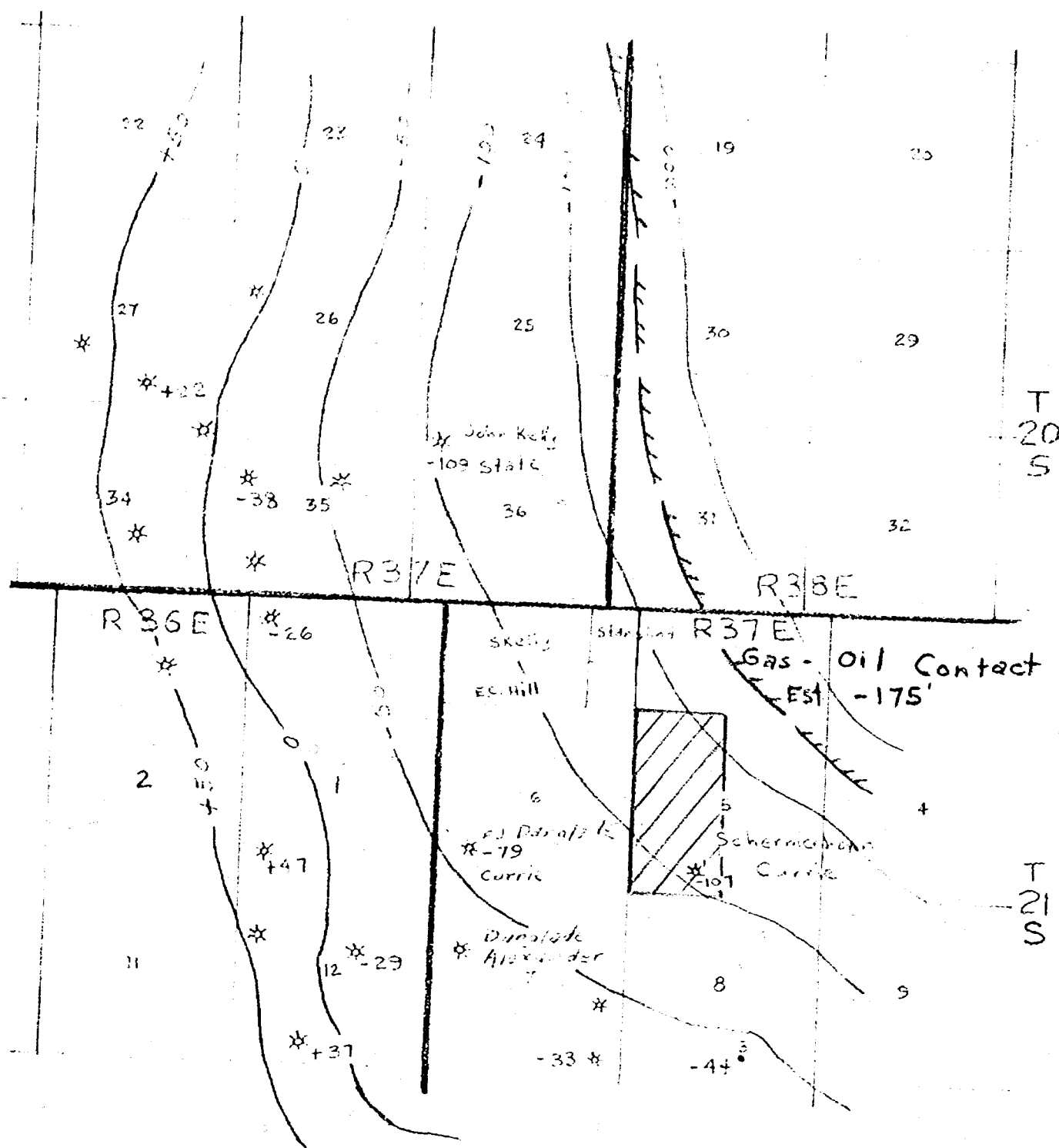


Casa No.

