

Case No.

1039

Application, Transcript,
Small Exhibits, Etc.

CASE 1039: Tide Water Assoc. Oil Co. applica-
tion for 113.4 acre non-standard gas pro-
duction unit (Tide Water State "AF" Well #1)

Memo

10/21/56
From

See

To gwq Re: Case 1039

In my opinion, it's OK
to go ahead and write
an order approving Tide
Water's application for
113.4 acre NSP in the Emmont.

Should be contingent
however upon execution
of communitization.
allowable should start the
first of the month follow-
ing the communitization
(over)

if the will has a connection by them. If the will has no connection by that date, allowance should commence on date of connection. Mankin has agreed to this.

Provided the conditions
of Rule 12 have been
met
Q & Q

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 19, 1956

IN THE MATTER OF:

CASE NO. 1039

TRANSCRIPT OF PROCEEDINGS

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 19, 1956

Application of Tide Water Associated Oil
Company for an order granting an exception
to Rule 5 (a) of the Special Rules and Regula-
tions for the Eumont Gas Pool as set forth in
Order R-520 in establishment of a 113.4-acre
non-standard gas proration unit, Eumont Gas
Pool, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks an
order granting a 113.4-acre non-standard gas
proration unit in the Eumont Gas Pool comprising
the SW/4 SW/4 of Section 7 and the N/2 NW/4 of
Section 18, Township 21 South, Range 37 East,
Eumont Gas Pool, Lea County, New Mexico.
Applicant proposes to dedicate said acreage to
a well which shall be designated Tide Water
Associated Oil Company State "AF" Well No. 1,
said well to be located in the center of the NE/4
NW/4 of Section 18, Township 21 South, Range 37
East, Eumont Gas Pool, Lea County, New Mexico.

Case No. 1039

BEFORE:

Warren W. Mankin, Examiner

TRANSCRIPT OF HEARING

EXAMINER MANKIN: The next case is 1039, the application of Tide Water
Associated Oil Company for an order granting an exception to Rule 5 (a), Eumont Gas
Pool, for a non-standard unit in the Eumont Gas Pool.

MR. HOLLOWAY: I am J. B. Holloway, an employee of Tide Water
Associated Oil Company, and I will represent them here.

J. B. HOLLOWAY

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

MR. HOLLOWAY: I shall follow very closely what I stated in the application, that Tide Water Associated Oil Company is the owner of State oil and gas Lease No. B-11,300, covering the NE/4 NW/4 of Section 18-21S-37E, which contains 40 acres. It is also the owner of State Lease No. E-1057, covering the SW/4 SW/4 of Section 7-21S-37E, which contains 36.69 acres. El Paso Natural Gas Company is the owner of gas rights under State Lease No. B-1167, covering the NW/4 NW/4 of Section 18-21S-37E, which contains 36.71 acres. These added together total 113.4 acres, that we are proposing to have formed into a non-standard gas proration unit. Tide Water Associated Oil Company and El Paso Natural Gas Company have, subject to the approval of the Oil Conservation Commission, agreed to communitize these three leases and to dedicate the acreage in same to a well which shall be designated Tide Water Associated Oil Company State "AF" Well No. 1, the location of which shall be in the center of the NE/4 NW/4 of Section 18-21S-37E. There are no wells on the proposed acreage which are completed within or producing from the vertical limits of the Eumont Gas Pool. We have found it to be impractical to pool the SW/4 SW/4 of Section 7-21S-37E with other acreage within the section to form a standard unit. Non-standard units have previously been approved for acreage within Section 7-21S-37E as follows: F. J. Danglade has a 157-acre unit, consisting of the S/2 NW/4 and E/2 SW/4. A 160-acre non-standard unit has been approved for Claude E. Aikman, and it is comprised of the S/2 NE/4 and the N/2 SE/4. Then the S/2 SE/4 of Section 7 and the W/2 SW/4 of Section 8 has been approved as a non-standard 160-acre unit for Neville G. Penrose, Inc. The NE/4 of Section 18, the section to the South, has also been approved as a non-standard proration unit for Neville G. Penrose, Inc. We have attached a plat which shows the location of the

proposed unit, and the proposed well, and the surrounding tracts. All of the acreage in the proposed unit is within the horizontal limits of the Eumont Gas Pool, and is reasonably presumed to be productive of gas from that pool. We feel that Tide Water Associated Oil Company and El Paso Natural Gas Company will be deprived of a fair opportunity to recover their just and equitable share of the natural gas in the Eumont Gas Pool unless the proposed non-standard proration unit is formed, and unless the acreage therein is assigned to Tide Water Associated Oil Company's proposed State "AF" Well No. 1. We believe that the creation of the proposed non-standard proration unit and the assignment of the acreage therein to the above mentioned well is in the interest of conservation and will protect correlative rights. I would like to add also that an examination of the plat will show that E. G. Rodman has a 40-acre well directly to the North of the unit which is located in the NW/4 SW/4. Mr. Rodman was invited to participate in the proposed unit, but inasmuch as he had a well producing from the vertical limits of this field, why he was not interested and didn't elect to join so we were reduced to the 113-acre unit that we are proposing here. And we don't feel that we have any other means of providing sufficient acreage to justify or pay out a well on any unit smaller than we have proposed. At the time we filed this application we also filed an application or permit to drill State "AF" Well No. 1, which I understand has not been started, pending the ruling of the Commission on the proposed unit. That's all of the testimony.

