

Case No.

867

Application, Transcript,
Small Exhibits, Etc.

Case No. 867
Order No. R-615

containing 315.34 acres, more or less, lying within the horizontal limits of the Eumont Gas Pool.

(4) That applicant, Shell Oil Company, has a producing well on the aforesaid lease known as the Shell State "M" Well No. 4, located in the center of Lot 16, Section 1, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico.

(5) 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 315-acre proration unit.

(6) 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.

(7) 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 Shell Oil Company for approval of a non-standard gas proration unit consisting of the following described acreage:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM
Lots 1, 2, 7, 8, 9, 10, 15 and 16 of Section 1

containing 315.34 acres more or less, be and the same is hereby approved and a proration unit consisting of the aforesaid acreage is hereby created.

(2) That applicant's well, Shell State "M", Well No. 4, located in the center of Lot 16, Section 1, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico, shall be granted an allowable in the proportion that the above described 315-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. Oliver Seth
SETH & MONTGOMERY
Box 828
Santa Fe, New Mexico

Dear Sir:

In behalf of your client, Shell Oil Company, we enclose
Order R-615 issued by the Oil Conservation Commission
on April 20, 1955, in Case 867.

Very truly yours,

W. B. Macey
Secretary - Director

WBM:nr

C
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P
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Case 847

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

February 9, 1955

C
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P
Y

Shell Oil Company
P. O. Box 1957
Hobbs, New Mexico

Attention: Mr. W. E. Owen

Gentlemen:

Reference is made to your application for approval of a 320-acre non-standard gas proration unit in the Eumont Gas Pool consisting of Lots 1, 2, 7, 8, 9, 10, 15 and 16 of Section 1, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico. This acreage was to have been assigned to your State M Well No. 4, located 660' from the South and East lines of Section 1.

Order R-520, Rule 5 (a) paragraph 3, clearly limits, as to the well location, the number of acres that can be assigned a non-standard gas proration unit. This office is unable to grant approval of a non-standard gas proration unit for the above mentioned well of over 160 acres because of the said well's location to its boundaries.

If you have any information which we have not considered or if you should desire a hearing on this matter, please notify the Commission at your earliest convenience.

Very truly yours,

W. B. Macey
Secretary - Director

WBM:jh

cc: Oil Conservation Commission, Hobbs
N. M. Oil and Gas Engineering Committee, Hobbs



SHELL OIL COMPANY

MAF

1075 FE
Box 1957
Hobbs, New Mexico

January 26, 1955

Subject: Application for Exception
to Rule 2 and 5(a) Order
No. R-520 Shell State M-4
Eumont Gas Pool

New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Gentlemen:

Under the provisions of Commission Order No. R-520, Rules 3 and 5(b), delegating the Secretary of the Commission authority to grant exception to the requirements of Rule No. 2 and No. 5(a) without notice and hearing for an unorthodox location and non-standard gas proration unit, respectively, Shell Oil Company hereby applies for an exception to the aforementioned two rules for State M-4, Eumont Gas Pool.

In support of the above application, the following data are furnished:

~~3~~ Shell State M-4 is located in the center of Lot 16, Section 1, T-21-S, R-35-E, Lea County, New Mexico, which is 660 feet from the south and east lines of the State M-4 (2-1398) lease. It was originally completed on July 8, 1937 as a Eunice Field oil well for an initial potential of 870 BOPD from the open hole interval 3715 feet to 3865 feet. The capacity of the well declined below the economic limit and various stimulation methods failed to restore it to an economic status. Application to plug and abandon the oil zone and recomplete the well for gas in the Eumont Gas Pool was made by NMOC Form C-102, dated February 2, 1953, and was approved February 4, 1953. Subsequently, the oil zone was abandoned by setting a Baker Model K bridge plug at 3650 feet and cap with 10 feet of cement, and various intervals were perforated from 2950 feet to 3560 feet opposite the gas zone. The Eumont gas pay was stimulated with a 3,000-gallon Dolofrac treatment, following which the well tested 2.1 MMCFPD absolute open flow on October 7, 1953. This well being at an orthodox location, a standard, 160-acre gas proration unit comprising Lots 9, 10, 15 and 16 of Section 1 was formed. State M-4 was assigned an allowable accordingly.

Concerning the exception to Rule No. 2, we wish to state the following:

January 26, 1955

(a) The unorthodox location was occasioned by the recompletion of the well previously drilled to another horizon.

(b) All operators within 1980 feet of the subject well have been furnished a copy of this application together with a request for a waiver of notice and hearing.