866

Application, Transcript,
Small Exhibits, Etc.



AREA NEAR SCHERMERHORN, CURRIE #1
LEA CO. NEW MEXICO

Exhibit
"A"

Showing Queen Sand Gas Wells - Eminent Pool
Contours: Top of 'Permian' or Main Queen Sand

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. 866
Order No. R-618

THE APPLICATION OF SCHERMERHORN
OIL CORPORATION FOR AN ORDER GRANT-
ING APPROVAL OF AN EXCEPTION PURSUANT
TO RULE 5 (a) OF ORDER NO. R-520 IN THE
ESTABLISHMENT OF A 320-ACRE NON-
STANDARD GAS PRORATION UNIT IN THE
EUMONT GAS POOL, CONSISTING OF LOTS
11, 12, 13, 14 and SW/4 OF SECTION 5, TOWN-
SHIP 21 SOUTH, RANGE 37 EAST, NMPM,
LEA COUNTY, NEW MEXICO, AND THE ASSIGN-
MENT OF SAID ACREAGE TO THE CURRIE WELL
NO. 1, SE/4 SW/4 OF SAID SECTION 5, 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 20th 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 the Special Rules and Regulations for the Eumont Gas Pool, as set forth in 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, Schermerhorn Oil Corporation, 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 37 EAST, NMPM
Lots 11, 12, 13, 14 and SW/4 of Section 5

containing 320 acres, more or less.

(4) That applicant, Schermerhorn Oil Corporation, has a producing gas well on the aforesaid lease known as the Currie Well No. 1, located in the SE/4 SW/4 of said Section 5, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

(5) That the aforesaid well is completed within the vertical interval of the Eumont Gas Pool and is located adjacent to the Eumont Gas Pool.

(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 320 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 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 Schermerhorn Oil Corporation for approval of a non-standard gas proration unit consisting of the following described acreage:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Lots 11, 12, 13, 14 and SW/4 of Section 5

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

(2) That applicant's well, Currie Well No. 1, located in the SE/4 SW/4 of Section 5, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, shall be granted an allowable in the proportion that the above-described 320-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

April 22, 1955

Mr. J. H. Moore
Schermmerhorn Oil Corporation
Box 1537
Hobbs, New Mexico

Dear Sir:

We enclose Order R-618 issued by this Commission
under date of April 20, 1955, in Case 866.

Very truly yours,

W. B. Macey
Secretary - Director

WBM:nr

C
O
P
Y

40-666-1d-66
1/28/55

Case 866

SCHERMERHORN OIL CORPORATION

P. O. BOX 1637

HOBBS, NEW MEXICO

February 21, 1955

Re: Request for Hearing in the Matter of
Forming a 320-Acre Non-standard Gas Unit
Schermernhorn Oil Corp., Currie No. 1 Well
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
Secretary and Director

Gentlemen:

By this letter of application Schermernhorn Oil Corporation wishes to form a 320-acre non-standard gas proration unit in the Eumont Gas Pool.

Schermernhorn Oil Corporation, Currie No. 1 well is located in the Center of the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 5, Township 21 South, Range 37 East, Lea County, New Mexico and is situated on a 320 acre lease which comprises Lots 11, 12, 13 and 14, and the SW $\frac{1}{4}$ of this section, as shown on attached plat.

This well was originally located to test the Blinbry and Tubbs zones, however, these intervals were found non-productive so the well was plugged back and completed from the Queen zone.

Inasmuch as this well is so located on this lease that it does not comply with the spacing requirements for a 320 acre gas proration unit, this is to request that a hearing be granted to consider our application for an exception to the spacing regulations so that a 320 acre unit might be formed.

We ask that you please set this case for hearing during the March calendar.

Yours very truly,

SCHERMERHORN OIL CORPORATION

By J. H. Moore
J. H. Moore

JHM:mw
Enclosure

NEW MEXICO
OIL CONSERVATION COMMISSION

Gas Well Plat

Date Feb. 16, 1955

Schermerhorn Oil Corp., Currie 1
Operator Lease Well No.

