

Case No.

823

Application, Transcript,
Small Exhibits, Etc.

CASE 823: Application of Dalport Oil Corporation for exception to Rule 303 for commingling - Winters Lease, 7-258-37E.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 22, 1955

Mr. W. L. Todd, jr.
Dalport Oil Corporation
930 Fidelity Union Life Building
Dallas, Texas

Dear Sir:

We enclose a copy of Order R-604 issued in Case 823,
which was heard upon your company's application at the
February 16 hearing of this Commission.

Very truly yours,

WBM:nr

W. B. Macey
Secretary - Director

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. 823
Order No. R-604

THE APPLICATION OF DALPORT OIL
CORPORATION FOR AN ORDER GRANTING
PERMISSION TO COMMINGLE IN A COMMON
TANK BATTERY THE PRODUCTION FROM
ITS E. C. WINTERS "B", WELL NO. 1, SW/4
SW/4 SECTION 7, TOWNSHIP 25 SOUTH, RANGE
37 EAST, NMPM, LEA COUNTY, NEW MEXICO,
WITH PRODUCTION FROM THE E. C. WINTERS
"B", WELL NO. 3, SE/4 SW/4 SECTION 7, TOWN-
SHIP 25 SOUTH, RANGE 37 EAST, NMPM, LEA
COUNTY, NEW MEXICO, IN THE COOPER-JAL
OIL POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on February
16, 1955 at Santa Fe, New Mexico, before the Oil Conservation Commission,
hereinafter referred to as the "Commission".

NOW, on this 16th day of March, 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 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 applicant, Dalport Oil Corporation, is the owner of
an oil and gas lease in Lea County, New Mexico, consisting of the following
described acreage:

TOWNSHIP 25 SOUTH, RANGE 37 EAST
SW/4 of Section 7

known as the Winters "B" lease.

(3) That in July, 1951, the E. C. Winters "B", Well No. 1,
SW/4 SW/4 Section 7, Township 25 South, Range 37 East, NMPM, was
completed as an oil well producing from the Yates section in what is now
designated as the Jalant Gas Pool.

(4) That applicant is drilling its E. C. Winters "B", Well No. 3, SE/4 SW/4 Section 7, Township 25 South, Range 37 East, NMPLM, said well to be completed at an approximate depth of 3350 feet in the Queen formation of the Cooper-Jal Oil Pool.

(5) That there is no division of royalty interest on the above-described lease.

(6) That approval of this application would be in the interests of conservation and would prevent waste.

IT IS THEREFORE ORDERED:

(1) That the application of Dalport Oil Corporation for permission to commingle fluid production from the Yates zone of the Jalmat Gas Pool with fluid produced from the Queen zone of the Cooper-Jal Oil Pool on its E. C. Winters "B" Lease, SW/4 Section 7, Township 25 South, Range 37 East, NMPLM, be and the same is hereby approved.

(2) That periodic tests shall be made in order to ascertain the production from each well on the lease and separate production reports (Form C-115) shall be submitted on each well.

DONE at Santa Fe, New Mexico, 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



DALPORT OIL CORPORATION
930 FIDELITY UNION LIFE BUILDING
DALLAS, TEXAS

W. L. TODD, PRESIDENT
W. L. TODD, JR., VICE-PRES.

January 13th, 1955.

RANDOLPH 3811
RANDOLPH 2717

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

RE: Request for hearing
Exception to Rule 303
New Mexico Oil Conservation
Commission Rules and Regulations.

E. C. Winters "B" Lease
SW $\frac{1}{4}$ Section 7, T25S, R37E,
Lea County, New Mexico.

Gentlemen:

Application is herewith submitted for a hearing covering captioned lease and subject. The exception to Rule 303 is requested which prohibits the commingling of oil so that Operator may commingle oil from what will be an oil well in the Jalmat Gas Field from his E. C. Winters B-1 with oil expected to be produced from the Cooper-Jal Pool from his E. C. Winters B-3.

The E. C. Winters B-1 located 660' from the South and West lines of Section 7, T25S, R37E, Lea County, New Mexico, was completed July 18th, 1951, at a total depth of 3054', producing oil from the Yates Section. The well was fractured in open hole from 2871' to total depth. The well potential was for 423 BOPD but rapidly declined to seven barrels of oil per day by December 1954. In January 1955 we refractured this well with 10,000 gallons of sand-oil in open hole and on the last test the well was flowing at a rate of 63 barrels of oil per day. It is anticipated that this production will decline rapidly to cause this well to be of marginal class in a short time.