With regard to the exception to Rule No. 5(a), we wish to state the following:

(a) That the proposed non-standard gas proration unit, consisting of the Lots 1, 2, 7, 8, 9, 10, 15 and 16 of Section 1, T-21-S, R-36-E, is composed of contiguous quarter-quarter sections. 315.34

(b) That the proposed non-standard gas proration unit lies wholly within a single governmental section.

(c) That the entire proposed non-standard gas proration unit may reasonably be presumed to be productive of gas.

(d) That the length and width of the proposed non-standard gas proration unit does not exceed 5280 feet.

(e) That the entire proposed non-standard gas proration unit lies within the horizontal limits of the Eumont Gas Pool.

(f) That by copy of this letter of application all operators owning interest in the section in which the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit and all operators owning interest within 1500 feet of the well have been notified by registered mail of this application. In addition, each of the above operators has been sent a request for a waiver of notice and hearing on the subject application for exceptions to Order R-520.

Yours very truly,

W. E. Owen

W. E. Owen
Division Manager

Attachments

cc: Amerada Petroleum Corp. Attn: Mr. R. S. Christie Box 2040 Tulsa, Oklahoma	The Atlantic Refining Co, Box 871 Midland, Texas	Charm Oil Company Carper Building Artesia, New Mexico
El Paso Natural Gas Co. Box 1384 Jal, New Mexico	Sinclair Oil & Gas Co. Box 1470 Midland, Texas.	Gulf Oil Corp. Box 2167 Hobbs, New Mexico

Box 1937
Hobbs, New Mexico

January 26, 1955

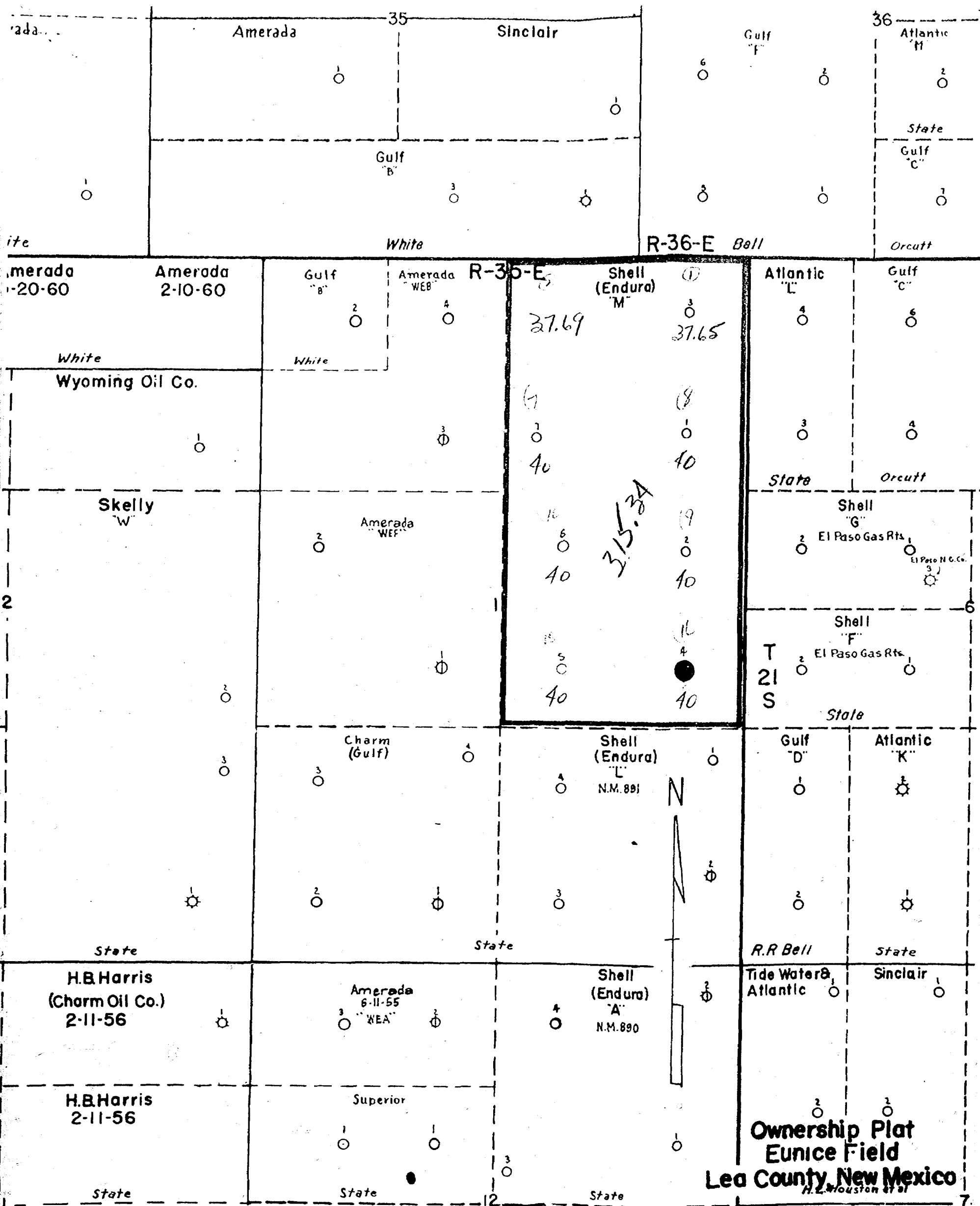
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