Name of Producing Formation Queen Pool Fumont

No. Acres Dedicated to the Well _____

SECTION 5 TOWNSHIP 21 South RANGE 37 East

Stanolind		Schermerhorn		Stanolind	
E. C. Hill Sec. 6		Sec. 5		E. C. Hill	
Danglade * 1-Q	Continental	1 *		Continental	
E. G. Rodman		Continental			
Danglade * 1	Aikman	Gulf			
Alexander	Sec. 7	Sec. 8			
Rodman					
Tide Water	Amerada	Penrose			
				U.S.	

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

Name J. H. Moore
Position Geologist
Representing Schermerhorn Oil Corp.
Address Box 1537, Hobbs, New Mexico

(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
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 866

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
ROOMS 105, 106, 107 EL CORTEZ BUILDING
TELEPHONE 7-9546
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
Santa Fe, New Mexico

March 16, 1955

IN THE MATTER OF:

Application of Schermerhorn Oil Cor-
poration for approval of a 320-acre non-
standard gas proration unit in the
Eumont Gas Pool: Lots 11, 12, 13 and 14
and SW/4 of Section 5, Township 21 South,
Range 37 East, to be dedicated to appli-
cant's Currie No. 1 Well, SE/4 SW/4 of
said Section 5.) Case No. 866.

Before: Honorable John F. Simms, E. S. (Johnny) Walker, and
William B. Macey.

TRANSCRIPT OF HEARING

MR. WALKER: The next case is Case 866.

J. H. M O O R E

having first been duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. CAMPBELL:

MR. CAMPBELL: On behalf of the applicant.

Q State your name please. A J. H. Moore.

Q Where do you live, Mr. Moore? A Hobbs.

Q You testified on previous occassions before this Commission?

A Yes.

MR. CAMPBELL: Witness's qualifications acceptable to the
Commission?

MR. WALKER: Yes.

Q What business are you in?

A Independent geologist.

Q As independent geologist, are you in charge of the work for Schermerhorn Oil Corporation? A Yes.

Q Are you acquainted with the application of Schermerhorn Oil Corporation in Case 866 pending before this Commission?

A Yes.

Q Will you state what the situation is with regard to the leasehold interest in lots 11, 12, 13 and 14 in the southwest quarter of Section 5, Township 21, Range 37 east, which is the proposed gas proration unit?

A That entire tract of 320 acres is under one base lease and it is under common ownership both of the minerals and lease.

Q Will you state to the Commission where the well is located to which you wish to attribute this acreage?

A The well is located 1,980 feet from the west line and 660 feet from the south line of Section 5.

Q Will you give the Commission a brief history of this well, including the reason for its location at that particular point?

A This well was originally drilled to test the Tubb and the Blinebry zones. We put it in the southeast part of the tract because we thought that was the most advantageous position to test the Tubb and the Blinebry zones.

The well was drilled to 6400 feet and casing was set at 6,280 feet. The Tubb zone from approximately 6300 to 6500 feet was tested and was non-productive. That zone was plugged off and the Blinebry zone from approximately 5700 feet to 5900 feet was tested, was also found non-productive. The five and a half inch casing was pulled and the well was plugged back and completed from the Queen gas zone.

Q Mr. Moore, what is the present producing capacity of this well?

A This well tested after being fractured at an open flow rate of 7,200,000 m.c.f. The deliverability was measured as 3,400,000 m.c.f. against 540 pounds.

Q Based upon the average allowable being granted to gas wells in this area and upon the deliverability tests on this well, is it your opinion that if the allowable were granted 320 acres, this well could make that allowable without waste?

A Yes, I believe that it can.

Q I hand you what has been marked Exhibit A and ask you to state what that is.

A This is a subsurface contour map. It is contoured on top of the Penrose or the main Queen sand, that is the main producing gas sand in the area, this shallow gas sand. The datum points for the map are picked from radioactivity logs.