We propose to drill what will be known as our E. C. Winters B-3 at a location 2310' from the South line of Section 7, T25S, R37E, Lea County, New Mexico, to a total depth of approximately 3350' and set production casing at about 3250'. The production from this well will be from the Queen formation. This location is offset to the South by a marginal Queen well and to the East by a top allowable Queen well.

There is no horizontal division of the lease above the deepest horizon to be drilled so that inaccuracies of measurement would not result in erroneous royalty or overriding royalty payments.

DALPORT OIL CORPORATION
930 FIDELITY UNION LIFE BUILDING
DALLAS, TEXAS

RANDOLPH 381
RANDOLPH 2717

W. L. TODD, PRESIDENT
W. L. TODD, JR., VICE-PRES.

Page 2

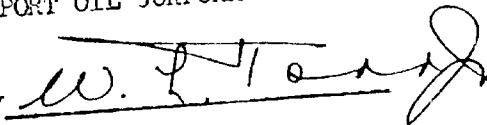
By granting exception to the rules heretofore mentioned Dalport Oil Corporation can be relieved of an unnecessary expenditure of approximately \$5,000.00 to build a separate tank battery for its E. C. Winters B-3.

If this permission is granted Dalport Oil Corporation will make periodic checks to ascertain production from each well and divide said production for proration purposes.

Respectfully submitted,

DALPORT OIL CORPORATION

By



WLTJr:wm
Encl-

DALPORT OIL CORPORATION
930 FIDELITY UNION LIFE BUILDING
DALLAS, TEXAS

W. L. TODD, PRESIDENT
W. L. TODD, JR., VICE-PRES.

RANDOLPH 3114
RANDOLPH 2717

January 14th, 1955.

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

RE: Request for hearing
Exception to Rule 303
New Mexico Oil Conservation
Commission Rules and Regulations.

E. C. Winters "B" Lease
SW 1/4 Section 7, T25S, R37E,
Lea County, New Mexico.

Gentlemen:

Paragraph 3 of our application for hearing on captioned matter was in error as to the location of the E. C. Winters B-3, described in paragraph 3 thereof. This location should read as follows:

2310' from the West line and 660' from the South line of Section 7, T25S, R37E, Lea County, New Mexico.

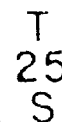
Yours very truly,

DALPORT OIL CORPORATION

BY

W. L. Todd, Jr.

R 37 E



Open the well

SCALE 1" = 2000'

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
February 16, 1955

IN THE MATTER OF:

CASE NO. 823 - 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
February 16, 1955

IN THE MATTER OF:

Application of Dalport Oil Corporation for permission to commingle into a common tank battery oil produced from two separate wells and two separate producing horizons on a single lease.

Applicant, in the above-styled cause, seeks an order permitting the commingling in a common tank battery of oil produced from its projected E. C. Winters "B" Well No. 3, SE/4 SW/4 Section 7, Township 25 South, Range 37 East, Lea County, N. M., which will be drilled in the Cooper-Jal Oil Pool for expected production from the Queen Formation, and from its E. C. Winters "B" Well No. 1, SW/4 SW/4 of said Section 7, an oil well now producing from the Yates formation of the Jalmat Gas Pool, this to be in exception to provisions of Rule 303 of the Commission's Rules and Regulations.

Case No. 823

BEFORE:

Honorable John Simms, Jr.
Mr. E. S. (Johnny) Walker
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 823.

MR. WRIGHT: My name is Edward Wright, Junior, representing the Dalport Oil Corporation of Dallas, Texas. Our case is styled No. 823, application of Dalport Oil Corporation for permission to commingle into a common tank battery, oil produced from its E. C. Winters "B" Well No. 3 to be drilled in the southeast of the southwest of Section 7, Township 25 South, Range 37 East, and its E. C. Winters "B" Well No. 1 located in the southwest of southwest of Section

7, Township 25 South, Range 37 East, both wells producing from separate horizons on a single lease.

The exception to Rule 303 is requested which prohibits the commingling of oil so that Operator may commingle oil from what will be an oil well in the Jalmat Gas Field from his E. C. Winters B-1 with oil expected to be produced from the Cooper Jal Pool from his E. C. Winters B-3.

