

Case No.

854

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Application, Transcript,  
Small Exhibits, Etc.

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. 854  
Order No. R-621

THE APPLICATION OF THE TEXAS  
COMPANY FOR AN ORDER GRANTING  
APPROVAL OF AN EXCEPTION TO  
RULE 5 (a) OF ORDER NO. R-520 IN  
THE ESTABLISHMENT OF A NON-  
STANDARD GAS PRORATION UNIT IN  
THE EUMONT GAS POOL CONSISTING  
OF THE N/2 NE/4, SE/4 NE/4, AND  
NE/4 SE/4 OF SECTION 12, TOWNSHIP  
21 SOUTH, RANGE 36 EAST, NMPM,  
LEA COUNTY, NEW MEXICO, AND THE  
ASSIGNMENT OF SAID ACREAGE TO THE  
TEXAS COMPANY'S ROY RIDDEL WELL  
NO. 2 FOR GAS PRORATION PURPOSES.

ORDER OF THE COMMISSION

BY THE COMMISSION:

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

NOW, on this 20<sup>th</sup> day of April, 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 the provisions of Rule 5 (a) 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:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM  
N/2 NE/4, SE/4 NE/4 and NE/4 SE/4 of Section 12

containing 160 acres, more or less.

(4) That applicant, The Texas Company, proposes to drill a well on the aforesaid lease, to be known as the Roy Riddel, Well No. 2, to be located 660 feet from the north and east lines of Section 12, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico.

(5) That the aforesaid well will be located within the horizontal limits of the Eumont Gas Pool, and said well is to be completed within the vertical limits of the Eumont Gas Pool interval, that being the Queen formation.

(6) The Schermerhorn Oil Corporation, the owner of adjoining acreage in the said Section 12, has specifically protested and objected to the proposed proration unit of 160 acres applied for by the applicant.

(7) That the applicant herein, The Texas Company, has attempted to secure approval from the royalty interests in the above-described acreage to pool or communitize the aforesaid acreage with that of the Schermerhorn Oil Corporation, without success, and therefore,

(8) That it is impractical to force the pooling of applicant's said lease with adjoining acreage in said Section 12.

(9) 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, and

(10) 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 a non-standard gas proration unit consisting of the following described acreage:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM  
N/2 NE/4, SE/4 NE/4 and NE/4 SE/4 of Section 12

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

(2) That applicant's well, Roy Riddel Well No. 2, to be located 660 feet from the north and east lines of Section 12, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, 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.

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

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

February 18, 1955

C  
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Y

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

Attention: Mr. Warren Mankin

Re: Proposed NSP-103 and NSP-104

Gentlemen:

Reference is made to your application for approval of a non-standard gas proration unit on your Roy Riddel Wells No. 1 and No. 2, located in Section 12, Township 21 South, Range 36 East, Lea County, New Mexico.

This is to inform you that this office has received objections to the formation of both of these proration units and therefore is unable to grant administrative approval to them.

If you desire these two applications set for March 1955 hearing, please advise this office at your earliest convenience.

Very truly yours,

W. B. Macey  
Secretary - Director

WBM:jh

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

IN THE MATTER OF:

CASE NO. 854 & 855 Consolidated

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

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IN THE MATTER OF:

The application of the Texas Company for approval of a non-standard gas proration unit.

Applicant, in the above-styled cause, seeks an order approving the creation of a 160-acre non-standard gas proration unit in exception to Rule 5(a) of the Special Rules and Regulations for the Eumont Gas Pool, as set forth in Order R-520, said unit to consist of N/2 NE/4, and SE/4 NE/4 and NE/4 SE/4 of Section 12, Township 21 South, Range 36 East, Lea County, New Mexico, to be dedicated to its proposed Roy Riddell Well No. 2, NE/4 NE/4 of said Section 12.

Case No. 854

The application of the Texas Company for approval of a non-standard gas proration unit.

Applicant, in the above-styled cause, seeks an order approving the creation of a 160-acre non-standard gas proration unit in exception to Rule 5(a) of the Special Rules and Regulations for the Eumont Gas Pool, as set forth in Order R-520, said unit to consist of E/2 SW/4 and S/2 SE/4 of Section 12, Township 21 South, Range 36 East, Lea County, New Mexico, to be dedicated to its Roy Riddell Well No. 1, SE/4 SW/4 of said Section 12.

Case 855

Consolidated.

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BEFORE:

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

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 854.

MR. WHITE: The Texas Company would like to consolidate

ADA DEARNLEY & ASSOCIATES  
STENOGRAPHIC REPORTERS  
ALBUQUERQUE, NEW MEXICO  
TELEPHONE 3-6691

Cases 854 and 855 for purposes of hearing.

MR. MACEY: Is there objection to the consolidation of the Cases 854 and 855?

MR. WHITE: We have one witness.

J. A. SCHAFFER,

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

DIRECT EXAMINATION

By MR. WHITE:

Q Will you state your name for the record, please?

A J. A. Schaffer.

Q Where do you reside?

A Midland, Texas.

Q By whom are you employed and in what capacity?

A I am employed by the Texas Company as Petroleum Engineer.

Q Have you previously testified before the Commission?

A No, I have not.

Q Will you briefly state to the Commission your qualifications and experience?

A I was graduated from the University of Texas in June, 1950 and received a degree in Petroleum Engineering. Since that time I have been in the employ of the Texas Company and have been located in West Texas and Eastern New Mexico.

Q Mr. Schaffer, are you familiar with the Texas Company's Case 854, 855, in regard to the establishment of the non-standard proration units?

A Yes, I am.

(Marked Texas Company's Exhibits No. 1, Cases 854 & 855, for identification.)

Q I hand you here what has been marked as Exhibit No. 1 in Case 854, and what has been marked as Exhibit 1 in Case 855. I will ask you to identify them and state to the Commission what they are designed to show.

A Exhibit 1 in both cases is a plat of Section 12, Township 21 South, Range 36 East.

Q That is Exhibit 1 in what case?

A Exhibit 1 in both cases, 855 and 854.

Q All right.

Q The plat shows all gas wells within Section 12 and also an adjoining section. The area outlined in yellow is Texas Company's Roy Riddel Lease. The hash marked portion of Exhibit 1 in Case 854 is our proposed 160-acre non-standard gas proration unit to which we propose to drill well No. 2 on this lease. The hashed area in Exhibit 1 for Case 855 shows our presently drilled well, Roy Riddel No. 1, which is a gas well, completed in the vertical limits of the Eumont Gas Pool. It shows which acreage we wish assigned to that well.

Q State briefly the history of your Roy Riddel Well No. 1.

A Well No. 1 was originally drilled and completed in December of 1953. It was a marginal well and was carried so on the proration schedule. In December of '54 the well was worked over and its productive capacity increased considerably. For that reason we wish to assign more acreage to the well.

(Marked Texas Company's Exhibits 2 through 6 in Case 854, for identification.)

Q I hand you here, Exhibit 2 in Case 854 and ask you what that is?



A Exhibit 2 in Case 854 is a waiver from Continental Oil Company. We did ask for waivers on the formation of both these units.

Q I hand you Exhibit No. 3 in Case 854 and ask you to identify that.

A Exhibit 3 in Case 854 is a waiver from Dalport Oil Corporation.

Q Exhibit No. 4?

A Exhibit No. 4 in Case 854 is a waiver from F. J. Danglade. These all apply to our Well No. 1.

Q Number 5?

A This is a waiver from Mid-Continent Petroleum Corporation.

Q Exhibit No. 6 in Case 854?

A Exhibit No. 6 in Case 854 is a waiver from E. G. Rodman.

(Marked Texas Company's Exhibits 2 through 5 in Case 855, for identification.)

Q I hand you Exhibit No. 2 in Case 855, and ask you to identify that?

A These apply to Case 855, which is our, it applies to our proposed well, Well No. 2. This is a waiver from Continental Oil Corporation.

Q Exhibit No. 3?

A Exhibit No. 3, Case 855 is a waiver from Mid-Continent Petroleum.

Q Exhibit No. 4?

A Exhibit No. 4 is a waiver from Tidewater Associated Oil Company.

Q Exhibit No. 5?

A Exhibit No. 5 is a waiver from Dalport Oil Corporation.

Q Did you seek to obtain waivers from all offsetting operators, and did you obtain the same?

A We did seek to obtain waivers from every offset operator and we did receive them from all but one.

Q Which operator was that?

A Shermerhorn. They did object to the formation of both units.

Q Is the proposed assigned acreage for each unit assumed to be reasonably productive in your opinion?

A Yes, it is. It is born out by surrounding gas wells, namely, Continental State F 1 in Section 1, Range 36 East, Township 21 South; Dalport's McQuatters Unit No. 1, which is in Section 12, Township 21 South, Range 36 East.

Q Are all the producing wells in the surrounding area shown on Exhibits 1 of each case?

A They are. The proration units and producing wells are shown.

Q Will you state the proposed location of your Roy Riddel Well No. 2 as to Case 854?

A We propose to drill Well No. 2, 660 feet from the north and east line of Section 12, Township 21 South, Range 36 East.

Q Is it practical to unitize this lease or any portion of it with your surrounding acreage?

A No, it is not.

Q I will ask you if your lease agreements provide for the pooling with other acreage without the consent of the royalty owners?

A Less than five percent of our royalty interest do provide for the unitization without their consent. The remainder does not.

Q Have you attempted to get approval from the royalty interest as to any possible pooling agreements?

A We have.

Q What percent dissented, if any?

A We had refusals which did account for 69 percent of the Texas Company's royalty interests.

(Marked Texas Company's Exhibits  
6, 7 & 8 in Case 855, for identification.)

Q I will hand you here, Exhibit No. 7 in Case 855 and ask you what that is?

A Exhibit 7, Case 855 is a letter from Mrs. Robert R. Penn, who was Elizabeth H. Penn, who does have a royalty interest in this lease in which she indicates her refusal to unitize.

Q Exhibit 6, please, in Case 855?

A Exhibit 6?

Q Is that also a refusal?

A Yes, from Robert Penn.

Q Exhibit 8?

A That is also a refusal from Nancy Elizabeth Penson.

(Marked Texas Company's Exhibits  
7, 8, and 9 in Cases 854, for identification.)

Q I hand you Exhibit No. 7 in Case 854, and ask you what that is?

A Exhibit No. 7 in Case 854 is a refusal to unitize from Robert Lee Penn.

Q Exhibit 8?

A Exhibit 8 in Case 894 is a refusal from Elizabeth H. Penn.

Q Exhibit No. 9?