Q Did you prepare this contour map?

A Yes, I prepared the map.

Q What is reflected by the green line of gas - oil contact, Mr. Moore?

A All of the wells in the area that are bottomed higher than this well are dry gas wells. That green line extends down dip from the acreage in question. It would mean that any place on the tract you would get dry gas in the Queen zone.

Q Then I take it that based upon your interpretation of the geology in this area as reflected in Exhibit A, that it is your opinion that the entire 320 acre proposed non-standard gas proration unit would be productive of dry gas? A That is correct.

Q In your opinion, would the correlative rights of any of the adjoining owners be adversely affected if this unit were allowed?

A I don't believe so.

Q Would it prevent or avoid the necessity of drilling unnecessary wells insofar as Schermerhorn is concerned?

A That is correct. We wouldn't have to drill another well, we could produce the two allowables here.

Q In your opinion this well, if the allowable were granted, could produce that without waste? A Yes.

MR. CAMPBELL: That is all.

I offer Exhibit A in evidence in the case.

MR. MACEY: Is there objection to the introduction of Exhibit A? If not, it will be received. Any questions of the witness?

MR. KELAHLIN: Jason Kelahin for Continental Oil Company. I have a couple of questions only.

By MR. KELAHLIN:

Q Mr. Moore, could you tell me whether that well was spudded in?

A Yes, it was spudded in September '54.

Q When was it recompleted then in the Queen?

A There was a long interval of time it was tested in the two lower zones and completed in the Queen zone during the first part of February of this year.

Q That was after the effective date of the present proration order, was it not? A Yes.

Q Are you familiar with the Commission Staff statement in regard to the radial influence of the well?

A I am not too familiar with it. I understand that they use a radius of 3700 feet.

Q That is approximately correct, 3735 I believe it is. Would you state to the Commission how far from the well to the farthest point in the proposed unit that you are proposing to create?

A Well, the entire length of the tract would be a half a mile, which would be 2800 feet I believe it is, half a mile. It would be less than 3700 feet.

Q To the farthest point from your well to the farthest point within your proposed unit?

A Well, I don't know what it would be. The entire is a mile.

Q It would be approximately 5,000 feet, would it not?

A That is right.

Q Do you know whether the Eumont Pool has been extended to include the horizontal limits of this area?

A No, we haven't made application to extend that yet.

Q It hasn't been done as yet?

A No, it hasn't been. I believe they were waiting for us to do that.

Q What evidence do you have to show that the entire area of the proposed unit is productive of gas?

A Well, as shown by Exhibit A, there is fairly close sub-surface control and by the contour maps. It shows that most all the area is above the gas-oil contact.

Q On what did you base that information?

A Radioactivity logs.

Q In the wells in adjacent areas?

A Right.

MR. KELAHIN: That is all.

MR. MACEY: Anyone else? Mr. Reider.

By MR. REIDER:

Q I notice that there are four dry holes on the acreage you propose to dedicate to your well.

A That is correct. Three of those wells were abandoned in the oil zone in the upper part of the Grayburg, and one of the wells is a deep test. It was drilled to test the Simpson pay and it found water in that zone, and the Queen zone was not tested in that well.

Q Was the Queen zone tested in any of the wells?

A I don't believe so. I am positive that none of the wells fractured the Queen zone. I might say that we had a well that would not make over a hundred thousand natural, but it made that potential after fracturing.

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

(Witness excused.)

Do you have anything further, Mr. Campbell? Anyone have anything further in this case?

MR. TOWNSEND: Jim Townsend for Stanolind Oil and Gas Company. We own the northeast quarter of this section and we have no objection to the application made by Schermerhorn.

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

C E R T I F I C A T E

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings in the matter of Case No. 866, was taken by me on March 16, 1955, that the same is a true and correct record to the best of my knowledge, skill and ability.

Ada Dearnley
Reporter

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