

Q Which is No. 800 now before this Commission?

A I am.

Q State to the Commission what the applicant is requesting

A We are requesting a non-standard unit of 160 acres which will comprise the south half of the southeast quarter of Section 7 and the west half of the southwest quarter of Section 8, Township 21 South, Range 37 East. We would like to have 160 acre non-standard gas proration unit and 160 acre allowable.

Q Mr. McNaughton, what is the present lease ownership in the two 80 acre tracts that are involved in this application?

A This subject lease is owned by Neville G. Penrose, Inc.

Q Is there a gas well presently located on this acreage?

A Yes, sir.

Q Where is that located?

A In the southeast, southeast quarter of Section 7.

Q And what is the name designation of that well?

A The Alves No. 3.

Q I call the Commission's attention to the plat which was attached to the original application on file with the Commission. Will you give the Commission the top of the pay in that well, the total depth and the initial results of the productions tests on the well.

A The top of the pay is 3523, the total depth is 3602, and the potential test taken in February of this year was 3,221,000 cubic feet of gas.

Q With that potential test, you believe, do you, that this well could make a unit allowable based upon 160 acre unit?

A Yes, sir.

Q Now will you tell the Commission your reason for seeking to dedicate this southwest quarter of section 8, to the gas well in the southeast quarter of Section 7?

A Well, we feel that it is necessary that we have approval of this unorthodox or non-standard unit in order that we can get our fair share of the Eumont gas. The only other alternative would be for us to drill an additional well on the 80 acres referred to in Section 8, which we feel would be an unwarranted expenditure.

MR. CAMPBELL: That is all.

MR. MACEY: Any questions of the witness? Mr. McNaughton, the extension of the Eumont Pool to include the southwest half of the southwest quarter is part of the docket today in case 802?

A Yes, sir.

MR. MACEY: You'd recommend the extension of the Eumont to include your acreage?

A Yes, sir.

Q So that all of the acreage within your unit would be within the Eumont gas pool?

A Yes, sir.

MR. MACEY: Anyone else? If not, the witness may be excused.

(Witness excused.)

MR. CAMPBELL: Mr. Macey, we have a geological witness who we intended to put on some testimony in connection with the extension of the Eumont Gas Pool, if it is agreeable with the Commission. It is not extensive but it will make a record in connection with that portion of our application.

(EXHIBITS NOS. 1, 2, 3, and 4, for applicant, marked by reporter for identification.)

MR. CAMPBELL: Mr. Boruff.

THOMAS H. BORUFF, J. R.
called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By: MR. CAMPBELL:

Q State your name, please.

A Thomas H. Boruff, Jr.

Q Where do you live, Mr. Boruff?

A At Midland, Texas.

Q By whom are you employed?

A Richard S. Anderson, Inc.

Q What is the nature of that company?

A Mr. Anderson is an independent oil operator and consultant geologist in the West Texas-New Mexico area.

Q In what capacity are you employed there?

A I am employed as a geologist.

Q You have not testified previously before this Commission?

A No, I have not.

Q Will you state briefly your educational and professional background?

A I hold a B. S. degree from the University of Texas, 1951, January, and I have been employed by Richard S. Anderson, Inc., for the past four years.

Q During the course of your employment have you had occasion to make studies and to do geological work in the Lea County area of New Mexico?

A I have.

Q Are you acquainted with the application of Neville G. Penrose, Inc., in the case 800 before this Commission?

A I am.

Q And at the request of the applicant, have you made studies and prepared exhibits relative to the inclusion of the west half of the southwest quarter of Section 8, Township 21 South, Range 37 East, in the Eumont Gas Pool?

A I have.

Q I hand you what has been identified as Applicant's Exhibit 1 and ask you to state what that is.

A This is a structural map on the Queen Sand in the Eumont gas area and it covers the acreage involved in the question, Section 8, west half of the southwest quarter of Section 8, Township 21 South, Range 37 East.

Q I hand you what has been identified as Applicant's Exhibit 2 and ask you to state what that is.

A This is an east to west cross section, a part of the Eumont gas area, crossing this area on the west half of the southwest quarter of Section 8.

Q I now hand you what has been marked Applicant's Exhibit 3 and ask you to state what that is.

A This is the north-south cross section over the same area.