The E. C. Winters B-1 located 660' from the South and West lines of Section 7, Township 25 South, Range 37 East, Lea County, New Mexico, was completed July 18th, 1951, at a total depth of 3054', producing oil from the Yates Section. The well was fractured in open hole from 2871' to total depth. The well potential was for 423 BOPD but rapidly declined to seven barrels of oil per day by December 1954. In January, 1955 we refractured this well with 10,000 gallons of sand-oil in open hole and on the last test the well was flowing at a rate of 63 barrels of oil per day. It is anticipated that this production will decline rapidly to cause this well to be of marginal class in a short time.

We propose to drill what will be known as our E. C. Winters B-3 at a location 2310' from West line and 660' from the South line of Section 7, Township 25 South, Range 37 East, Lea County, New Mexico, to a total depth of approximately 3350' and set production casing at about 3250'. The production from this well will be from the Queen formation. This location is offset to the South by a marginal Queen well and to the East by a non allowable Queen well.

There is no horizontal division of the lease above the deepest horizon to be drilled so that inaccuracies of measurement would not result in erroneous royalty or overriding royalty payments.

By granting exception to the rules heretofore mentioned Dalport Oil Corporation can be relieved of an unnecessary expenditure of approximately \$5,000.00 to build a separate tank battery for its E. C. Winters B-3.

If this permission is granted Dalport Oil Corporation will make periodic checks to ascertain production from each well and divide said production for proration purposes.

MR. MACEY: Is that all you have?

MR. WRIGHT: Yes.

MR. MACEY: Anyone have any questions of the witness?

CROSS EXAMINATION

By: MR. RHODES:

Q Dalport is no doubt aware of the order to be entered by the Commission in Case 841. This case may be effected by the decision of the Commission in Case 841 which pertains to the revision of existing vertical and horizontal limits in the Jalmat Gas Pool and so forth?

A Yes.

Q I was wondering if the applicant would object to possibly delaying action in this case until following the entering of the order in 841?

A Well, the order on 841 will probably be out as early as ours would be if it went through. We are drilling the well now. We drilled out from underneath surface about eleven hundred feet. We will test the well in a small test tank that we will put there until such time that we have either authority to produce it into a common tank or determine that we have to build a tank battery. Our only thought is that the lapse of time that might be required to finalizing your 841 is what might be necessary to finalize 823.

Q That is true. Of course, it would be difficult to act on this until we had acted on 841.

A We don't mind shutting in for a while afterwards. If it were going to be a lengthy process on 841, we might as well find out that we are either going to be able to do it under 823 or find out we can't do it.

Q Is there in your opinion a possibility that Winters may be a Seven Rivers well?

A As to what we have classified it, we think it will be a pure Queen Well. We own the offset to the east and it is a top allowable Queen Well, but this well will be considerably down dip from it and unfortunately on top of the Anhydrite. We were flat with the south offset which is Humble's C Two which is a very poor well. If we don't improve from there to what we call the Queen, we are going to have a three or five barrel Queen Well like they have got. It is for that reason that we would like not to have to spend four or five, six thousand dollars for a tank battery when we have got one there that cost us sixty-five hundred.

MR. MACEY: Any other questions, Mr. Montgomery?

By: MR. MONTGOMERY:

Q One of these wells was classified, did you submit a request asking it to be reclassified as a gas well?

A Not one of the two wells that I have mentioned, no. The Winters B Two, located 1980 from the south and 660 from the west of Section 7.

Q You want to locate that --

A (interrupting) Southwest quarter.

Q To that?

A Yes, sir.

Q Although you had a Yates well, there. Possibly this is not exactly in the case but since you are asking to commingle the oil and what have you, would you not be getting more than one allowable for the one hundred sixty acres?

A You will have to come again with that?

Q You would be dedicating gas acreage to acreage that you are carrying as an oil well?

A We would be dedicating to our Winters B Two the one hundred sixty acres which comprises the southwest quarter of Section 7 as the non-standard gas unit.

Q Yes.

A That was originally an oil well which ratio went to in excess of one hundred seventy-three thousand to one on the last test. With various letters back and forth to the Commission office in Hobbs and phone call or two, higher I think, it is now finally classified, as I understand, it as a gas well.