We have been informed that Shell Oil Company has requested approval of a non-standard, 320-acre, gas proration unit in the Eunot Gas Pool, to be allocated to its State M-4, located in the center of Lot 16, Section 1, T-21-S, R-35-E, Lea County, New Mexico. We understand that it is requested that such non-standard unit consists of the lands described as Lots 1, 2, 7, 8, 9, 10, 15, 16, Section 1, T-21-S, R-35-E, Lea County, New Mexico.

You are respectfully advised that we hereby waive notice and hearing under Rules 3 and 5(b), New Mexico Oil Conservation Order R-520, as to said application for approval of above described non-standard gas proration unit.

Yours very truly,



BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 867

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, 1954.

IN THE MATTER OF:

The application of Shell Oil Company
for approval of a non-standard gas
proration unit.

Applicant, in the above-styled cause,
seeks approval of a 320-acre non-stand-
ard gas proration unit in exception to
Rule 5(a) of the Special Rules and Regu-
lations for the Eumont Gas Pool, as set
forth in Order R-520, said unit to con-
sist of Lots 1, 2, 7, 8, 9, 10, 15 and
16 of Section 1, Township 21 South,
Range 36 East, NMPM, Lea County, New
Mexico, and to be dedicated to its
State "M" Well No. 4, located in the
center of Lot 16 of said Section 1.

Case No. 867.

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

TRANSCRIPT OF HEARING

MR. MACEY: The next case is Case 867.

MR. SETH: We have one witness.

MR. MACEY: Mr. Seth, for some reason, and I have been un-
able to figure out why, this matter was incorrectly advertised when
it was put forth. The application which Shell submitted is correct
and somehow somebody changed the Township from 35 to 36. The orig-
inal application was for a non-standard proration unit under ad-
ministrative action. When I wrote back to the Shell and told them
that we would have to have a hearing on the matter, somehow we got
the township wrong, the location of the well wrong.

In view of the improper advertisement, I don't know whether

we are in order to hear the testimony. I might state further that when Shell made the original application, they advised all the offset operators of the intent in the matter. We did not receive any protest.

MR. SETH: We have responses from all but two of them.

MR. MACEY: Who are the two that you don't have?

MR. SETH: Atlantic responded, they received the notice, but we don't have any from Amerada. Atlantic didn't wish to say yes or no.

MR. MACEY: Mr. Christy.

MR. CHRISTY: It was our understanding at the time that the first application was filed, we thought it was a case for hearing. We didn't furnish a waiver. We were waiting for the hearing to come up.

MR. MACEY: Is anyone here from Atlantic?

MR. SETH: I believe the testimony and evidence will show that all of the interested parties have received notice of it. Perhaps the advertisement might be erroneous, but I believe it will show that all of the adjoining parties have received notice.

MR. MACEY: I agree with you. I think we should go ahead.

H. M. G E R N E R

having first been duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. SETH:

Q Would you state your name please?

A H. M. Gerner.

Q Mr. Gerner, have you testified before the Commission on previous hearings?

A No, sir, I have not.

Q Would you give us a resume of your educational background?

A B. S. degree from Louisiana State University in petroleum engineering.

Q What has been your practical experience?

A I have five years with Shell, three of which were in south-east Lea County.

Q Doing what sort of work? A Petroleum engineer.

Q Are you familiar with the application made by Shell in this particular case? A Yes, sir.

Q The acreage concerned? A Yes, sir.

MR. SETH: Are his qualifications acceptable?