MR. MANKIN: Mr. Holloway, you indicated that Mr. Rodman had a well on a 40-acre unit or approximately a 40-acre unit, just north of the proposed unit here.

A. Yes, sir.

MR. MANKIN: I was trying to find that on our gas schedule, was just wondering if that definitely is included within the vertical limits of the Eumont Gas Pool?

A. Mr. Examiner, that is carried on the oil proration schedule in the Penrose-Skelly Field. It has an allowable of two barrels a day and I believe the indicated gas-oil ratio is some 237,000 feet of gas per barrel and I understand from

actual reports filed that the well is producing something on the order of 16 million feet of gas per month. So naturally it was a poor trade for him to make.

MR. MANKIN: The actual well in question, is it completed in the Queen?

A. In the Queen, yes, sir. Just a moment, if I can find this I will show it to you. It is on record.

MR. MANKIN: I was just trying to find it, that is the reason I asked the question.

A. Yes, sir. I think you can see it here-----272,000-1 ratio.

MR. MANKIN: So very likely the redelineation of the Penrose-Skelly Field is in order now--the Queen being taken out and then would come under the Eumont and then would be subject to a 40-acre allowable only.

A. I would think that that would be applicable to----

MR. MANKIN: So that will take care of itself. Is there further question of the witness in this case? The well has not been started?

A. No, sir.

MR. NUTTER: This communitization between El Paso and Tide Water is completed for all practical purposes, just pending the outcome of this hearing, is that correct?

A. With this one reservation. I don't think--these are State Leases--- and I don't think the instrument has yet been presented to the parties of the State that are necessary to approve it. But the instrument--we have had previous pooling agreements on the same form.

MR. NUTTER: It is the policy of this Commission to withhold approval until the communitization has been effected. I presume you are willing to wait for the communitization before this order is----

A. Oh yes, sure. That would also include the approval of the State.

MR. GURLEY: And we would like to have that as soon as possible, sir. It is my understanding that the communitization agreement has been executed, just subject to the approval of the State, is that correct?

A. And the Oil Conservation Commission. There would be no purpose in pooling it otherwise.

MR. GURLEY: Do you have an instrument, an executed instrument?

A. No, sir, not with me.

MR. GURLEY: Well, I mean, is there an executed instrument?

A. Yes, sir, there is. A deal has been made between---

MR. GURLEY: We would like to have a copy of that.

A. Tide Water and El Paso.

MR. MANKIN: For the purpose of the record then, if the Commission sees fit to approve the order in question, the allowable will be tied in with the effective communitization of the working interests concerned.

A. Yes, sir, thats right.

MR. MANKIN: Anything further in this case? You had no exhibit which you wished to present, did you Mr. Holloway?

A. Only the one that was attached to my application, of which I am going to have five copies made for you. Now, I might ask you there, you do not need additional copies of the application?

MR. MANKIN: Instead of the five copies, Mr. Holloway, why don't you attach a copy from the copy of the application which you have and we will mark that

as Exhibit 1, is that satisfactory to you and that will be adequate. Now, do you wish to enter what we have marked as Exhibit 1 as evidence in this case?

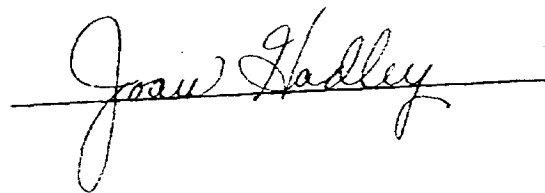
A. Yes, sir.

MR. MANKIN: Is there objection to entering Exhibit 1 in this case? If not it will be so entered. We will take the case under advisement.

STATE OF NEW MEXICO)
COUNTY OF SANTA FE) ss.

I, Joan Hadley, do hereby certify that the foregoing and attached transcript of proceedings before the Oil Conservation Commission Examiner at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

Dated this 20th day of April, 1956.



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. 1039
Order No. R-789

THE APPLICATION OF TIDE WATER
ASSOCIATED OIL COMPANY FOR AN
ORDER GRANTING APPROVAL OF AN
EXCEPTION TO RULE 5 (a) OF THE
SPECIAL RULES AND REGULATIONS
FOR THE EUMONT GAS POOL AS SET
FORTH IN ORDER NO. R-520 IN THE
ESTABLISHMENT OF A NON-STANDARD
GAS PRORATION UNIT OF 113.4
CONTIGUOUS ACRES CONSISTING OF
THE SW/4 SW/4 SECTION 7, AND
N/2 NW/4 SECTION 18, TOWNSHIP
21 SOUTH, RANGE 37 EAST, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10 o'clock a.m.
on March 19, 1956 at Santa Fe, New Mexico, before Warren W. Mankin,
Examiner duly appointed by the Oil Conservation Commission of New
Mexico in accordance with Rule 1214 of Order No. R-681.