Q The Winters No. 1 is still classified as an oil well?

A Still classified as oil with allowable of thirty-six barrels even though it is capable of making more in that the gas oil ratio was slightly in excess of what was allowable. I think the allowable was thirty-six barrels for last month.

Q This oil well acreage has already been dedicated to this gas well?

A Yes, sir.

Q And actually the acreage is receiving more allowable than it is due?

A Well, I am not following that. I don't see what you are driving at.

MR. MASH: Mr. Montgomery, actually the point that you are

bringing out doesn't have any particular significance with Dalport's application. I think every one is pretty well aware of the fact that we have some very serious problems that is why we called Case 841, but I believe for the purpose of the record that you have got a 160 acres dedicated to your gas well, your No. Two well?

A Producing from the Yates.

MR. MACKEY: Producing from the Yates and you have a well on the forty acre tract within that 160 that is also producing from the Yates. That is what he is talking about. You have an oil allowable and gas allowable assigned to the same forty acres.

A That is right. We have been producing casing head gas from the Winters Two as well as the oil. We are producing dry gas through the high pressure separator which El Paso can meter at the high pressure separator of the Winters B Two.

MR. MACKEY: Any incidental fluids produced by the No. Two would be put in the same battery?

A Yes.

MR. MACKEY: Anyone have any other questions of the witness?

MR. HINKLE: I don't have any questions of the witness.

Clarence Hinkle representing the Humble Oil and Refining Company. We would like to make a statement on behalf of the Humble with respect to this case No. 823. If the Commission should see fit to grant an exception in this case to the statewide rule against commingling, a rule which we consider proper, we recommend that a requirement be made that either the oil be separated before commingling or that these wells be subject to monthly or at least quarterly productivity tests to be reported to the Commission.

A We will conform to any productivity tests that the Commission might request.

MR. MACEY: How about a metering division?


A Well, that would probably be the least likely way that we would prefer to go but it could be done.

MR. MACEY: Does anyone have any further questions of the witness? If not, the witness may be excused. Does anyone have anything further in the case? If not, we will take the case under advisement.

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

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 2nd day of March, 1955.


Notary Public, Court Reporter

My Commission Expires:
June 19, 1955

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

January 10, 1955

C
O
P
Y

Mr. W. L. Todd, jr.
Dalport Oil Corporation
930 Fidelity Union Life Bldg.
DALLAS, TEXAS

Dear Sir:

RE: Winters Lease, Sect. 7, T. 25S, R. 37E

Reference is made to your letter of January 5, 1955, pertaining to your proposed well to be drilled on your Winters B Lease in the above-captioned location.

Since your Yates well will eventually be classified as an oil well in the Jalmat Gas Pool, and your proposed Queen well will be classified as an oil well in the Cooper-Jal Oil Pool, you will be commingling the oil from two separate sources of supply. This is contrary to the provisions of Rule 303 and would require a hearing. There are a great many cases of this nature in Southeast New Mexico on old wells, and the decision as to handling the commingling has never been fully settled. I suggest that you make application for a hearing so that you can request permission for this exception as soon as possible.

Very truly yours,

W. B. Macey
Secretary - Director

WBM:mr

cc: OGC, Hobbs

DALPORT OIL CORPORATION
930 FIDELITY UNION LIFE BUILDING
DALLAS, TEXAS

W. L. Todd, President
W. L. Todd, Jr., Vice-Pres.

RANDOLPH 3114
RANDOLPH 2717

January 5th, 1955.

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

Attention: Mr. W. B. Macey

Gentlemen:

Our Winters B-1 well located in the SW/SW, Section 7, T25S, R37E, Cooper-Jal Pool, is presently producing from the Yates Sand at a total depth of 3054'. We contemplate drilling a well in the SE/SW of Section 7 to a total depth of approximately 3350'. The producing sand in this instance is the Queen.

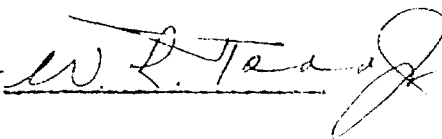
Please advise if Rule 303 would apply in this case, and if so, what should we do to request an exception to Rule 303. We contemplate making tank battery arrangements whereby each well may be tested from time to time.

Thanking you in advance, we remain,

Yours very truly,

DALPORT OIL CORPORATION

By



WLTJr:wm