A Exhibit No. 9 is a refusal from Nancy Elizabeth Penson.

Q In your opinion, would the granting of these applications cause waste or prejudice correlative rights in any way?

A No, it would not.

Q The described acreage, as to each unit, is continuous quarter quarter, and within a governmental section?

A Yes, it is.

MR. MACEY: Any questions of the witness?

MR. CAMPBELL: Yes.

MR. MACEY: Go ahead, Mr. Montgomery?

CROSS EXAMINATION

By MR. MONTGOMERY:

Q I can't find Schermerhorn Well on the schedule. Is that well presently producing?

A To my knowledge it is.

Q This is a little bit different than the usual situation. We are usually trying to keep the operators down to 160 and one well. Here we already have a well on the 160. It appears to me it would be considerable economic waste to drill another well. Would it be at all possible to go from the angle of forced communitization?

A That I do not know.

MR. MONTGOMERY: That is all.

MR. CAMPBELL: If the Commission please, I would like to ask a few questions on behalf of Schermerhorn Oil Corporation and Kenwood Oil Company, and Hiram Moore, who are owners of certain

interests in this section and the adjoining section to the east.

By MR. CAMPBELL: Mr. Schaffer, do you have a copy of Texas Company's letter of February 25th, addressed to these royalty owners?

A No, I do not.

Q Do you know --

A (Interrupting) What was the date on that?

Q Letter of February 25, 1955, concerning the pooling of this acreage?

A 1955?

Q Yes, I presume so.

A I believe I do.

Q May I see the letter, please?

Q Mr. Schaffer, when you wrote this letter to these royalty owners, you had just recompleted your well to the south, had you not, reworked it?

A It was worked over in December and this letter was written the latter part of February.

Q You advised these royalty owners in this letter that you were contemplating an additional well in the northeast quarter northeast quarter of the section, did you not?

A That is right.

Q Did you not advise them in this letter that if you drilled that well that they would obtain an additional allowable beyond what they would get if the area was pooled with the Schermerhorn well?

A They would still receive the allowable for 160 acres which is their just and equitable right.

Q Mr. Schaffer, if you didn't drill that well and the acre-

age was pooled with the 40 acres of Schermerhorn in the northeast quarter of Section 12 and another well was drilled in the southeast quarter of that section by which Schermerhorn's 40 and your 120 acres was pooled and if you pooled with Mid-Continent in the southwest quarter for 160 acre unit, your royalty owners would receive exactly the same amount of royalty would they not?

A Yes, sir, it would be based on acreage. You can't change the amount of royalty they would receive.

Q This letter of February 25th didn't present that proposition to the royalty owners?

A This letter tells them they will receive 160 acre royalty, which is their just and equitable rate. We can't give anymore or any less.

Q Is this copy of this letter of February 25th from the files of the Texas Company?

A I do not know to tell you the truth. It was written in Fort Worth.

(Marked Schermerhorn's Exhibit No. 7 for identification.)

MR. CAMPBELL: I would like to offer this exhibit in evidence.

MR. MACEY: Is there objection? Without objection it will be received in evidence.

Q (By Mr. Campbell) You referred to the workover of your Riddel Well No. 1, having increased the producing capacity of that well. Would you state what the present producing capacity of that well is?

A Following this workover 4,292 MCF per day.

Q How much?

A 4,292 the well potentialed at.

Q Is that openflow?

A No, that was not openflow.

Q Against what pressure?

A 793 pounds back pressure. The pressure was actually on the casing. I believe their tubing pressure was recorded downstream to the choke, which was necessary, then the line pressure, that 793 pounds was casing pressure, actually.

Q Mr. Schaffer, do you think that well is capable of producing a 240-acre allowable?

A Is that 200 or 240 you said?

Q 240 or 320-acre allowable?

A Yes, it would be.

Q MR. MACEY: We are referring to the No. 1 Well?

MR. CAMPBELL: The No. 1 Well that is now drilled and producing.

Q (By MR. CAMPBELL) Don't you feel that it would be sounder from your point of view to assign the entire south half of the Section 12, or at least the southeast quarter and the east half of the southwest quarter to that well and the northeast quarter to the Schermerhorn well?

A Perhaps, if our lease agreements provided for unitization.

Q Are you aware of the fact that if you are unable to convince your royalty owners that they received the amount of royalty, under any of these circumstances that you could come before this Commission and seek a compulsory order of pooling?

A I believe there is such an order.

Q MR. Schaffer, are you acquainted with the structural situation in this area?

A Vaguely.

Q Are you acquainted with it sufficiently to express an opinion as to whether, if you do drill a well as contemplated, in the northeast quarter northeast quarter of Section 2, it will be as good a gas well as your Well No. 1?

A In Section 2?

Q In Section 12, No. 2 that you contemplate drilling?

A They should be comparable.

MR. CAMPBELL: That is all.

MR. MACEY: Anyone have a question of the witness?

MR. WHITE: I would like to ask one other question.

RE-DIRECT EXAMINATION

By MR. WHITE:

Q Mr. Schaffer, Mr. Campbell suggests that you might unitize with the Mid-Continent. Do you know whether or not it would be possible to even undertake to unitize with the Mid-Continent?

A Well, they did submit us a waiver, and I do believe they have acreage to the west there.

Q In other words, they have acreage in the adjoining section?

A Yes.

Q To the west, to which they could assign their 80 acres in the southwest quarter?

A That is right.



RE-CROSS EXAMINATION

By MR. CAMPBELL:

Q Do they have a well on the east half of the southeast quarter of the adjoining section?

A That I do not know.

Q If they did establish such a unit as that it would require them to cross the section line to create the proration unit, would it not?

A It would require a hearing, yes, sir.

MR. CAMPBELL: That is all.

MR. WHITE: That is all.

MR. MACEY: Anyone else? The witness may be excused.

(Witness excused.)

MR. MACEY: Do you have anything further, Mr. White?

MR. WHITE: I would like to move the introduction of all the exhibits.

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

J. H. MOORE,

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

DIRECT EXAMINATION

By MR. CAMPBELL:

Q Will you state your name, please?

A J. H. Moore.

Q Where do you live, Mr. Moore?

A Hobbs.

Q What business are you in?

A I am an independent geologist.

Q Have you ever before testified before the Commission in a professional capacity?

A No, I have not.

Q Will you give the Commission a brief statement of your educational and experience background in the field of geology engineer?

A I graduated from Texas A and M with a degree in Petroleum Engineering and took a post graduate work at Oklahoma University and got a Masters Degree. I have been working in the oil field as a geologist for 15 years. I have been in Hobbs about ten years, working in the oil business.

Q Mr. Moore, are you acquainted with the applications of the Texas Company in Cases Number 854 and 855, now pending before the Commission?

A Yes.

Q Will you state what interest in this particular area you represent?

A I represent the operator of the gas well on the 80-acre tract, the Schermerhorn Oil Corporation. I also own a working interest in the well and I also own a working interest in the Danglade well to the east, although I am not the operator. I also own a working interest under the Dalport well in the northwest quarter, but I am not the operator.

Q Can you state whether, prior to the drilling of the Schermerhorn well in the southwest quarter of the northeast quarter of Section 12, you contacted the Texas Company in an effort

to obtain some sort of pooling agreement with them with reference to that proposed well?

A Yes, several months before we started the well on the 80 acre tract we wrote to the Texas Company asking them if they would consider forming some kind of a unit.

(Marked Schermerhorn's Exhibit No. 1, for identification.)

Q I hand you what has been marked Schermerhorn Exhibit No. 1 and ask you to state what that is.

A This is a copy of a letter that I wrote on July 23, 1954, to the Texas Company, asking if they would consider combining some of their acreage with the Schermerhorn acreage to form a unit, a gas unit in the northeast quarter of that Section 12.

Q Mr. Moore, your lease consists of the southwest of the northeast and the northwest of the southeast of Section 12, is that correct?

A Yes.

(Marked Schermerhorn's Exhibit No. 2 for identification.)

Q I next hand you what has been marked Schermerhorn's Exhibit No. 2 and ask you to state what that is.

A That is a second well -- or second letter that we wrote to the Texas Company asking them -- this was stating to go ahead and drill a well. We had a lease expiration date to comply with on our lease. We couldn't wait until we completely formed a unit, so we had to go ahead and drill on the 80 acre tract. This is a letter stating to the Texas Company that we have completed the well and asked if they will put in some acreage to form a unit.

Q Then, between July 23rd and November 1st, you had received

no reply from the Texas Company, to your knowledge?

A I believe I talked to them on the phone. I don't believe I had any letters from them during that time.

(Marked Schermerhorn Exhibit 3, for identification.)

Q I now hand you what has been marked Schermerhorn Exhibit 3 and ask you what that is?

A This is a letter from the Texas Company in reply to my second letter. In this letter they say that they plan to workover their Riddel No. 1 and wish not to give us an answer at this time on combining some of their acreage with our acreage to form a gas unit.

(Marked Schermerhorn's Exhibit No. 4 for identification.)

Q I hand you what has been marked Schermerhorn Exhibit No. 4 and ask you what that is.

A This is a third letter that we wrote to the Texas Company asking them to again consider putting some of their acreage with our well to make a standard or a uniform spacing for the section for gas wells.

(Marked Schermerhorn's Exhibit No. 5, for identification.)

Q I hand you what has been marked Schermerhorn Exhibit No. 5 and ask you what that is.

A This is another letter to the Texas Company, telling them that our well is completed and we have a pipeline connection, and asking them again, that since they had completed the remedial work that they contemplated on Riddel No. 1, if they would now give further consideration to putting some acreage with the Scher-

Schermerhorn acreage to form units for the section.

(Marked Schermerhorn's exhibit No. 6, for identification.)

Q I now hand you what has been marked Schermerhorn exhibit No. 6 and ask you what that is.

A This is another letter from the Texas Company in reply to our requests and they say they will give this some kind of consideration and give us a reply. I believe that is about all that says.

Q Does that not also state that they are contemplating, since the reworking of their Well No. 1, a drilling of an additional well?

A It says that if we decide not to drill the well -- "I will take the matter up further with you". I don't believe they bring that up in this letter. They do say, if they do not drill the well they will take the matter up with us.

Q Mr. Moore, insofar as Schermerhorn is concerned, and your interest is concerned in this area, are you still prepared to enter into a pooling agreement with the Texas Company with reference to this well and their Well No. 1?

A Yes. The lease that we have contains pooling clause. We knew at the time that we took the lease we would be faced with a problem of pooling the acreage, because it was cut up into small size tracts. Right now and all along, we would consider any type of unit that would give uniform spacing in the section for gas units.

