

Case No.

833

Application, Transcript,
Small Exhibits, Etc.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 11, 1955

The Texas Company
Box 1720
FORT WORTH, TEXAS

Attention: Mr. Warren Mankin

Gentlemen:

We attach copies of Orders R-598, R-599 and R-600, which were issued by this Commission under date of February 28, 1955, in Cases 832, 833 and 834, respectively.

Very truly yours,

H. B. Macey
Secretary - Director

WBM:nr

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. 833
Order No. R-599

THE APPLICATION OF THE COMMISSION
UPON ITS OWN MOTION, DIRECTED TO
THE TEXAS COMPANY, FOR RECONSIDER-
ATION OF ADMINISTRATIVE ORDER NSP-21
WHICH CREATED A NON-STANDARD GAS
PRORATION UNIT IN THE EUMONT GAS POOL
CONSISTING OF THE NW/4, NE/4, AND SW/4
OF SECTION 20, TOWNSHIP 20 SOUTH, RANGE
37 EAST, NMPM, LEA COUNTY, NEW MEXICO.

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 25th day of February 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 pursuant to provisions of Rule 5 (a) of the Special Rules and Regulations for the Eumont Gas Pool of Order No. R-520, 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 applicant, The Texas Company, is the 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, to-wit:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
NW/4, NE/4, and SW/4 of Section 20

containing 480 acres, more or less.

(4) That applicant, The Texas Company, has a producing well on the aforesaid lease known as State "B" Lien (NCT-2) well No. 26, located

992 feet from the north line and 1654 feet from the west line of Section 20, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

(5) That the above-described 480-acre non-standard gas proration unit has been producing under the provisions of Administrative Order NSP-21, and that the Texas Company was required to, and did, show cause why this 480-acre proration unit should not be reduced in size.

(6) That it is impractical to pool applicant's said lease with adjoining acreage in the Eumont Gas Pool, and that the owners of adjoining acreage in said area have not objected to the formation of the proposed proration unit of 480-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 The Texas Company for approval of an unorthodox proration unit consisting of the following described acreage:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
NW/4, NE/4, and SW/4 of Section 20

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

(2) That applicant's well, State "H" Lieu (NCT-2) Well No. 26, located in the NE/4 NW/4 of Section 20, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, shall be granted an allowable in the proportion that the above described 480-acre unit bears to the standard or orthodox proration unit for said pool, all until further order of the Commission.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John F. Summers
JOHN F. SUMMERS, Chairman

E. J. Walker
E. J. WALKER, Member

W. H. Walker
W. H. WALKER, Member and Secretary



OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

January 21, 1955

The Texas Company
P. O. Box 1720
Fort Worth, Texas

Re: Administrative Order NSP-21

Attention: Mr. Warren Mankin, Producing Department

Gentlemen:

On October 15, 1954, by virtue of the provisions of Administrative Order NSP-21, I approved the formation of a non-standard gas proration unit consisting of the following described acreage in the Eumont Gas Pool:

Section 20, Township 20 South, Range 37 East
NW/4, NE/4 and SW/4

Information available to me at this time indicates that I exceeded the authority granted to me by the provisions of Rule 5-b of Order R-520, (Eumont Pool Rules) due to the fact that the third paragraph of Rule 5-a specifically limits the maximum amount of acreage that may be assigned to a gas well, the amount being governed by the well location.

The formation of a 480-acre non-standard proration unit with your State "H" Lieu (NCT-2) Lease, Well No. 26, located 992 feet from the North line and 1654 feet from the West line is contrary to the provisions of this rule.

On February 16, 1955, this Commission will hold hearings directed to you as operator for you to show cause why the acreage assigned your State "H" Lieu (NCT-2), Well No. 26, NE/4 NW/4 Section 20, Township 20 South, Range 37 East, NMPM, Eumont Gas Pool, should not be reduced to 320 acres in accordance with the provisions of Paragraph 3 of Rule 5-a of Order R-520. The description of this 320-acre unit is as follows:

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

-2-

Section 20, Township 20 South, Range 37 East
N/2

This proposed reduction would be effective March 1, 1955. You will of course be afforded the opportunity to present any testimony or evidence to support the formation of the proration unit as it now exists.

This letter is being directed to you so that you can prepare your case, if you so desire. A copy of the advertisement will be mailed to you when available.