Q I now hand you Applicant's Exhibit No. 4 and ask you to state what that is.

A It is merely a location plat showing the location of the wells on the cross section.

Q Now Mr. Boruff, were these prepared either by you or by your company under your supervision?

A They were.

Q What data did you have available for the preparation of these cross-sections and your contour map?

A The data was obtained from sample logs and electric logs of the wells involved.

Q Now referring to Exhibits where necessary, would you state to the Commission briefly what your conclusions were that you were able to draw, what interpretations you were able to make from the data you had available and from the results of the contour map and the cross-sections?

A Well, from the position of the acreage structurally as indicated by the structural map on the Queen sand and by the cross sections, we, it is our opinion that the limits of the Eumont Gas Reservoir extend beyond the acreage involved in the southwest quarter of Section 8 and as such we recommend that it be or believe that it should be placed within the Eumont Gas Reservoir.

Q Now Mr. Boruff, included in your cross sections, your east-west cross section, did you have available information on a well to the west of the southwest quarter of Section 8?

A Yes, we did, the Continental No. 2, B. Hawk well located to the west -- pardon me, to the east of the acreage involved was not tested in the Queen and is a Drinkard well. However, the sand section in this well from the electric logs is equivalent to those producing in the Queen sand and other wells in that area and we feel that there is no reason why this acreage should not be productive of gas if a well were drilled in the southwest quarter of Section 8.

Q Mr. Boruff, to your knowledge are there any wells in the area involved in this application, the general area involved or the area covered by your cross-sections that are producing oil from the Queen formation?

A To my knowledge there is none.

Q In your opinion would a well drilled in the southwest quarter, southwest quarter of Section 8, produce gas from a gas well in that formation?

A Yes.

MR. CAMPBELL: That is all.

MR. MACEY: Any questions of the witness? You want to offer these exhibits?

MR. CAMPBELL: I'd like to offer Applicant's Exhibits 1 through 4 in evidence.

MR. MACEY: Is there objection to the introduction of Applicant's Exhibits 1 through 4 in evidence? If not, they will be received in evidence. If there are no questions of the witness, he may be excused.

(Witness excused.)

MR. CAMPBELL: I wish only to state that that well was drilled only before Order 520 and with the tolerance allowed in that order in the Eumont gas pool this well is situated on un-orthodox location for 160/acre gas proration unit.

MR. MANKIN: The Texas Company as an offset operator to this particular application has no objection to either the non-standard location or the non-standard unit.

MR. MACEY: Anyone else? If not, we will take the case under advisement.

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) SS.