Q Mr. Moore, it is proposed here that an additional gas well be drilled in the northeast quarter of the northeast quarter

of Section 12 and that a 160-acre allowable be given to it. Now, in your opinion, would be the effect of the drilling of that additional well in the north half of this section?

A Well, if that well is drilled in the northeast quarter northeast quarter of the section, that will make three wells producing in the north half of the section. Two of the wells will have 160 acres and one will have an 80-acre allowable. I believe it will cause unfair drainage so far as the south half of the section is concerned.

Q Would it cause unfair drainage, in your opinion, insofar as your interest in the northwest quarter of Section 7 is concerned?

A Yes, it would cause more drainage to the gas wells in that local area of having three wells in the half section.

Q Now, Mr. Moore, what is the productive capacity of your well No. 1 in the northeast quarter of Section 12?

A This well is the Schermerhorn Carter No. 1 Well and it was tested by El Paso for an openflow capacity of nine and a half million cubic feet per day openflow. It has a deliverability rate of 4,000,205 cubic feet against 353 pounds deliverability.

Q In your opinion, is that well capable of making a 160-acre unit allowable?

A Yes, it should be able to make in excess of 160-acre allowable, the way the allowables have been running for the past year or so.

Q If it were agreeable with the Texas Company, would you be willing to apply to the Commission to obtain a 240-acre allowable for that well, including the north half of the southeast quarter of Section 12?

A Yes, we would. We feel that the well is capable of easily making the allowable for that much acreage.

Q If the Texas Company was unwilling to do that, would you be willing to join with the Texas Company in the drilling of an additional gas well in the southeast of Section 12?

A Yes, we would if they felt it was necessary to drill another well there, we would join that. We would feel that would give better drainage for the whole section, to have two wells in the north half and two wells in the south half of the section.

Q If the Texas Company saw fit to attribute the southeast quarter to their Well No. 1, would you be willing to pool your 40-acre unit interest in the southwest quarter section of that unit?

A Yes.

MR. CAMPBELL: I believe that is all.

MR. MACEY: Any questions of the witness?

MR. WHITE: I would like to ask some.

CROSS EXAMINATION

By MR. WHITE:

Q Mr. Moore, you state there would be unfair drainage in regard to the south half if there were to be another well in the north half?

A That is correct.

Q Would you explain that, please?

A At the present time with the allowables allocated directly to acreage, and for sometime there may not be unfair drainage, but in the later stages of drainage by the gas wells, when they could produce, say, they weren't able to make the allowable by having a bigger density of wells in the north half of the section, those

wells would draw the pressure down there and would actually drain more oil from that than one well would from the south half of the section.

Q Would you care to state at approximately what time that unfair drainage might occur?

A Those wells right now have a shut-in pressure of around 900 pounds. The wells to the east are lower than that. The Dan-glade Well had a shut-in pressure of 800 and the wells further to the east had been 700 pounds. That means that this area is getting toward the east limits of the Eumont field. I think if the allow-ables stayed fairly high it wouldn't be but two or three years before the wells will be pulled down to the extent that they won't produce the full allowable into the line pressure against 600 pounds. I would say three years would be an estimate, based on the fact --

Q (Interrupting) How much longer would they be able to meet their allowable if we didn't have this proposed well on the north-east quarter?

A Well, I don't quite understand your question. The time would be no different.

Q The time would be no different?

A If I understand your question.

Q You state that the density of the wells in this particular section would decrease the allowables at a future date; is that right?

A No, they would just reach a point where they couldn't make the allowables.

Q Therefore, you say it is unfair drainage?



A By having the greater density, that is correct. It is unfair. I think, as far as we can understand it, if wells are evenly spaced it would give a better chance for equal drainage, so we are talking about unequal drainage caused by the wells being concentrated in the north half of the section.

Q Assume that one well can efficiently and economically drain 640 acres, then any well within that 640, if they are limited in their production according to their acreage, there couldn't be any unfair drainage, could there?

A There would be if the capacity of the wells varied.

Q If you unitize and had this been a 240-acre unit, by your own testimony that would be, it would be unable to meet its allowable at an earlier date than your well that is ascribed to 80 acres would be able to, is that not correct?

A I would say, under any circumstances that in the later stages of production the three wells would produce more gas than the one well. That would cause an unequal drainage to the north half of the section.

Q But, as to the total amount of withdrawals, it wouldn't if it were on an acreage basis. Everyone would be getting their just and equitable share?

A Not when the production capacity became a factor rather than acreage. That is the time that the inequity would begin.

Q You think that that would occur within two or three years you say?

A I think so, three years.

Q Then, if that be true, why you couldn't get your full allowable on the 140, could you?

A You could get an equal allowable with the other well to the south of the general area.

Q You speak of unfair drainage to the south half. It is not at all uncommon for there to be three wells in the north half of the section and only one well in the south half, is it not?

A Well, I would say it is more uncommon than common.

Q But, it is quite common, is it not?

A I don't think so. I don't know of any case that I can recall.

Q Your acreage, 50 percent of it is already in the south half, is it not?

A That is correct.

Q And, under our proposed unit, only a quarter of the acreage assigned to Case 854 would be in the south half, isn't that correct?

A That is correct.

Q As to these various letters, you stated in your July letter that you wanted to unitize 240 acres, is that correct?

A Yes.

Q If you are correct in your testimony as to the unfair drainage from a larger acreage assigned to a well as against a smaller acreage, why the Dalport would be penalized in the long run by merely having a lesser acreage, would it not, of 160 acres?

A It is a possibility.

Q Then, what you are asking the Commission to do is to put the shoe on the other foot, isn't it? Very well. You are acquainted with Case 673 upon which order R-520, setting up proportion of gas, you are familiar with that, are you not?

A Yes.

Q They had hearings in March, April and May, and the order was issued in August of last year, to become effective in November. You knew prior to the time that you drilled this well as to what acreage would be assigned to this well and what your proration would be, as against 640 acres, did you not?

A No, we thought that we would be able to combine it with some acreage in the section, with the Texas Company acreage.

Q You contacted Dalport Oil and attempted to unitize with them and they said no, didn't they?

A That is correct.

Q You contacted the Texas Company and they wouldn't give on it, is that not correct?

A Reasonably, yes. They didn't give a definite answer until recently.

Q Notwithstanding that uncertainty, you went ahead and drilled your well?

A Yes.

Q It will pay out economically, will it not?

A I believe it will.

Q Now, I am referring to your letters again, in your letter of November 1st, you wanted us to assign 160 acres to your 80 acres to make it 240, is that right?

A That was one proposal. I think that our attitude has been --

Q (Interrupting) I am referring to the statements contained in your letter of November 1st. Is that the acreage that you wanted us to assign to Schermerhorn?

MR. CAMPBELL: Let him look at the letter.

A Is that what I asked for?

Q Here is the July one, too.

A Yes, in the July letter I asked that we consider forming a 240 acre unit.

Q Then, I direct your attention to your letter of November 1st and under your offer you wanted to give the Texas Company one half of the 7-8 and you would take the other half of the 7-8, is that right?

A Yes, we made the offer that in case they didn't want to participate in the cost of the well, we would do it on the farm-out basis.

Q You would operate it?

A Right.

Q We didn't agree to it?

A No.

MR. WHITE: I believe that is all.

MR. MACEY: Mr. Campbell, we are going to have to recess.

MR. CAMPBELL: That is all.

MR. WHITE: That is all we have.

MR. REIDER: I have one question.

By MR. REIDER:

Q What is the producing capacity of your Carter No. 1?

A A deliverability of 4,205,000 against 353 pounds.

Q I didn't hear this, exactly what was your estimated payout in this well?

A I said that I thought it would pay out. I don't have a calculation of the economics of it, I don't have that calculation.

Q It did appear to be economic on 80 acres?

A Yes, I think so.

By MR. MONTGOMERY:

Q The well, I notice, is located 1980 - That would enable the well to receive 640 acres, is that right?

A Yes.

Q Do you feel that this well will drain 640 acres?

A Well, I think it will drain it, I will say yes.

Q If this well, at least could get 320 acres, it would be economic waste to drill another well on that 160 acres?

A The main question here is equity and spacing of the wells. One problem is that being an owner of an 80-acre lease, we are left with a half allowable well, if we can't get together with some of the other lease owners. That is the main question here.

Q But, it would be economic waste to drill another well that would have no useful purpose, you can still dedicate that acreage to this one well?

A Yes, I definitely feel that the spacing of the wells now is sufficient to drain the gas and actually the Texas Company would lose by drilling another well.

Q What do you estimate the Texas Company would lose?

A \$40,000.00.

Q You also state that the wells are more, poorer to the east.

A Yes.

Q And --

A (Interrupting) The shut-in gas pressures decreased to the east?

Q There is a chance that the proposed Texas Company well would be a poorer well?

A Yes, I definitely believe it will, it will be lower structurally and have less shut-in pressure.

MR. MONTGOMERY: That is all.

MR. CAMPBELL: Would the record show that I offered Schermerhorn Exhibits 1 through 6 in evidence?

MR. MACEY: Any objection? If not they will be received in evidence. We will take the case under advisement.

(Witness excused.)

STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) SS.

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 23rd day of March, 1955.

*Ada Dearnley*  
Notary Public, Court Reporter

My Commission Expires:

June 19, 1955

ADA DEARNLEY & ASSOCIATES  
STENOGRAPHIC REPORTERS  
ALBUQUERQUE, NEW MEXICO  
TELEPHONE 3-6691

C  
O  
P  
Y

May 26, 1955

Mr. Jack M. Campbell  
Campbell & Russell  
J. P. White Building  
ROSWELL, NEW MEXICO

Dear Mr. Campbell:

Our records indicate that your applications for rehearing in Cases 854 and 855, which you filed in behalf of Schermerhorn Oil Corporation and J. H. Moore, were received in this office on May 10, 1955, so your computation of time for filing an appeal from our order should derive from that date.

Very truly yours,

W. B. Macey  
Secretary - Director

WBM:nr

cc: Mr. L. C. White, Attorney  
Box 787  
SANTA FE

MAIN OFFICE 005  
LAW OFFICES OF  
**CAMPBELL & RUSSELL**  
J. P. WHITE BUILDING  
ROSWELL, NEW MEXICO

JACK M. CAMPBELL  
JOHN F. RUSSELL

TELEPHONES  
4075 - 4287

May 25, 1955

William B. Macey, Director  
Oil Conservation Commission  
Santa Fe, New Mexico

Dear Mr. Macey:

Some time ago we filed Applications for rehearing in Cases 854 and 855 before the Oil Conservation Commission. Since we have received no notice of action by the Commission we assume that none has been taken on these applications. In order that we may compute the time for filing an appeal from the Commission's order, would you please advise us the date on which your records show the applications for rehearing were received and entered by you.