Very truly yours,

W. B. MACEY,
Secretary-Director

WBM/ir

NEW MEXICO
OIL CONSERVATION COMMISSION

Gas Well Plat

Date September 22, 1954

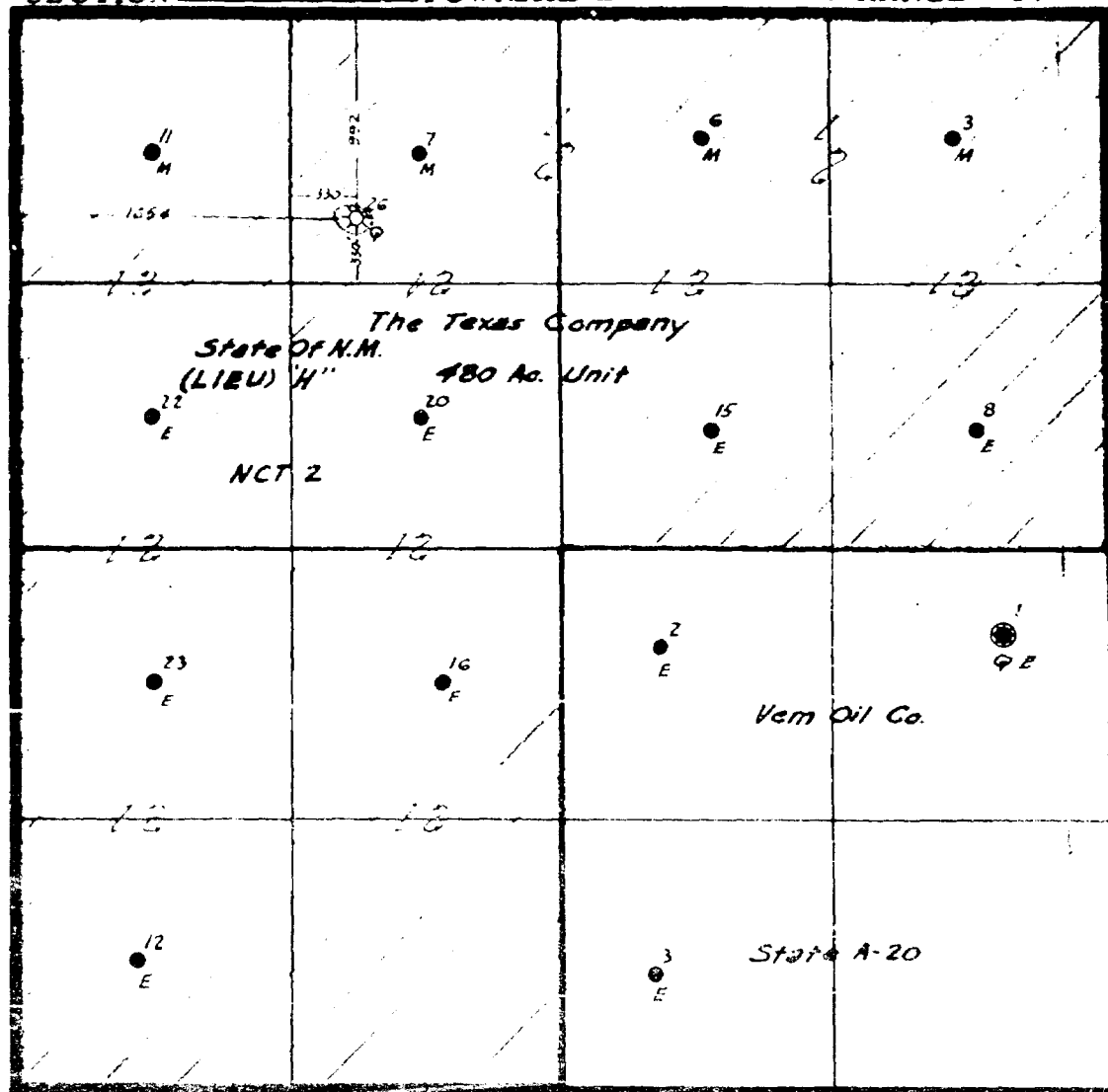
The Texas Company State of N.M. (Lieu) "H" 26
Operator Lease (NCT-2) Well No.