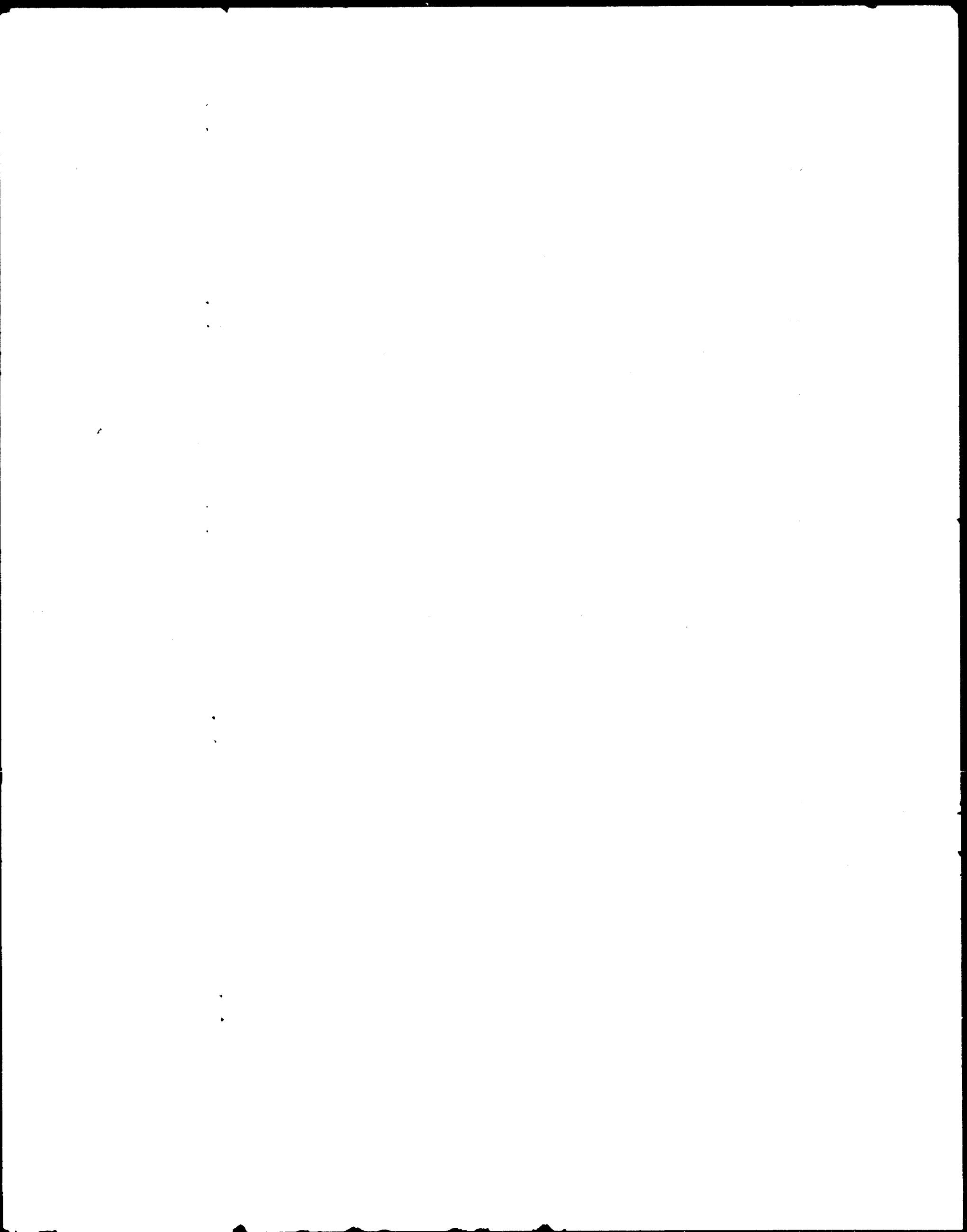
I, Margaret McCoskey, do hereby certify that the foregoing

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 23rd day of December, 1954.

Margaret The Conkey
Notary Public-Court Reporter

My commission expires:
August 15, 1956.



NEW MEXICO
OIL CONSERVATION COMMISSION

Gas Well Plat

Date _____

Operator _____


Lease _____

Well No. _____

Name of Producing Formation _____ Pool _____

No. Acres Dedicated to the Well _____

SECTION _____ TOWNSHIP _____ RANGE _____

I hereby certify that the information given above is true and complete to the best of my knowledge.

Name _____

Position _____

Representing _____

Address _____

(over)

Case 800

For approval of this application:
A. Eunmont Gas Pool must be extended
to include Sec 8, T21S, R37E —
- will need testimony -

B. Approval of Unit Formation (basic issue, Rule 5, P(b))

1. Contiguous $\frac{1}{4}$ $\frac{1}{4}$ sections
2. Exception Required — Unit lies in two sections: (Sections 7 & 8, T21S, R37E)
OK, if OK w/offset
3. Entire Unit not at present within Eunmont Gas Pool — depends upon "A" above — productive of gas needs proof
4. length (max) — 3960'
width (max) — 2640'
5. Penrose is owner of ~~the~~ mineral lease to all unit acreage
6. Royalty ownership — no doubt on Sec 8

Only interested Offshore
Texas Co. Frack Bottom — Worthily Inc

Q #1 — Would Sec 8, T21S, R37E be productive of gas?

Q #2 — Royalty ownership of Sec 8, 37?
(Are they, or will they be, owned by the state?)