MR. WALKER: Any objection to his qualifications? If not, they are acceptable.

Q Would you state whether or not you have prepared a map of the proposed area? A I have.

Q Would you state to the Commission, please, what Shell's Exhibit 1 represents?

A It is an ownership ^{plat} showing the proposed unit outlined in red and cross hatched. Also the existing gas proration units surrounding the proposed unit with the producing gas wells marked in red.

Q Would you state please, for the record, the legal subdivisions that are proposed to be included within the non-standard unit?

A Lots 1, 2, 7, 8, 9, 10, 15 and 16 of Section 1, Township 21 south, Range 35 east, Lea County, New Mexico.

Q Now, referring still to Exhibit No. 1, would you state please when the well indicated thereon was drilled and the name of

the well?

A Shell State "M" 4 was drilled as a Eunice Field oil well in July of 1937.

Q Was it a single zone completion?

A It was a single zone oil completion at that time. In 1953 the oil zone was abandoned and the well plugged back and completed as a Eumont gas well.

Q What was the designation of the well?

A Shell State "M" 4.

Q When it was drilled was it located in conformance with the spacing regulations then in effect? A Yes, sir.

Q Is the purpose of the present application to increase the size of the proration unit? A Yes, sir.

Q What will be the length and the width of the proposed unit?

A The length will be 5,202 feet, and the width will be 2,640.

Q Does it lie wholly within a single section?

A Yes, sir.

Q Do you have waivers from the offset operators?

A I have waivers from four of the six offset operators.

(Marked Shell Oil Company's Exhibits
No. 1, 2, 3, 4 and 5 for identifica-
tion.)

Q Would you please state referring to Exhibit 2, that is a waiver from whom?

A It is a waiver from the Charm Oil Company.

Q And Exhibit No. 3?

A Waiver from the Sinclair Oil and Gas Company.

Q And No. 4?

A Waiver from El Paso Natural Gas Company.

Q No. 5?

A Is a waiver from the Gulf Oil Corporation.

MR. SETH: If the Commission please, we would like to offer in evidence Exhibits 1, 2, 3, 4 and 5.

MR. MACEY: Without objection they will be received in evidence.

Q Would you please state the offset operators who have not given you formal waivers?

A Atlantic Refining and Amerada Petroleum Corporation.

Q Has Atlantic voiced any objection to the proposal?

A No, sir, they were notified and did not object.

Q Did they advise you that they had certain reasons why they did not wish to execute any formal documents?

A Yes, sir.

Q They had no objection to the unit itself?

A No, sir.

Q The other operator, Amerada, you have not received a response from them?

A No, sir.

Q Are there any dry holes within the proposed area?

A No, sir.

Q Are there any immediately offsetting the area?

A No, sir.

Q Is there production offsetting the proposed area?

A Yes, sir.

Q In your opinion, will the entire proposed unit area be productive?

A Yes, sir.

Q Has application been made, this application made so that you will have an opportunity to recover your fair share of the

recoverable gas?

A Yes, sir.

Q Will the creation of this non-standard unit tend to prevent waste and the drilling of unnecessary wells?

A Yes, sir.

Q Will its creation protect correlative rights?

A Yes, sir.

Q And be in the best interest of conservation?

A Yes, sir.

Q Will the entire proposed area be dedicated to the Shell State "M" 4 well?

A Yes, sir.

Q What was the potential of the well, do you have any figures on that?

A Two point one million cubic feet per day.

MR. SETH: That is all the questions we have.

MR. MACEY: Any questions of the witness?

By MR. MONTGOMERY:

Q Where is the well perforated?

A You want the footage perforation?

Q Well, do you have the gauge?

A It is in the Yates principally. There are about eight to ten feet lapping into the Seven Rivers.

Q Most of the oil wells, the rest of the oil wells on that tract are in the what?

A Queen or lower.

Q Then we have a Eumont gas well and Eumont oil well?

A Yes.

Q The acreage has already been dedicated to the Eumont oil well?

A Yes, sir.

By MR. REIDER:

Q Well No. 7?

A Yes.

Q Our map shows that just as a location. Has that well been drilled?

A Yes, it has been drilled. It is shown with the same legend as the rest of the wells.

Q I am referring to our ownership map. It shows it is just a location.

A No, it has been completed as a Queen producer.

Q As a Queen producer?

A Yes.

Q It could have been completed as a gas well?

A Yes.

By MR. MONTGOMERY:

Q What do you propose we do since the acreage has already been dedicated to the Eumont Pool?