Name of Producing Formation Queen Pool Eumont Gas

No. Acres Dedicated to the Well 480

E = Eunice Oil Pool
M = Monument Oil Pool
Q = Queen in Eumont Gas Pool

SECTION 20 TOWNSHIP 20S RANGE 37E



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

Name [Signature]
Position Division Civil Engineer
Representing The Texas Company
Address P. O. Box 1720, Ft. Worth, Texas

(over)

INSTRUCTIONS

1. Is this gas well a dual completion? Yes ___ No X
2. If the answer to Question 1 is Yes, are there any other dually completed wells within the dedicated acreage? Yes _____ No _____

A separate plat must be filed for each gas well, outlining the area dedicated to such well and showing the location of all other wells (oil and gas) within the outlined area

Mail in duplicate to the district office for the district in which the well is located

BEFORE THE
OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

Santa Fe, New Mexico
February 17, 1955

* * * * *

TRANSCRIPT OF PROCEEDINGS

CASE NO. 833

Regular Hearing

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 17, 1955

IN THE MATTER OF:

The application of the Oil Conservation Commission
for revision of an administrative order in creation
of a non-standard gas proration unit.

Applicant, in the above-styled cause, seeks an
order amending Administrative Order NSP-21 and
directing the Texas Company to reduce the size of
the non-standard gas proration unit permitted there-
in to conform to provisions of Paragraph 3 of Rule
5(a) of the Special Rules and Regulations for the
Eumont Gas Pool, as set forth in Order R-520; the
resulting proration unit to consist of N/2 Section
20, Township 20 South, Range 37 East, Lea County,
New Mexico.

Case No.
833

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 833.

(Statement of Policy on the Formation of Non-Standard Gas
Proration Units (Presented at February 16 Hearing by W. F. Kitts,
Attorney)).

Considerable confusion has developed in recent weeks regard-
ing the formation of non-standard gas proration units in Lea County
gas pools, and the following statement is presented in an effort
to eliminate this confusion and to clarify the requirements in
filing applications for approval of non-standard gas proration
units in the Southeast gas pools.

The basic considerations for approval of all applications

ADA DEARNLEY & ASSOCIATES
ALBUQUERQUE, NEW MEXICO
TELEPHONE 3-5691

will be that the formation of such unit will:

1. Prevent Waste
2. Protect Correlative Rights
3. Serve the Best Interests of Conservation

For an application to receive consideration for administrative approval, the unit for which the exception is requested must in all respects meet the requirements of Rule 5(a) paragraph 3 and Rule 5(b) of the various pool rules contained in Order R-520. Any application which does not meet these requirements for administrative approval must be heard after notice at a hearing of the Commission at which time the merits of the application can be considered.

Further, the Commission Staff feels that Order R-520 clearly implies the radius of influence for one well in the various Southeast gas pools, covered by Order R-520, to be 3735' -- that is, the radius of a circle which will totally enclose a 640-acre section. And that such radius should be applied to all applications for exception to the provisions of Order R-520. Quite naturally, this radius of influence cannot be the only consideration and factors of economics, offset counter-drainage, and good operating practice must be considered. The Commission Staff is aware that each request for approval of a non-standard gas proration unit must stand on its own merits, and be treated individually - and we take note of this fact.

We have briefly outlined our position in an effort to assist the operators in making application for and securing non-standard proration units, and with the hope that the operators can assist the Commission Staff by keeping their units within the limits as set out in this statement, in so far as economics and good operating practice will permit.

3

We are certain that we can count on the full support of all of the operators.)

MR. WHITE: In this case the order to show cause is similarly directed to Texas Company's State "H" No. 26 Well, located in Section 20, Township 20 South, Range 37 East, to which 480 acres was assigned by the Commission Order NSP 21, issued October 15, 1954. Texas Company takes the same position in this case that the order, as issued, is valid, and we respectfully request that it be reaffirmed.

WARREN W. MANKIN,

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

DIRECT EXAMINATION

By MR. WHITE:

Q Mr. Mankin, I direct your attention to Texas Company's Well, "H" State No. 26, and ask when that was drilled?

A That was drilled during the month of September, 1954.

Q What gas pool is that producing from?

A Eumont Gas Pool, Queen pay.

Q I direct your attention to Texas Company's Exhibit "A", and ask if that was prepared under your direction and supervision?

A It was.

Q Will you state to the Commission that it is designed to show?

A This is a gas well plat, Texas Company's State of New Mexico "H" Well No. 26, a gas well in the Eumont Gas Pool. This particular well is dedicated to a 480-acre unit in Section 20, Township 20 South, Range 37 East, which includes the northwest, northeast and

southwest quarters of that section. The particular well is located 992 feet from the north line and 1654 feet from the west line of said section. Also it shows the only other unit within the section, which is the Vem Oil Company's State "A"20 well No. 1, a dual completion and producer from the Dumont Gas Pool also.

Q Does this proposed unit, or this unit as presently approved, consist of contiguous quarter quarter sections?

A Yes.