> May 10

With kindest regards, we are

Very truly yours,

CAMPBELL & RUSSELL

By *Jack M. Campbell*

JMC:le



CAMPBELL & RUSSELL  
LAWYERS

J. P. WHITE BUILDING  
ROSWELL, NEW MEXICO

JACK M. CAMPBELL  
JOHN F. RUSSELL

TELEPHONES  
4975 - 4287

May 7, 1955

Mr. W. B. Macey  
New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Re: Case Nos. 854 and 855

Dear Mr. Macey:

Enclosed please find original and two copies of Applications for Rehearing in the above numbered cases. True copies of these applications are being mailed to L. C. White, attorney for The Texas Company.

With kindest regards, I am

Very truly yours,

*Jack M. Campbell*  
Jack M. Campbell

for CAMPBELL & RUSSELL

JMC:le  
Enc. 3

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
THE TEXAS COMPANY FOR AN ORDER GRANTING  
APPROVAL OF AN EXCEPTION TO RULE 5 (a)  
OF ORDER NO. R-520 IN THE ESTABLISHMENT  
OF A NON-STANDARD GAS PRORATION UNIT IN  
THE EUMONT GAS POOL CONSISTING OF THE  
NE $\frac{1}{4}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$ , AND NE $\frac{1}{4}$ SE $\frac{1}{4}$  OF SECTION 12,  
TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM,  
LEA COUNTY, NEW MEXICO, AND THE ASSIGN-  
MENT OF SAID ACREAGE TO THE TEXAS COMPANY'S  
ROY RIDDEL WELL NO. 2 FOR GAS PRORATION  
PURPOSES.

Case No. 854

# APPLICATION FOR REHEARING

Come now applicants, Schermerhorn Oil Corporation and J. H. Moore, by their attorneys, Campbell & Russell, and apply to the Commission for a rehearing in the above styled matter, and as their reasons therefor state:

1. Applicant Schermerhorn Oil Corporation is the owner and operator of a gas well in the Eumont Gas Pool situated in the SW $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 12, Township 21 South, Range 36 East, and is the owner and operator of contiguous acreage consisting of the NW $\frac{1}{4}$ SE $\frac{1}{4}$  of said Section 12. An 80-acre allowable is presently being attributed to its Carter Unit #1 well on such 80-acre tract.

2. Applicant J. H. Moore is the owner of an interest in a well situated in the SW $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 7, Township 21 South, Range 36 East, and is also the owner of an interest in the Carter Unit #1 well hereinabove described.

3. Order No. R-621 entered in the above styled matter is erroneous in the following respects:

(a) The order entered is contrary to the purposes and intent of Order No. R-520 as previously entered by the Commission as it affects the Eumont Gas Pool inasmuch as it isolates small tracts within the limits of a standard gas proration unit.

(b) The Texas Company failed to use reasonable efforts to secure approval from royalty interests underlying the proposed unit to the pooling of said royalty interests with the acreage of Schermerhorn and Moore to form a larger gas proration unit, and Finding No. (7) of the Commission is therefore erroneous and unreasonable.

(c) It is practical and equitable to force the pooling of The Texas Company unit acreage with the acreage of Schermerhorn and Moore as above described, and Finding No. (8) is therefore erroneous and unreasonable and arbitrary.

(d) That the approval of the application of The Texas Company and the drilling of the unit well will result in the clustering of gas wells in the N $\frac{1}{2}$  of Section 12, Township 21 South, Range 36 East, resulting in inequitable withdrawals from the reservoir and will adversely affect the correlative rights of the applicants herein, both as to acreage within Section 12 as well as acreage within Section 7.

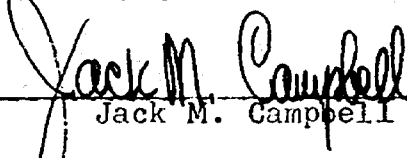
4. Order No. R-621 deprives applicants of their property without due process of law.

WHEREFORE, applicants request a rehearing in Case No. 854 before the Commission.

Respectfully submitted,  
SCHERMERHORN OIL CORPORATION

J. H. MOORE

By

  
Jack M. Campbell

For CAMPBELL & RUSSELL  
their attorneys

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

April 22, 1955

C  
O  
P  
Y  
  
The Texas Company  
Box 1720  
Fort Worth, Texas

Attention: Mr. Warren Mankin

Gentlemen:

We enclose copies of the following orders of the Oil Conservation Commission:

Order R-621 in Case 854  
Order R-622 in Case 855

These were signed April 20, 1955.

Very truly yours,

W. B. Macey  
Secretary - Director

WBM:nr

Case 557

DALPORT OIL CORPORATION  
930 FIDELITY UNION LIFE BUILDING  
DALLAS, TEXAS

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

February 9th, 1955.

RANDOLPH 3114  
RANDOLPH 2717

RECEIVED  
FEB 11 1955  
OFFICE COC

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

Attention: Mr. W. B. Macey

Gentlemen:

At the request of the Texas Company we are enclosing  
waivers covering their non-standard gas units for their Roy  
Riddel Wells Numbers 1 and 2, Lea County, New Mexico.

Yours very truly,

DALPORT OIL CORPORATION

By

W. L. Todd

WLTJr:wm  
Encl-

WSP 103 + 104

Subject: Waiver of Objection  
The Texas Company's  
Roy Riddel Well No. 2  
Lea County, New Mexico

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

Attention: Mr. W. B. Macey

Gentlemen:

The undersigned has been duly informed by The Texas Company of their intention to request a non-standard gas proration unit consisting of lands located in the N/2 NE/4, SE/4 NE/4, and NE/4 SE/4 of Section 12, T-21-S, R-36-E, Lea County, New Mexico, for their Roy Riddel Well No. 2, to be located 660 feet from the north and east lines of the above section.

You are respectfully advised that we hereby waive notice and hearing and all objections to the application for approval of the above-described non-standard gas proration unit.

Yours very truly,

*Deputy Oil Corp*  
By *W. B. Macey*

WWM-MFP

at CCC-1444-  
2/9/55

1/21/55  
due 2/1/55

Case 854

**THE TEXAS COMPANY**

TEXACO PETROLEUM PRODUCTS

PRODUCING DEPARTMENT  
WEST TEXAS DIVISION



P. O. BOX 1720  
FORT WORTH 1, TEXAS

January 27, 1955  
~~February 7~~

APPLICATION FOR NON-STANDARD GAS PRORATION UNIT  
The Texas Company's Roy Riddell Well No. 2,  
Eumont Gas Pool, Lea County, New Mexico

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

Attention: Mr. W. B. Macy, Secretary & Director

Gentlemen:

By this letter of application The Texas Company wishes to form a 160-acre non-standard gas proration unit in the Eumont Gas Pool under Rule 5 (b) of Order R-520, and to state the following:

- (a). That The Texas Company proposes to drill its Roy Riddell Well No. 2, located in the center of the NE/4 NE/4 of Section, 12, T-21-S, R-36-E, as a gas well in the Queen pay of the Eumont Gas Pool. The attached gas well plat, Exhibit "A", shows the proposed location of this well on The Texas Company's Roy Riddell Lease and all other gas wells in Sections 12 and 13, T-21-S, R-36-E, and Sections 7 and 18 T-21-S, R-37-E.
- (b). That the subject well will be completed in the Queen pay, which is within the vertical limits of the Eumont Gas Pool, as designated by Order R-520. That under Rule 5 (a) of Order R-520, this well will be drilled 660' from the two nearest property lines and would have a maximum acreage assigned to it of 160 acres.
- (c). That the non-standard gas proration unit will consist of portions of contiguous quarter quarter sections. That the non-standard gas proration unit will lie wholly within a single governmental section. That the length or width of the non-standard gas proration unit will not exceed 5280'. That the proposed 160-acre unit is wholly contained within the Eumont Gas Pool.

2-7-55

- (d). That the entire proposed non-standard gas proration unit may reasonably be presumed to be productive of gas. That this non-standard gas proration unit is entirely surrounded by the Queen formation gas producing wells in the Eumont Gas Pool as shown by Exhibit "A" attached. Offset wells showing that the offset acreage is productive are the Schermerhorn Carter No. 1, Dalport McQuatters Unit No. 1, Continental State "F-1" Well No. 1, the Danglade Barnie Currie No. 1, Danglade Alexander No. 1, The Texas Company's Roy Riddel No. 1.
- (e). That by copy of this letter by registered mail The Texas Company is requesting waivers of Schermerhorn, Dalport and Mid-Continent, under Paragraph 5(a) of Rule 5 (b) of Order 520 and Continental, Danglade and Rodman under Paragraph 5 (b) of Rule 5 (b) Order R-520. Those offset operators are requested to send one executed copy of the waiver to you and return one copy of the waiver to The Texas Company.

This application is to form a 160-acre non-standard gas proration unit around The Texas Company's proposed Roy Riddel Well No. 2 to consist of the N/2 and SE/4 of the NE/4 ~~NE/4~~ of Section 12, T-21-S, R-36-E, Lea County, New Mexico. The Texas Company therefore requests the Oil Conservation Commission to grant an administrative non-standard gas proration order, under Paragraphs 5 (a) and (b) of Rule 5 (b) of Order R-520. As soon as waivers are received from Schermerhorn, Dalport, Mid-Continent, Continental, Danglade and Rodman.

Respectfully submitted,

THE TEXAS COMPANY, PROD. DEPT.

*Warren W. Mankin*  
Warren W. Mankin  
Petroleum Engineer

WWM-MFP

Copy to: Continental Oil Company  
1710 Fair Building  
Fort Worth, Texas

Dalport Oil Corporation  
930 Fidelity United Life  
Dallas, Texas

E. G. Rodman  
Box 591  
Odessa, Texas

F. J. Danglade  
Lovington, New Mexico

Mid-Continent Pet. Corp.  
P. O. Box 830  
Midland, Texas

Schermerhorn Oil Corp.  
714 First Nat'l Bank Bldg.  
Tulsa 2, Oklahoma

*N/2 NE/4  
SE/4 NE/4  
NE/4 SE/4*



NEW MEXICO  
OIL CONSERVATION COMMISSION

Gas Well Plat

Date 1-24-55

The Texas Company      Roy Riddel et al      2  
Operator                      Lease                      Well No.