A Well, in looking at the map there are about five Eumont oil wells offsetting this property. There are about six Eumont gas wells, and I believe about eight Eunice oil wells. To protect our property this is the only solution I see.

Q In other words, you do not feel there is any vertical communication between the oil and gas? A No.

Q If the Commission sees fit to grant the order, would the temporary order based on the outcome of the Eumont area be satisfactory? A Certainly.

MR. MONTGOMERY: That is all.

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

(Witness excused.)

Anyone have anything further in this case?

MR. SETH: We would like to point out that the acreage is approximately 315 acres. It is an off size, for the record.

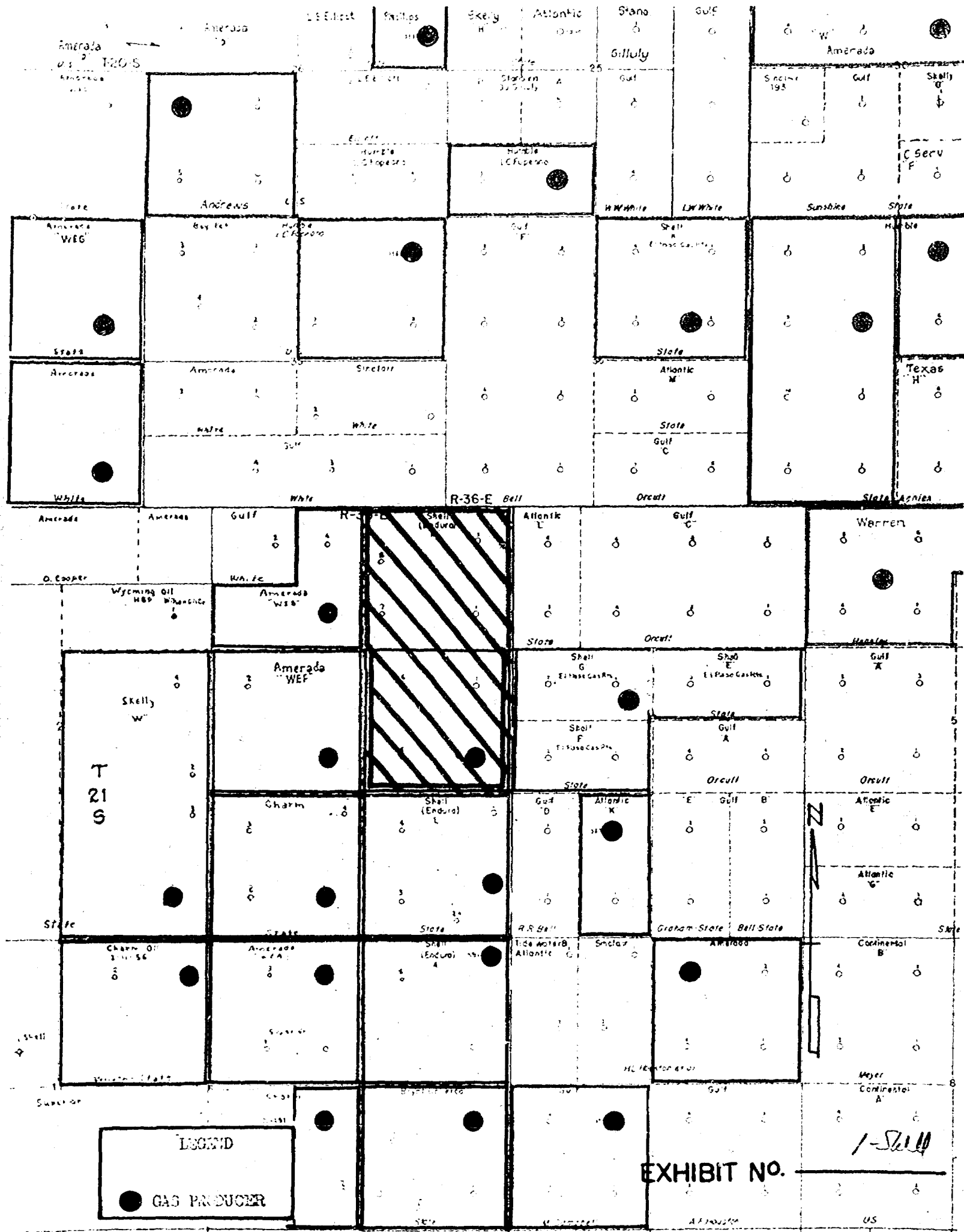
MR. CHRISTY: R. S. Christy, Amerada Petroleum. We offset the acreage and we have no objection to the creation of 320 acre proration.