Q Does the length of the unit exceed 5,280 feet?

A It does not.

Q Is it reasonable to assume that the entire area is productive of gas?

A Yes.

Q In your opinion, would the correlative rights of the adjoining acreage be affected in any way?

A No, sir.

Q Were all of the offset operators notified as to the proposed formation of this unit?

A Yes, sir, they were. In fact, it requested waivers of Vem Oil Company, who is in the same section, and of Humble Oil and Refining Company, who was within 1,500 feet of the well in the adjoining section, and those waivers were received, and are a part of the Commission records in HSP-21 as waivers received, authorizing the 480-acre unit.

Q What effect would the formation of this unit have upon other units in the area or adjoining area?

A None whatsoever. The section will now be completely developed with two wells, and all units surrounding this have been very com-

pletely developed with other units by other units by other operators.

Q Is there anything further you would like to state to the Commission in this case?

A No, sir.

MR. WHITE: We move the admission of Texas Company's Exhibit "A".

MR. MACEY: Is there objection to the introduction of Exhibit "A" in Case 833? If not it will be received in evidence. Any question of the witness? Mr. Rhodes?

CROSS EXAMINATION

By MR. RHODES:

Q Those oil wells in Section 20 are, without question, Eunice-Monument Oil Wells?

A Yes, sir, as indicated on our plat, the line between the Eunice and Monument goes right through the lease in an east-west direction. Some of the wells are on Monument, and some in Vem are on Eumont. They are all in the Eunice Monument, which is the Grayburg-San Andres, and the gas well is in Queen, which is in the vertical limits of the Eumont Gas Pool.

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

(Witness excused.)

MR. MACEY: Does anyone have a statement before we take the case under advisement, a statement they want to make?... 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 25th day of February, 1955.

Ada Dearnley
 Notary Public, Court Reporter

My Commission Expires:

June 19, 1955

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

October 15, 1954

The Texas Company
P. O. Box 1720
FORT WORTH, TEXAS

Attention: Mr. Warren Harkin, Producing Department

Gentlemen:

Administrative Order NSP-21

Reference is made to your application of September 21, 1954, for approval of a 480-acre non-standard gas proration unit consisting of the following acreage:

Twp. 20 South, Rge. 37 East, N4E4
SW/4, NE/4 and SW/4 of
Section 20.

It is understood that this unit is to be ascribed to your State 'H' Lieu (NCT-2) Well No. 26, located in NE/4 NW/4 of said Section 20.

Waivers have now been received from Vem Oil Company and Humble Oil and Refining Company agreeing to your intention to form the proposed unit. Therefore, by authority granted me under provisions of Rule 5, Section (b)-5 of the Special Rules and Regulations for the Eusont Gas Pool, as set forth in Order R-520, you are hereby authorized to operate the above-described acreage as a non-standard gas proration unit, with allowable to be assigned thereto in accordance with pool rules.

Very truly yours,

H. B. Pacey
Secretary-Division

NSP:mr

cc: Oil Conservation Commission:
Hobbs

H. A. Oil & Gas Inv. Committee:
Hobbs

THE TEXAS COMPANY
TEXACO PETROLEUM PRODUCTS



PRODUCING DEPARTMENT
WEST TEXAS DIVISION

September 21, 1954

P. O. BOX 1720
FORT WORTH 1, TEXAS

APPLICATION FOR UNORTHODOX LOCATION AND NON-
STANDARD UNIT FOR THE TEXAS COMPANY'S STATE
"H" LIEU (NCT-2) WELL NO. 26, EUMONT GAS POOL,
LEA COUNTY, NEW MEXICO

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

Attention: Mr. W. B. Macey

Gentlemen:

By this letter of application The Texas Company wishes to form a 480 acre non-standard gas proration unit in the Eumont Gas Pool under Rule 5 (b), Order R-520 and to state the following:

(a) That The Texas Company's State "H" Lieu (NCT-2) Well No. 26, located in NE/4 NW/4 of Section 20-T20S-R37E, was completed on March 16, 1954 as a gas well in Queen Gas pay of the Eumont Gas Pool. The attached gas well plat, Exhibit A, shows the location of this well on The Texas Company's State "H" Lieu (NCT-2) Lease and all other wells in Section 20.

(b) That the subject well is completed in the Queen pay which is within the vertical limits of the Eumont Gas Pool as designated by Order R-520 dated August 12, 1954.

(c) That this well was drilled as an orthodox location under Rule 3 of old Order R-370A dated November 10, 1953. That this well was drilled and produced gas prior to August 12, 1954 when Order R-520 was put into effect. That under Rule 2 of Order R-520 the Commission has considered this unorthodox location to be located in conformance with the rule.