Name of Producing Formation Queen      Pool Eumont Gas

Q = Queen Pay in Eumont Gas Pool

No. Acres Dedicated to the Well 160

SECTION 12      TOWNSHIP 21-S      RANGE 36-E

|   |                                       |   |   |
|---|---------------------------------------|---|---|
| (Range 36-E)  |                                       | (Range 37-E)  |   |
| Sec. 1  |                                       | Sec. 6  |   |
| Conoco<br>(160)<br>State "F-1"<br>1<br>*Q                         |                                       | F.J. Danglade<br>(160)<br>1-Q<br>*Q<br>Barnie Currie  |   |
| Dalport Oil<br>Co. (160)<br>1<br>*Q<br>McQuatters Unit<br>Sec. 12 |                                       | E.G. Rodman<br>Alexander<br>1 F.J. Dan-<br>*Q glade<br>(120)<br>Alexander, Sec. 7<br>Aikman |   |
| Mid-<br>Cont.   | TTCO.<br>Carter<br>(80)               | Curry<br>(160)<br>1<br>*Q   |   |
| Marshall  | R. Riddel<br>1<br>*Q<br>160 Acre Unit | E.G. Rodman   | N. Penrose<br>(160)<br>Alves<br>3<br>*Q |

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 X

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.

**SCHERMERHORN OIL CORPORATION**

P. O. BOX 1537  
HOBBS, NEW MEXICO

February 14, 1955

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

Attention: Mr. W. B. Macey  
Secretary and Director

Re: Application for Non-Standard Gas  
Proration Unit by The Texas Company  
Riddel Well No. 2, Eumont Gas Pool  
Lea County, New Mexico

Gentlemen:

Reference is made to the application submitted by The Texas Company in their letter dated February 7, 1955 to form a 160 acre non-standard gas proration unit for the above captioned well. In this letter a request was made to Schermerhorn Oil Corporation for a waiver so that the Oil Conservation Commission might grant an administrative non-standard gas proration order on this application.

\* Please be advised that Schermerhorn Oil Corporation objects to the formation of the unit as proposed by The Texas Company and requests that an administrative order not be granted in this case. This Company objects to The Texas Company application for the following reasons:

(a) The Texas Company proposes to drill the Roy Riddel well No. 2 to be located in the Northeast Quarter Northeast Quarter of Section 12, Twp. 21 S., Rge. 36 E., Lea County, New Mexico. If permission is granted to drill this new well there will be three gas wells producing from the Queen Zone in the North Half of Section 12 and only one gas well in the South Half of this Section. This will cause unequal drainage and would not protect the correlative rights of the various royalty owners.

(b) In case the 160 acre unit is allowed as proposed by The Texas Company the 80 acre Schermerhorn Oil Corporation Carter Unit, which consists of the Southwest Quarter Northeast Quarter and Northwest Quarter Southeast Quarter of this Section, on which a Queen gas well is now completed, will leave this acreage isolated in the center of the section with no possibility to increase this unit to a comparable size with other units in the section.

- 2 - New Mexico Oil Conservation Commission, 2-14-55.

Schermerhorn Oil Corporation has written to The Texas Company offering to combine all or part of the Carter Unit with The Texas Company acreage in order to form more uniform size units in this section so there would be equal drainage and the gas wells would be on a more uniform spacing in the section.

We, therefore, request that you please refuse to grant the non-standard gas proration unit as proposed by The Texas Company for the above reasons.

Yours very truly,

SCHERMERHORN OIL CORPORATION

By J. Hiram Moore  
J. H. Moore

JHM:mw

cc: The Texas Company, Prod. Dept.  
Attention: Warren N. Mankin  
P. O. Drawer 1720  
Fort Worth 1, Texas

NEW MEXICO  
OIL CONSERVATION COMMISSION

Gas Well Plat

Date 1-24-55

The Texas Company      Roy Riddel et al      2  
Operator                      Lease                      Well No.

Name of Producing Formation Queen      Pool Eumont Gas

Q = Queen Pay in Eumont Gas Pool

No. Acres Dedicated to the Well 160

SECTION 12      TOWNSHIP 21-S      RANGE 36-E

|   |  |  |  |
|---|--|--|--|
| (Range 36-E)  |  | (Range 37-E)   |  |
| Sec. 1  |  | Sec. 6   |  |
| Conoco<br>(160)<br>State "F-1"<br><br>1<br>Q                    |  | F.J. Danglade<br>(160)<br><br>1-Q<br>Q<br><br>Barnie Currie                              |  |
| Dalport Oil<br>Co. (160)<br><br>1<br>McQuatters Unit<br>Sec. 12 | TTCo.<br>Riddel<br>Scherm<br>horn<br>160 A<br>Unit | E.G. Rodman<br><br>Alexander<br><br>1 F.J. Dan-<br>glade<br>Q (120)<br>Alexander, Sec. 7 | Aikman                                     |
| Mid-<br>Cont.      TTCo.  | Carter<br>(80)                                     |  | Curry<br>(160)      1<br>Q                 |
| Marshall R. Riddel<br>1<br>Q                                    | 160 Acre Unit                                      | E.G. Rodman  | N. Penrose<br>(160)      3<br>Alves      Q |

*Case #852  
TTCO #1*

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

Name J. J. Wilton  
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 X

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

# THE TEXAS COMPANY

TEXACO PETROLEUM PRODUCTS

PRODUCING DEPARTMENT  
WEST TEXAS DIVISION



P. O. BOX 1720  
FORT WORTH 1, TEXAS

February 23, 1955

## PROPOSED NSP-103 & NSP-104

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

Attention: Mr. W. B. Macey, Secretary-Director

Gentlemen:

Reference is made to your letter dated February 18, 1954, on the above subject.

The Commission has received objection to the formation of NSP units of 160 acres each surrounding The Texas Company's Roy Riddel Well No. 1 and proposed Well No. 2 in Section 12, T-21S, R-36E, Eumont Gas Pool, Lea County, New Mexico.

Please set for hearing at the March 16, 1955, meeting, the application of The Texas Company to form 160 acre NSP units for each of the two wells listed above. Please set individual cases for each well as applied for under NSP-103 and 104 respectively.

Yours very truly,

A handwritten signature in dark ink, appearing to read "W. W. Mankin".  
W. W. Mankin  
Petroleum Engineer

WWM-ECH

July 23, 1954

The Texas Company  
P. O. Drawer 1720  
Fort Worth 1, Texas

Attention: Mr. E. J. Zihlman  
Division Land and Leaseman

Re: Request to Join Gas Unit  
NE $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$  Section 12-21S-36E  
Lea County, New Mexico

Gentlemen:

Schermerhorn Oil Corporation, Kenwood Oil Company, and J. Hiram Moore own a lease covering the NW $\frac{1}{4}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$  Section 12, Township 21 South, Range 36 East, Lea County, New Mexico.

It is our intention to drill a Queen gas test on this tract with drilling operations to be commenced no later than September 20, 1954.

As The Texas Company holds the major lease interest adjoining this tract, this is to ask if your Company will join in the drilling of this well and the forming of a gas proration unit to be comprised of 240 acres as described above.

It is believed that a 240 acre unit would be the most practical size to form with the existing lease ownership. We will operate the unit, with the other lease owners being billed for their proportionate share of the well costs.

In order that we may go ahead with the planning of a gas unit we will appreciate your earliest consideration of this matter.

Yours very truly,

J. Hiram Moore

JHM:rw  
cc: Mr. H. A. Sherman  
Schermerhorn Oil Corporation  
714 First National Building  
Tulsa 3, Oklahoma

*Schermerhorn Exhibit 1*



November 1, 1954

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

Attention: Mr. E. W. Lewis  
Assistant to the Division Manager

Re: Formation of Gas Unit  
NE $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$  Sec. 12-21S-36E  
Lea County, New Mexico

Gentlemen:

Please refer to my letter dated July 23, 1954, in regard to forming a gas unit on the above acreage, part of which is under lease by The Texas Company.

Schermerhorn Oil Corporation has completed their Carter No. 1 well located in the SW $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 12 as a Queen gas well with an initial potential of 4,600 MCFGPD.

This is to ask if your Company would be willing to include a portion of your leases in this tract into this gas unit. We offer to take whatever acreage you will put into the unit with your Company to retain an overriding royalty of  $\frac{1}{2}$  of  $\frac{7}{8}$ ths of the gas production. We would prefer bringing your acreage into the unit on an override basis rather than your participating in the cost of the well, as this would greatly simplify the operation of the unit.

We have entered into a Gas Purchase Agreement with El Paso Natural Gas Company and expect to get a pipe line connection within the next sixty days.

Will you please advise us as soon as you can if your Company might be interested in placing a portion of your lease in our gas unit.

Yours very truly,

J. H. Moore

JHM:mw

*Schermerhorn Exhibit 2*

# THE TEXAS COMPANY

TEXACO PETROLEUM PRODUCTS

PRODUCING DEPARTMENT  
WEST TEXAS DIVISION



P. O. BOX 1720  
FORT WORTH 1, TEXAS

November 18, 1954

92698 - Roy Riddell Lease  
Lea County, New Mexico

✓ Mr. J. Hiram Moore  
P. O. Box 1537  
Hobbs, New Mexico

Dear Mr. Moore:

We have your letter of November 1, 1954, with reference to unitizing some of our acreage in Section 12-21S-36E in a gas Unit along with some of your acreage, on which you have completed a gas well located in the SW $\frac{1}{4}$ NE $\frac{1}{4}$  of said Section 12-21S-36E, Lea County, New Mexico.

We also have your letter of July 23, 1954, with reference to this matter and while we have been giving consideration to the matter, we have been unable to arrive at a decision due to several factors affected by a change in conditions; such as allowable, etc.

We are still unable to give you our answer and will not be able to do so until we complete certain remedial work on our present gas well. After we complete this work it is possible we may be willing to place some of our acreage in a gas unit comprising some of your acreage; and, again, we may want to drill an additional well on some of our acreage.

Yours very truly,

*E. W. Lewis*  
E. W. Lewis

Assistant to the Division Manager

EWL-WLH

cc- Mr. H. A. Sherman  
Schermmerhorn Oil Corporation  
714 First National Building  
Tulsa 3, Oklahoma

*WORK OVER*  
*Dec. 2, '54. Treated w/ 6000 Gallons oil*  
*6000# Sand*  
*4 3/4" 4,662 MCF open flow*  
*164 lb. Flow Pres 525#.*

*Schermerhorn Exhibit 2*

November 23, 1954

The Texas Company  
P. O. Box 1720  
Fort Worth 1, Texas

Attention: Mr. E. W. Lewis  
Assistant to the Division Manager

Re: 92698, Roy Riddell Lease  
Lea County, New Mexico

Gentlemen:

Thank you for your letter dated November 18, 1954, wherein it was mentioned that you would give further consideration to including a portion of your above captioned lease into a gas proration unit, with the 80 acre Schermerhorn Carter lease.