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. 867 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



0-1063 (REV. 6-51) PRINTED IN U.S.A.

TELEGRAM

☐ EMERGENCY

☐ REGULAR

ARTESIA, N.M.
MARCH 14, 1955
3:31 P.M.

SHELL OIL COMPANY
HOBBS, NEW MEXICO

CHARM OIL COMPANY HAS NO OBJECTION TO SHELL OIL COMPANY'S REQUEST FOR
UNORTHODOX GAS UNIT SECTION 1, T-21-S, R-35-E.

CHARM OIL COMPANY

RECD. FROM WESTERN UNION
TYPED BY BV

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
Shull EXHIBIT No. 2
CASE 867

SINGLAIER OIL & GAS COMPANY

FAIR BUILDING

EDMUND WOODBATH, TEXAS

P. C. BROOKE
VICE-PRES. & DIVISION MANAGER
FLOYD BRETT
ASSISTANT DIVISION MANAGER

February 14, 1955

LOREN WARE
DIVISION EXPLOATION SUPT.
J. T. REEVES
DIVISION PRODUCTION SUPT.
R. E. DOSSER
DIVISION GAS & GAS PRODUCTS SUPT.

Shell Oil Company
Box 1957
Hobbs, New Mexico

Attention: Mr. W. E. Owen

Gentlemen:

Enclosed are three copies of the waiver you requested pertaining to your State M-4 Well located in Lea County, New Mexico.

Yours very truly,

W. J. Rogers
W. J. Rogers

WJR:RMA:ew

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
Shell EXHIBIT No. 3
CASE 867

RECEIVED		
FEB 15 1955		
HOBBES, N. MEX.		
<i>WJR</i>		
<i>DA</i>		
<i>WJR</i>		
Reply	Discuss	File

Box 1957
Hobbs, New Mexico

January 26, 1955

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

Gentlemen:

We have been informed that Shell Oil Company has requested approval of a non-standard, 320-acre, gas proration unit in the Eumont Gas Pool, to be allocated to its State M-4, located in the Center of Lot 16, Section 1, T-21-S, R-35-E, Lea County, New Mexico. We understand that it is requested that such non-standard unit consists of the lands described as Lots 1, 2, 7, 8, 9, 10, 15, 16, Section 1, T-21-S, R-35-E, Lea County, New Mexico.

You are respectfully advised that we hereby waive notice and hearing under Rules 3 and 5(b), New Mexico Oil Conservation Order R-520, as to said application for approval of above described non-standard gas proration unit.

Yours very truly,

J. H. Hines

Shellb JH

Box 1957
Hobbs, New Mexico

January 26, 1955

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

Gentlemen:

We have been informed that Shell Oil Company has requested approval of a non-standard, 320-acre, gas proration unit in the Eumont Gas Pool, to be allocated to its State M-4, located in the Center of Lot 16, Section 1, T-21-S, R-35-E, Lea County, New Mexico. We understand that it is requested that such non-standard unit consists of the lands described as Lots 1, 2, 7, 8, 9, 10, 15, 16, Section 1, T-21-S, R-35-E, Lea County, New Mexico.


You are respectfully advised that we hereby waive notice and hearing under Rules 3 and 5(b), New Mexico Oil Conservation Order R-520, as to said application for approval of above described non-standard gas proration unit.

Yours very truly,

EL PASO NATURAL GAS COMPANY

By


Vice President

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
 EXHIBIT No. 4
CASE 267



PETROLEUM AND ITS PRODUCTS

GULF OIL CORPORATION

P. O. DRAWER 1290 · FORT WORTH 1, TEXAS

February 16, 1955

FORT WORTH
PRODUCTION DIVISION

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Gentlemen:

This is to advise that Gulf Oil Corporation has been given due notice that Shell Oil Company has made application for a 320-acre non-standard gas proration unit. We hereby waive notice of hearing and advise that we have no objection to the granting of said unit as described below:

Consisting of Lots 1, 2, 7, 8, 9, 10, 15, and 16 of Section 1, T-21-S, R-35-E, Eumont Gas Pool, Lea County, New Mexico, to be assigned to Shell Oil Company's State "M" Well No. 4, located in the approximate center of the said Lot 16.

Executed this 16th day of February, 1955.

Yours very truly,

GULF OIL CORPORATION

By: 

Attorney-in-Fact

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Shell EXHIBIT No. 5
CASE 267