OIL CONSERVATION COMMISSION

BOX 2045

HOBBS, NEW MEXICO

DATE December 14, 1954

MR. W. B. MACEY
OIL CONSERVATION COMMISSION
BOX 871
SANTA FE, NEW MEXICO

RE:
PROPOSED NSP Case 800 -N. G. Penrose
PROPOSED NSL _____

Dear Mr. Macey:

I have examined the application dated _____
for the Neville G. Penrose, Inc. Alves #3-P 7-21-37 Eumont
Operator Lease and Well No. S-T-R

and my recommendations are as follows:

Eumont gas production extends in areas named in the application of Case 800.
E. G. Rodman Curry #1 in Unit C of 7-21-37 produces from Queen and Grayburg
in Hardy pool. E. G. Rodman Alexander #1 in Unit L of 7-21-37 produces from
the Queen and Grayburg in the Penrose-Skelly pool, and since the lower zone
is nearly depleted it is actually a Eumont well. This is mentioned to prevent
the formation of gas proration units with oil wells in the same unit. It will
Yours very truly,

OIL CONSERVATION COMMISSION

S. J. Stanley
Stanley J. Stanley
Engineer

It is interesting to know the size unit requested in the near future on the
F. J. Darglade Alexander #1 7-21-37

Nov 19

JACK M. CAMPBELL
ATTORNEY AT LAW
224 J. M. WHITE BUILDING
ROSWELL, NEW MEXICO

PHONE 4975

1954 NOV 19 AM 9:51

Nov. 19, 1954

W. B. Macey, Director
Oil Conservation Commission of N. M.
Santa Fe, New Mexico

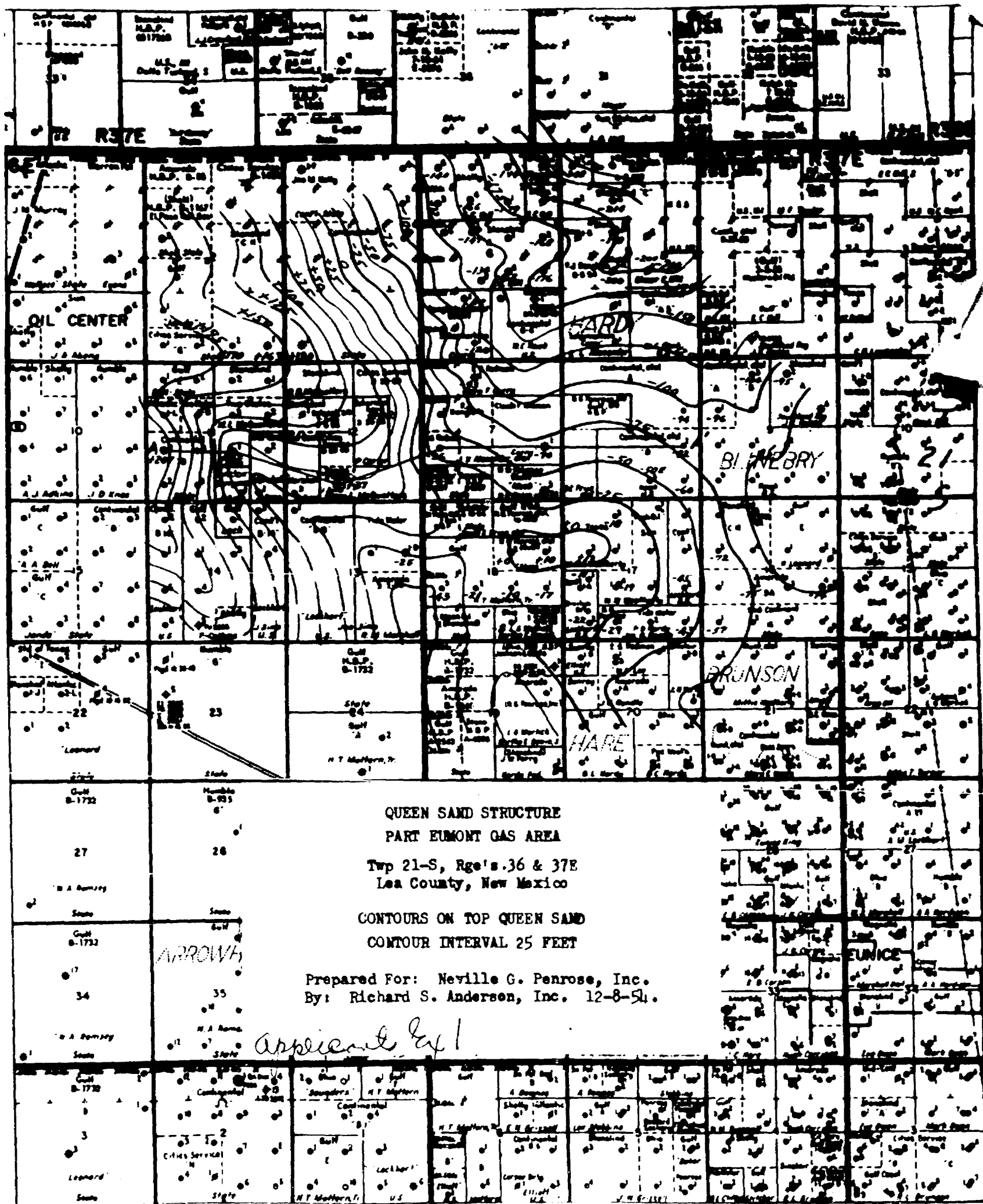
Dear Mr. Macey:

Enclosed for filing and processing for the December hearing, please find original and two copies of Application of Neville G. Penrose, Inc. for a non-standard gas proration unit and the extension of the limits of the Eumont Gas Pool.

Very truly yours,

Jack M. Campbell
Jack M. Campbell

JMC:le
Enc.



BEFORE THE OIL CONSERVATION COMMISSION OF THE
STATE OF NEW MEXICO

APPLICATION OF NEVILLE G. PENROSE,
INC. FOR A NON-STANDARD GAS PRO-
RATION UNIT CONSISTING OF THE S $\frac{1}{2}$ SE $\frac{1}{4}$
OF SECTION 7 AND THE W $\frac{1}{2}$ SW $\frac{1}{4}$ SECTION 8,
TOWNSHIP 21 SOUTH, RANGE 37 EAST,
N.M.P.M. LEA COUNTY, NEW MEXICO
EUMONT GAS POOL

Case No. 800

COMES NOW Neville G. Penrose, Inc., by its attorney,
and states to the Commission:

1. It is the owner of oil and gas leases covering
the S $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 7, and the W $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 8, Township
21 South, Range 37 East, Lea County, New Mexico.

2. There is a producing gas well designated as the
Alves #3 situated in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section 7.

3. All of the S $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 7 and the W $\frac{1}{2}$ SW $\frac{1}{4}$ of
Section 8 is productive of gas.

4. The creation of a 160-acre gas proration unit con-
sisting of the S $\frac{1}{2}$ SE $\frac{1}{4}$ of said Section 7 and the W $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 8
is necessary to protect the correlative rights of applicant and
to avoid the drilling of unnecessary wells.

5. The W $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 8, being productive of gas
in the Eumont Gas Pool, should be included in the defined limits
of said Pool.

6. A plat showing the location of the proposed unit
and the gas well located thereon is attached hereto as Exhibit "A".

WHEREFORE, Applicant respectfully prays for an order
of this Commission as follows:


1. Extending the limits of the Eumont Gas Pool to such

extent as may be necessary to include therein the $W\frac{1}{2}SW\frac{1}{4}$ of Section 8, Township 21 South, Range 37 East.

2. Creating a non-standard gas proration unit consisting of the $S\frac{1}{2}SE\frac{1}{4}$ of Section 7 and the $W\frac{1}{2}SW\frac{1}{4}$ of Section 8, Township 21 South, Range 37 East, and creating a 160-acre gas proration unit allowable to said unit.

NEVILLE G. PENROSE, INC.

By



Jack M. Campbell,
It's Attorney

E.G. Rodman (Atlantic) *1 McC Curry		Continental 1/4, Atlantic 1/4 St. of Texas 1/4, Stanolind 1/4			
Texas Rodman *1		L.R. Barton C.E. Arkman Curry *1		N.G. Penrose, Inc. (Gulf) 1-A 2 "B" 3 1 U.S.	
Tidewater Amerada State		N.G. Penrose Inc (Gulf) Alves *3			
Shell State Gulf		N.G. Penrose Inc (Gulf) *2 1 Alves 18		Texas & Frank Buttrum 3 2 1 Weatherly 17	
3 2 4 1 H.T. Mattern		Oudyn Orig. Cont'l. 1 1 Lockhart "A" 2 U.S.		Pen Oil et al 1 Sun 3 Weatherly 4 2 U.S.	
R. Olsen 1		Ohio 1 L.G. Warlick		N.G. Penrose 1 Hardy	
		L.H. Wentz U.S.		Tidewater 2 1	

21 S-378
- ca. Co., New Mex.

Exhibit A