The Schermerhorn Carter gas well was tested November 10, 1954, by El Paso Natural Gas Company. This well showed a delivery rate of 3,148 MCFGPD against a back pressure of 572 pounds. With this delivery rate we feel that the well has a capacity of producing in excess of a unit allowable.

At such time as you might arrive at a decision as to including your acreage in our gas unit will you please advise us. In the mean time we probably will produce as an 80 acre unit as soon as a pipe line connection is obtained.

Yours very truly,

J. H. Moore

JHM:mw

cc: Mr. H. A. Sherman  
714 First National Building  
Tulsa 3, Oklahoma

*Schermerhorn Exhibit 11*

January 10, 1955

The Texas Company  
P. O. Drawer 1720  
Fort Worth 1, Texas

Attention: Mr. E. P. Munson, Jr  
Division Land and Leaseman

Re: 92698 - Roy Riddell Lease  
Lea County, New Mexico

Gentlemen:

Please refer to our previous correspondence in regard to unitizing some of the acreage from your above captioned lease in to the Schermerhorn Oil Corporation, Carter Gas Unit.

A pipe line connection has been obtained for the Schermerhorn Carter No. 1 gas well and a request has been made for an 80 acre gas proration unit. We would like to form a larger unit than this in case The Texas Company is willing to place some of their acreage from the Riddell lease into an enlarged unit.

Since the remedial work on your Riddell No. 1 gas well has been completed would you now please give further consideration to putting some of this acreage in the Schermerhorn, Carter Unit?

Yours very truly,

SCHERMERHORN OIL CORPORATION

By: J. H. Moore

JHM:rw

*Schermerhorn Exhibit 5*

THE TEXAS COMPANY

TEXACO PETROLEUM PRODUCTS

PRODUCING DEPARTMENT  
WEST TEXAS DIVISION



P. O. BOX 1720  
FORT WORTH 1, TEXAS

January 19, 1955

92698 - Roy Riddell Lease  
Lea County, New Mexico

SCHERMERHORN OIL CORPORATION  
P. O. Box 1537  
Hobbs, New Mexico

ATTENTION: Mr. J. H. Moore

Gentlemen:

Referring to your letter of January 10, 1955, which was a followup to our previous correspondence in which you desire that we join you in a gas unit to include your 80 acres and part of the land covered by our above lease.

Due to the increased production of our well after the workover, we are now giving consideration to assigning additional acreage to a gas unit for our present well and, in addition, possibly drilling another well. If we do drill the additional well, we will use all of our acreage on the two gas units and thus, would have no acreage which we could place in the unit with your 80 acres.

If we should decide not to drill our well, I will take the matter up further with you.

With best wishes, I remain

Yours very truly,

E. W. Lewis

Assistant to the Division Manager

EWL-WLH

Schermerhorn Exhibit 6

703/171 1/8/15  
BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
EXHIBIT No. 7  
CASE 806, 852

February 25, 1955

92698 - Roy Riddel Lease,  
Lea County, New Mexico

Mr. Robert Lee Penn  
1114 Fidelity Union Life Building  
Dallas 1, Texas

Dear Sir:

Referring to our above lease which we hold from you covering your interest in the N/2 NE/4 and the SE/4 NE/4 and the E/2 SE/4 and the SW/4 SE/4 and the E/2 SW/4 of Section 12, Township 21 South, Range 36 East in Lea County, New Mexico.

On January 18, 1953 we completed a gas well located in the SE/4 SW/4 of said Section 12. We assigned 80 acres, being E/2 SW/4 as the gas unit to our well which was completed for a potential of 232,000 feet per day, and made only the allowable for an 80 acre unit. In December, 1954 we completed a sandfrac job on this well and a re-test on December 2, 1954 showed a volume of 4,652,000 feet per day and sufficient deliverability of gas as it will now carry 160 acre proration unit, which will enable us to sell considerable more gas than we could on completion of the well originally and, of course, we hope this will continue for some time.

In view of the foregoing, we proposed to assign 160 acres to our present well being E/2 SW/4 and S/2 SE/4 of said Section 12, and drill another gas well in the NE/4 NE/4 of Section 12 and assign the remaining 160 acres to that well, being the N/2 NE/4 and SE/4 NE/4 and NE/4 SE/4.

On October 25, 1954 Schermerhorn Oil Corporation completed a gas well located in the SW/4 NE/4 with a potential of 4,600,000 feet per day to which is assigned for allowable purposes its 80 acres, being said SW/4 NE/4 and NW/4 SE/4. It has objected to our application to drill the additional well, and instead desires to place its 80 acres with our 320 acres for the purpose of forming 2 gas units of 200 acres each, one of such units to include our gas well and comprising E/2 SW/4 and S/2 SE/4 and NW/4 SE/4, and the other unit to include its gas well and comprising the NE/4 and NE/4 SE/4.

Dalport Oil Corporation also has a gas well in this Section 12 located in the SW/4 NW/4 to which is assigned a 160 acre unit being the NW/4.

Mr. Robert Lee Penn

-2-

February 25, 1955

If we drill, we will own and you will be paid the royalty on, two gas wells on units of 160 acres each, whereas if we do not drill and unitize with Schermerhorn we will own, and you will be paid the royalty on, 4/5ths of two gas wells on units of 200 acres each. At the present time gas allowable is on an acreage basis, so you can produce 1-1/4 times the gas from a 200 acre unit as you can from a 160 acre unit if the well is capable of producing such, but of course only so long as the well can and will do so. Just how long it will produce sufficient gas to take care of a 200 acre unit or even a 160 acre unit we are unable to intelligently forecast.

The lease we hold from you does not provide for unitization and thus, obviously, before we could accede to the request of Schermerhorn Oil Corporation, if we should decide to do so, it will be necessary for you and the other royalty owners to execute an agreement providing for unitization so that we could form two units of 200 acres each. In order that we may give further and final consideration to the matter, will you please advise by return mail whether or not you would be agreeable to amending the lease to provide for forming these two units.

In view of the objection made by Schermerhorn to our forming two units of 160 acres each and drill the additional well, the New Mexico Oil Conservation Commission has set for hearing our application on March 16, 1955, therefore, we would like to hear from you promptly.

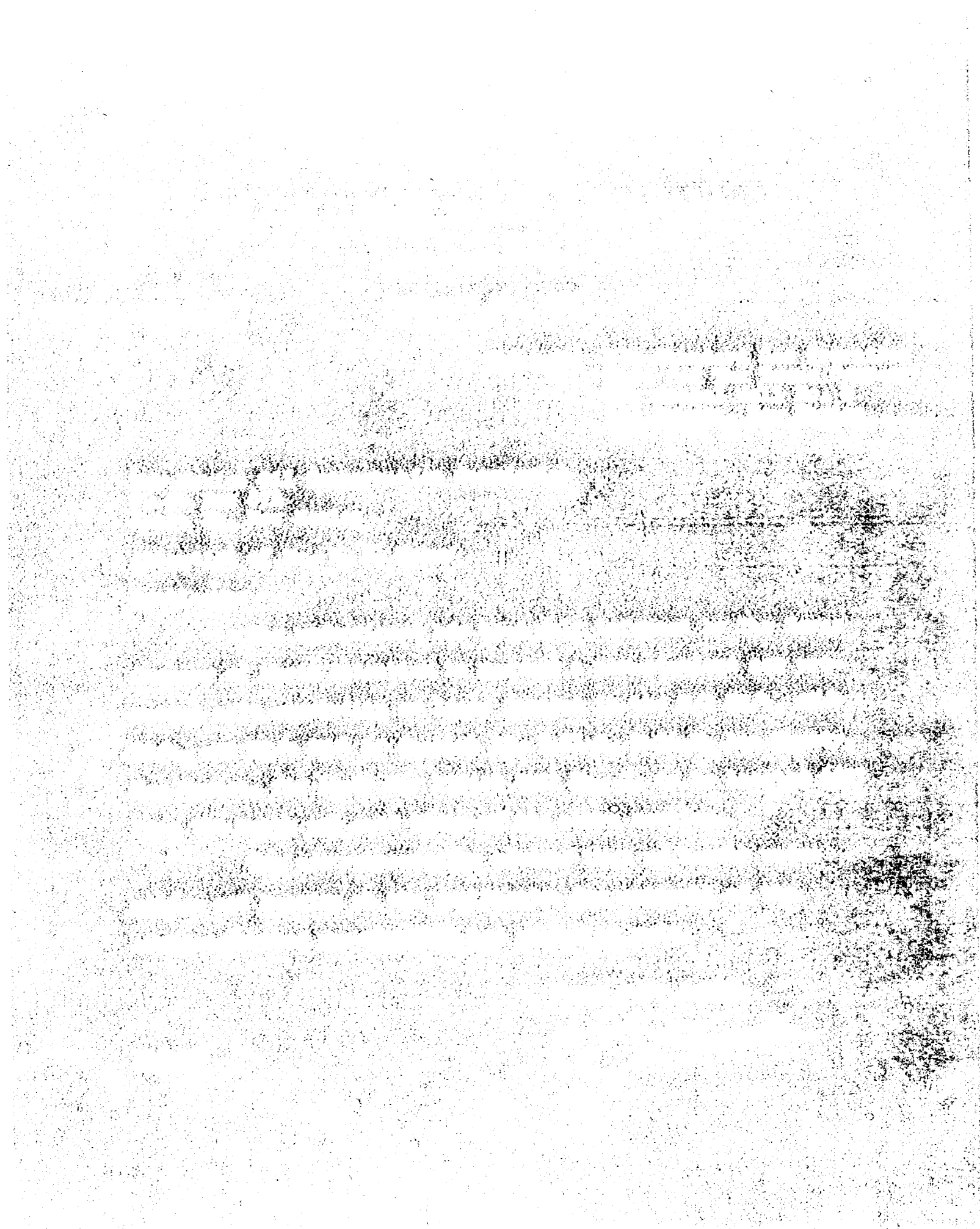
Yours very truly,

E. W. Lewis  
Assistant to the Division Manager

EWL-DH

EPM-NMF-WMM

w/b - 3-7-55





The undersigned has been duly authorized by the Texas  
Department of Conservation to request a non-standard gas pro-  
duction unit consisting of lands located in the NE 1/4, SE 1/4  
of Section 12, Township 12N, Range 12E, County of Tarrant,  
State of Texas, to be used as a non-standard gas production unit  
for the purpose of operating a well located on the north and east lines of the above section.