(d) That the subject well now has only 160 acres, or the NW/4 of Section 20-T20S-R-37E, assigned to the well for allowable purposes under old Order R-370A dated November 10, 1953.

(e) That the entire 480 acre lease is productive of gas from the gas pay in the Eumont Gas Pool. This gas production is shown by another producing well within Section 20 which is Vem Oil Company's State "A-20" Well No. 1 in NE/4 SE/4 as shown on Exhibit A, and also by four other offset wells in sections 17, 19, 21 and 30. The offset which shows our acreage on the north to be gas productive is Humble's State "F" Well No. 1 in NE/4 SW/4 of Section 17.

9-21-54

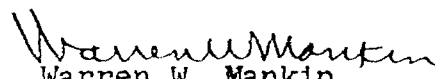
The offset which shows our acreage on the east to be gas productive is Sinclair's Roach No. 1 in NW/4 NW/4 of Section 21. The offset which shows our acreage on the west to be gas productive is our State "C" (NCT-2) Well No. 9 in NW/4 NE/4 of Section 19. The offset which shows our acreage on the southwest to be gas productive is Hudson & Hudson and Phillips' Hudson Well No. 1 in NW/4 NE/4 of Section 30.

(f) That by copy of this letter and a request for waiver Vem Oil Company under subparagraph (a) and Humble Oil & Refining Company under subparagraph (b) of paragraph 5, Rule 5 (b) of Order R-520 were notified and requested to send one executed copy of waiver to you and one copy to The Texas Company.

This application is to form a 480 acre non-standard gas proration unit around The Texas Company's State "H" Lieu (NCT-2) Well No. 26 to consist of the NW/4, NE/4 and SW/4 of Section 20, T20S-R37E, Lea County, New Mexico. The Texas Company therefore requests the Oil Conservation Commission to grant this application under Rule 5 (b) of Order R-520 as soon as waivers are received under paragraph 5 of Rule 5 (b) from Vem Oil Company and Humble Oil & Refining Company.

Respectfully submitted,

THE TEXAS COMPANY, PROD. DEPT.


Warren W. Mankin
Petroleum Engineer

WWM-ECH

Copy to: Vem Oil Company
Box 3985
Odessa, Texas
Attn: Mr. F. L. Wilson

Humble Oil & Refining Co.
Box 1600
Midland, Texas
Attn: Mr. R. S. Dewey

New Mexico Oil Conservation Commission
Box 2045
Hobbs, New Mexico

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

Attention: Mr. W. B. Macey

Gentlemen:

We have been informed that The Texas Company has requested approval of a non-standard 480-acre gas proration unit in Eumont Gas Pool, to be allocated to its State "H" Lieu (NCT-2) No. 26 well located 1654 feet from west and 992 feet from north lines of Section 20, T-20S, R-37E N.M.P.M., Lea County, New Mexico. We understand that it is requested that such non-standard unit consists of the lands described as NW/4, NE/4 and SW/4 of Section 20, T-20, R-37E N.M.P.M., Lea County, New Mexico.

You are respectfully advised that we hereby waive notice and hearing under Paragraph 5 of Rule 5(b), NMCCC Order R-520 as to said application for approval of said above described non-standard gas proration unit.

Yours very truly,

HUMBLE OIL & REFINING COMPANY

By

W. B. Macey

W.B.M.
9-22-54

*app
JPM*

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

Attention: Mr. W. B. Macey

Gentlemen:

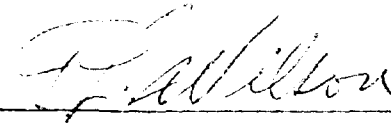
We have been informed that The Texas Company has requested approval of a non-standard 480-acre gas proration unit in Sumont Gas Pool, to be allocated to its State "H" Lien (LOT-2) No. 26 well located 1654 feet from west and 992 feet from north lines of Section 20, T-20S, R-37E N.M.P.M., Lea County, New Mexico. We understand that it is requested that such non-standard unit consists of the lands described as NW/4, NE/4 and SW/4 of Section 20, T-20, R-37E N.M.P.M., Lea County, New Mexico.

You are respectfully advised that we hereby waive notice and hearing under Paragraph 5 of Rule 5(b), N.O.C.C. Order R-522 as to said application for approval of said above described non-standard gas proration unit.

Yours very truly,

VEN OIL COMPANY

By



JWM-MFP
9-22-54