You are respectfully advised that no further notice  
nubies and hearing and all objections to the application for  
approval of the above-described non-standard gas production unit.

Yours very truly,

*Harpur Oil Corp*  
By W. F. Tamm

WHL-MFP

*Case #854*  
*TTC E-#3*

1. The first part of the document is a list of names and addresses, which are arranged in a columnar format. The names are written in a cursive script, and the addresses are written in a more formal, printed style. The list includes names such as "John Doe", "Jane Smith", and "Robert Johnson", along with their respective addresses in various cities and states.

2. The second part of the document is a series of numbered entries, each followed by a brief description or note. The numbers are written in a cursive script, and the descriptions are written in a more formal, printed style. The entries are numbered from 1 to 10, and each entry is followed by a line or two of text.

3. The third part of the document is a series of numbered entries, each followed by a brief description or note. The numbers are written in a cursive script, and the descriptions are written in a more formal, printed style. The entries are numbered from 1 to 10, and each entry is followed by a line or two of text.

4. The fourth part of the document is a series of numbered entries, each followed by a brief description or note. The numbers are written in a cursive script, and the descriptions are written in a more formal, printed style. The entries are numbered from 1 to 10, and each entry is followed by a line or two of text.

5. The fifth part of the document is a series of numbered entries, each followed by a brief description or note. The numbers are written in a cursive script, and the descriptions are written in a more formal, printed style. The entries are numbered from 1 to 10, and each entry is followed by a line or two of text.

6. The sixth part of the document is a series of numbered entries, each followed by a brief description or note. The numbers are written in a cursive script, and the descriptions are written in a more formal, printed style. The entries are numbered from 1 to 10, and each entry is followed by a line or two of text.

7. The seventh part of the document is a series of numbered entries, each followed by a brief description or note. The numbers are written in a cursive script, and the descriptions are written in a more formal, printed style. The entries are numbered from 1 to 10, and each entry is followed by a line or two of text.

8. The eighth part of the document is a series of numbered entries, each followed by a brief description or note. The numbers are written in a cursive script, and the descriptions are written in a more formal, printed style. The entries are numbered from 1 to 10, and each entry is followed by a line or two of text.

9. The ninth part of the document is a series of numbered entries, each followed by a brief description or note. The numbers are written in a cursive script, and the descriptions are written in a more formal, printed style. The entries are numbered from 1 to 10, and each entry is followed by a line or two of text.

10. The tenth part of the document is a series of numbered entries, each followed by a brief description or note. The numbers are written in a cursive script, and the descriptions are written in a more formal, printed style. The entries are numbered from 1 to 10, and each entry is followed by a line or two of text.

UNITED STATES DEPARTMENT OF JUSTICE  
FEDERAL BUREAU OF INVESTIGATION  
WASHINGTON, D. C. 20535

WILLIAM J. BRYAN, JR.  
Special Agent in Charge

BY E. J. [Signature]  
8-10-55

Case #817  
JTC ex #5



52698 - Roy Riddell Lease  
Lea County, New Mexico

Mr. E. W. Lewis  
Asst. to the Division Manager  
The Texas Company  
P. O. Box 1720  
Fort Worth 1, Texas

Dear Mr. Lewis:

In answering your letter with reference to unitizing our interest in Section 12, Township 21 South, Range 36 East in Lea County, New Mexico with Schermerhorn Oil Corporation I would prefer that our interests were not combined. In other words, I do not want my interest unitized.

Yours very truly,

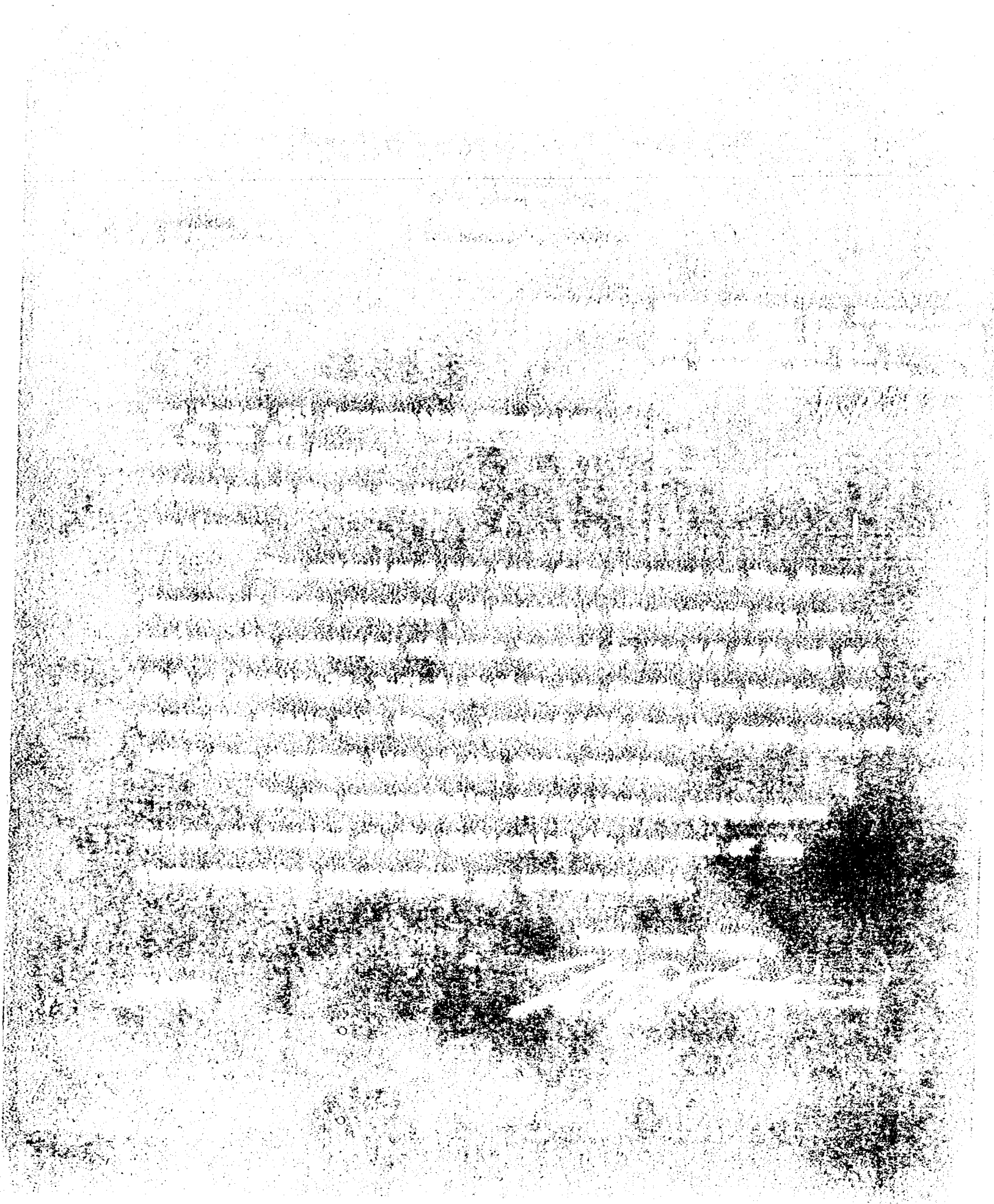
*Elizabeth H. Penn*  
Elizabeth H. Penn

EHP/jw

2-11-54  
T-5







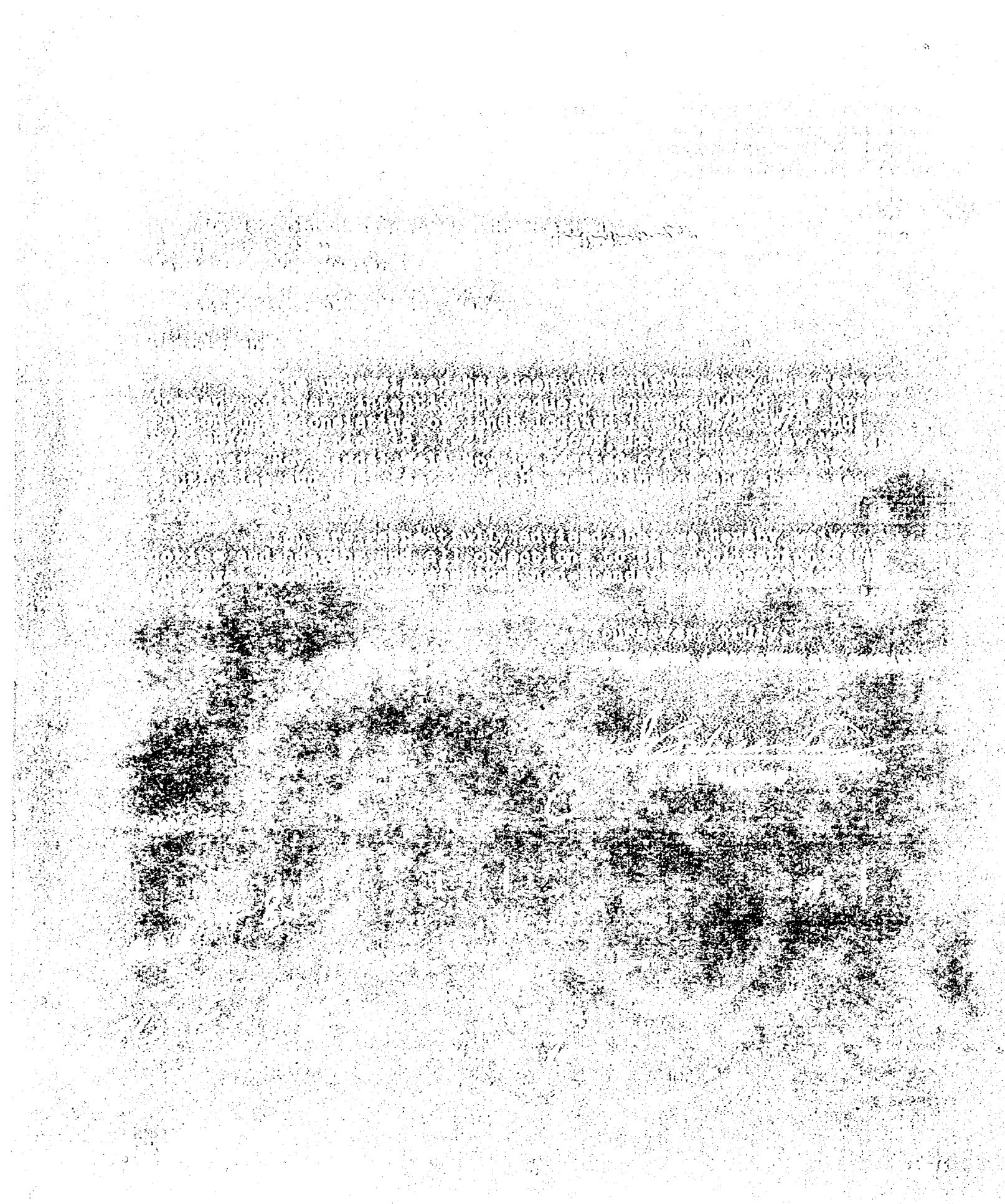
Mr. [illegible] R. [illegible]

2-15-55

100-1157

Case # 855  
1160 BX # 3





WMM-MFP

Case # 85  
TT60 EX # 5

92698 - Roy Riddell House  
Lea County, New Mexico

Mr. E. W. Lewis  
Asst. to the Division Manager  
The Texas Company  
P. O. Box 1720  
Fort Worth 1, Texas

Dear Mr. Lewis:-

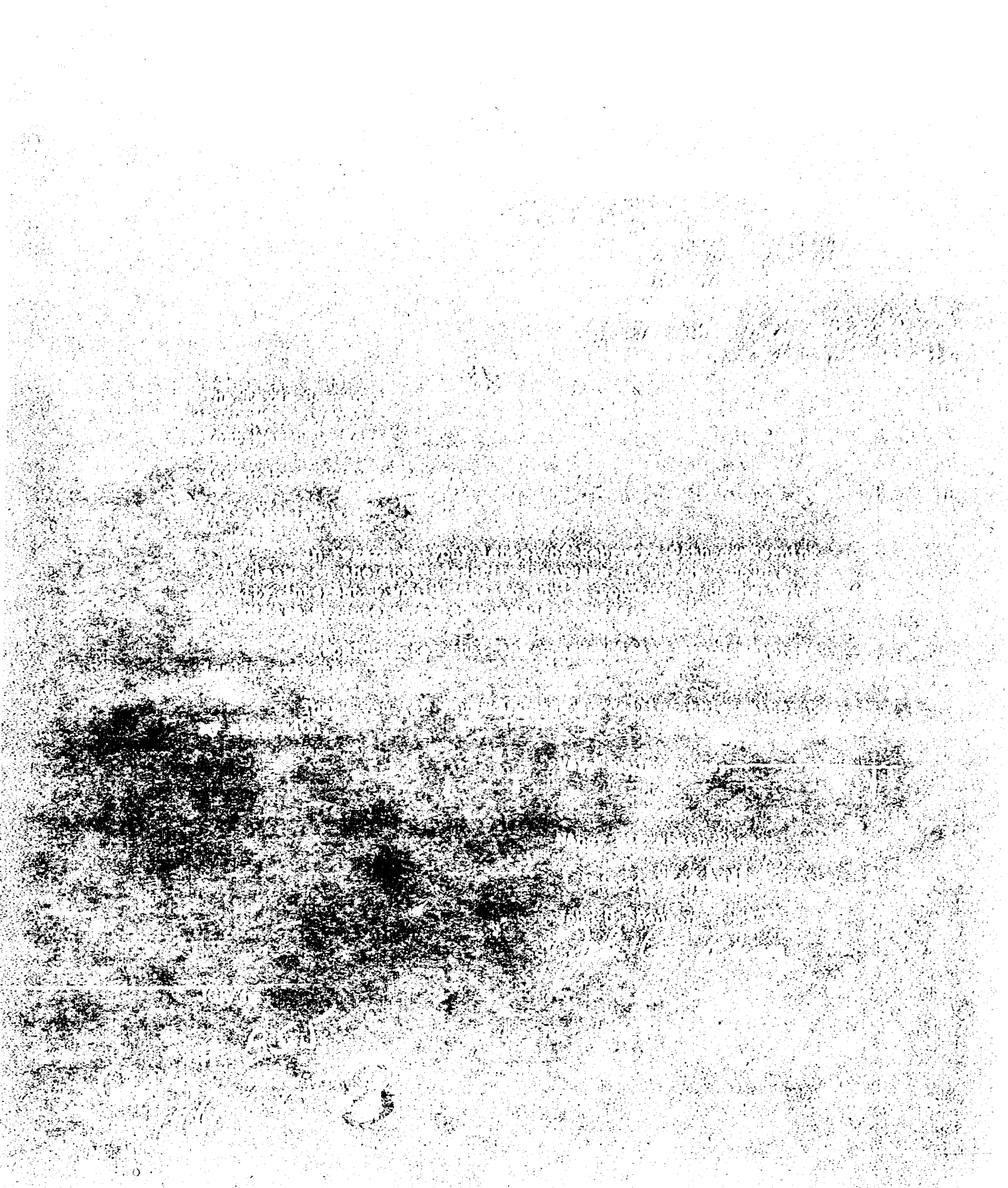
In answering your letter with reference to unitizing our interest in Section 12, Township 21 South, Range 36 East in Lea County, New Mexico with Schermerhorn Oil Corporation I would prefer that our interests were not combined. In other words, I do not want my interest unitized.

Yours very truly,

*Elizabeth H. Penn*  
Elizabeth H. Penn

EHP/jw

# 451  
# 452  
# 453



March 2, 1955

92698 - Roy Riddel Lease  
Lea Co., New Mexico

Mr. E. W. Lewis  
Asst. to the Division Manager  
The Texas Company  
P. O. Box 1720  
Fort Worth 1, Texas

Dear Mr. Lewis:

This is in answer to your letter <sup>4 call</sup> regard-  
ing the unitization of our interest in Section 12,  
Township 21 South, Range 36 East in Lea County,  
New Mexico with Schermerhorn Oil Corporation. This  
is to advise that I do not want my interest unitized.

Yours very truly,

*Robert Lee Penn*  
Robert Lee Penn

.RLP/jw

March 2, 1955

92698 - Roy Riddel Lease  
Lea Co., New Mexico

Mr. E. W. Lewis  
Asst. to the Division Manager  
The Texas Company  
P. O. Box 1720  
Fort Worth 1, Texas

Dear Mr. Lewis:

This is in answer to your letter <sup>4 call</sup> regard-  
ing the unitization of our interest in Section 12,  
Township 21 South, Range 36 East in Lea County,  
New Mexico with Schermerhorn Oil Corporation. This  
is to advise that I do not want my interest unitized.

Yours very truly,

*Robert Lee Penn*  
Robert Lee Penn

RLP/jw





# CONTINENTAL OIL COMPANY

FAIR BUILDING  
FORT WORTH 2, TEXAS

H. L. JOHNSTON  
REGIONAL MANAGER OF PRODUCTION  
SOUTHWESTERN REGION

February 14, 1955

NSP-103

Subject: Non-Standard Gas Proration  
Unit for The Texas Company's  
Roy Riddel Well No. 2  
Lea County, New Mexico

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

Attention of Mr. W. B. Macey

Gentlemen:

The undersigned has been duly informed by The Texas Company of their intention to request a non-standard gas proration unit consisting of lands located in the N/2 NE/4, SE/4 NE/4, and NE/4 SE/4 of Section 12, T-21-S, R-36-E, Lea County, New Mexico, for their Roy Riddel Well No. 2, to be located 660' from the north and east lines of the above section.

You are respectfully advised that we hereby waive notice and hearing on the application for approval of the above-described non-standard gas proration unit.

Yours very truly,

HLJ-MD

OIL CONSERVATION COMMISSION

BOX 2045

HOBBS, NEW MEXICO

DATE 2-10-55

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

RE:  
PROPOSED NSP 103  
PROPOSED NSL

Dear Mr. Macey:

I have examined the application dated 2/7/55  
for the Texas Co. Roy Riddell #2-A 12-21-36  
Operator Lease and Well No. S-T-R

and my recommendations are as follows:

OK-Riddell.

Same as remarks on Riddell #1

Yours very truly,

OIL CONSERVATION COMMISSION

hs

Stanley J. Stanley  
Engineer

Subject: Waiver of Objection  
The Texas Company's  
Roy Riddel Well No. 2  
Lea County, New Mexico

*NSR 105*

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

Attention: Mr. W. B. Macey

Gentlemen:

The undersigned has been duly informed by The Texas Company of their intention to request a non-standard gas proration unit consisting of lands located in the N/2 NE/4, SE/4 NE/4, and NE/4 SE/4 of Section 12, T-21-S, R-36-E, Lea County, New Mexico, for their Roy Riddel Well No. 2, to be located 660 feet from the north and east lines of the above section.

You are respectfully advised that we hereby waive notice and hearing and all objections to the application for approval of the above-described non-standard gas proration unit.

Yours very truly,

*Mid-Continent Pet. Corp.*

By *EJ Riene*  
*2-18-55*

WWM-MFP



11/10/50  
MAIN OFFICE 000

RECEIVED 11/10/50

Subject: Waiver of Objection  
The Texas Company's  
Roy Riddel Well No. 2  
Lea County, New Mexico

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

Attention: Mr. W. B. Macey

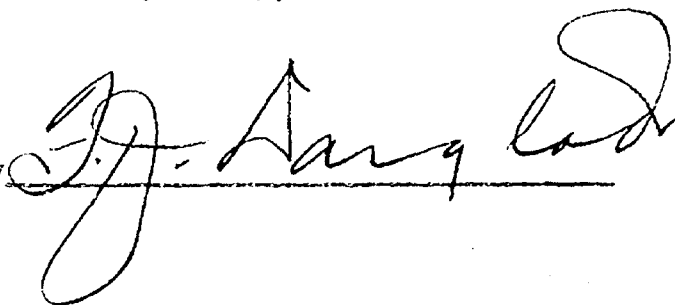
Gentlemen:

The undersigned has been duly informed by The Texas Company of their intention to request a non-standard gas proration unit consisting of lands located in the N/2 NE/4, SE/4 NE/4, and NE/4 SE/4 of Section 12, T-21-S, R-36-E, Lea County, New Mexico, for their Roy Riddel Well No. 2, to be located 660 feet from the north and east lines of the above section.

You are respectfully advised that we hereby waive notice and hearing and all objections to the application for approval of the above-described non-standard gas proration unit.

Yours very truly,

By



WWM-MFP