NOW, on this 16th day of April 1956, the Oil Con-
servation Commission of New Mexico hereinafter referred to as the
"Commission", a quorum being present, having considered said appli-
cation, the evidence adduced, the recommendations of the Examiner,
Warren W. Mankin, and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing
and the purpose thereof having been given as required by law, the
Commission has jurisdiction of this case and the subject matter
thereof.

(2) That applicant, Tide Water Associated Oil Company
is the owner of state oil and gas lease No. E-11300 covering the
NE/4 NW/4 of Section 18, Township 21 South, Range 37 East, NMPM,
consisting of 40 acres and also the owner of state lease No. E-1057
covering the SW/4 SW/4 of Section 7, Township 21 South, Range 37
East, consisting of 36.69 acres.

(3) El Paso Natural Gas Company is the owner of gas
rights under State Lease No. E-1167 covering the NW/4 NW/4 of
Section 18, Township 21 South, Range 37 East, consisting of 36.71
acres.

(4) That applicant and El Paso Natural Gas Company have agreed to communitize the subject leases, upon the approval of this unit by the Oil Conservation Commission.

(5) Applicant as operator proposes to drill the Tide Water Associated Oil Company State "AF" Well No. 1, to be located in the center of the NE/4 NW/4 of Section 18, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico. Said well to be within the horizontal limits of 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 113.4 acres.

(7) Unless a proration unit consisting of applicant's aforesaid acreage is permitted, applicant will be deprived of the opportunity to recover its just and equitable share of the natural gas in the Eumont Gas Pool.

(8) That creation of a proration unit consisting of the aforesaid acreage will not cause but will prevent waste and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Tide Water Associated Oil Company for approval of a 113.4 acre non-standard gas proration unit consisting of the following described acreage in the Eumont Gas Pool, Lea County, New Mexico.

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
SW/4 SW/4 Section 7
N/2 NW/4 Section 18

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

(2) That applicant's well State "AF" Well No. 1, located in the center of the NE/4 NW/4 of Section 18, Township 21 South, Range 37 East, NMPM, shall be granted an allowable in the proportion that the above-described 113.4 acre unit bears to the standard proration unit for the Eumont Gas Pool. Said allowable to become effective on the date the well is connected to a pipeline or the first of the month following the date that an affidavit of communitization of the working interests is furnished the Hobbs office of the Oil Conservation Commission or the submission of Forms C-104, C-110 and C-128, whichever date is later.

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

A. L. Porter
A. L. PORTER, Member and Secretary





POST OFFICE BOX 731
TULSA 2, OKLAHOMA

May 8, 1956 PM 1:11

*Case 1034
order R-789*

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Attention: Mr. Warren Mankin

Gentlemen:

Attached hereto is fully executed Affidavit of Communitization covering Tidewater Oil Company's No. 1 State AF, located in the NE/4 NW/4 of Section 18-21S-37E, Lea County, New Mexico.

A similar Affidavit was recently mailed to The Commission Office at Hobbs to the attention of Mr. Randall Montgomery.

Yours very truly,

TIDEWATER OIL COMPANY

By

J. Q. Snell
J. Q. SNELL

JQS-kw
ATT.

AFFIDAVIT OF COMMUNITIZATION

We, and each of us, do certify that we are duly authorized agents of our respective companies, as indicated below, and that in such capacity we represent, in total, all of the working interest owners in SW/4 SW/4 Sec. 7 & N/2 NW/4 ^{Sec. 10,} T. 21S R. 37E, NMPM. We, and each of us, further certify that the said working interest owners have pooled and communitized their respective interests in the above-described land, insofar as it covers gas and associated hydrocarbons in the Whitehorse Section (Queen, Yates, Seven Rivers).

J. C. Snee
For: Tide Water Associated Oil Co.

Subscribed and sworn to before me

this 19 day of April 1956

My Commission Expires August 17, 1956

Faye C. Trippett
Notary Public

Sam Smith
For: El Paso Natural Gas Co.

Subscribed and sworn to before me

this 23rd day of April 1956

HELEN ADAMS
Notary Public, in and for El Paso County, Texas
My commission expires June 1, 1957

Helen Adams
Notary Public

J. E. Coe
For: SHELL OIL COMPANY

Subscribed and sworn to before me

this 25 day of April 1956

Jean Atkins
Notary Public in and for
Midland County, Texas

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

April 19, 1956

C
O
P
Y

Mr. J. B. Holloway
Tide Water Associated Oil Co.
P.O. Box 1404
Houston 1, Texas

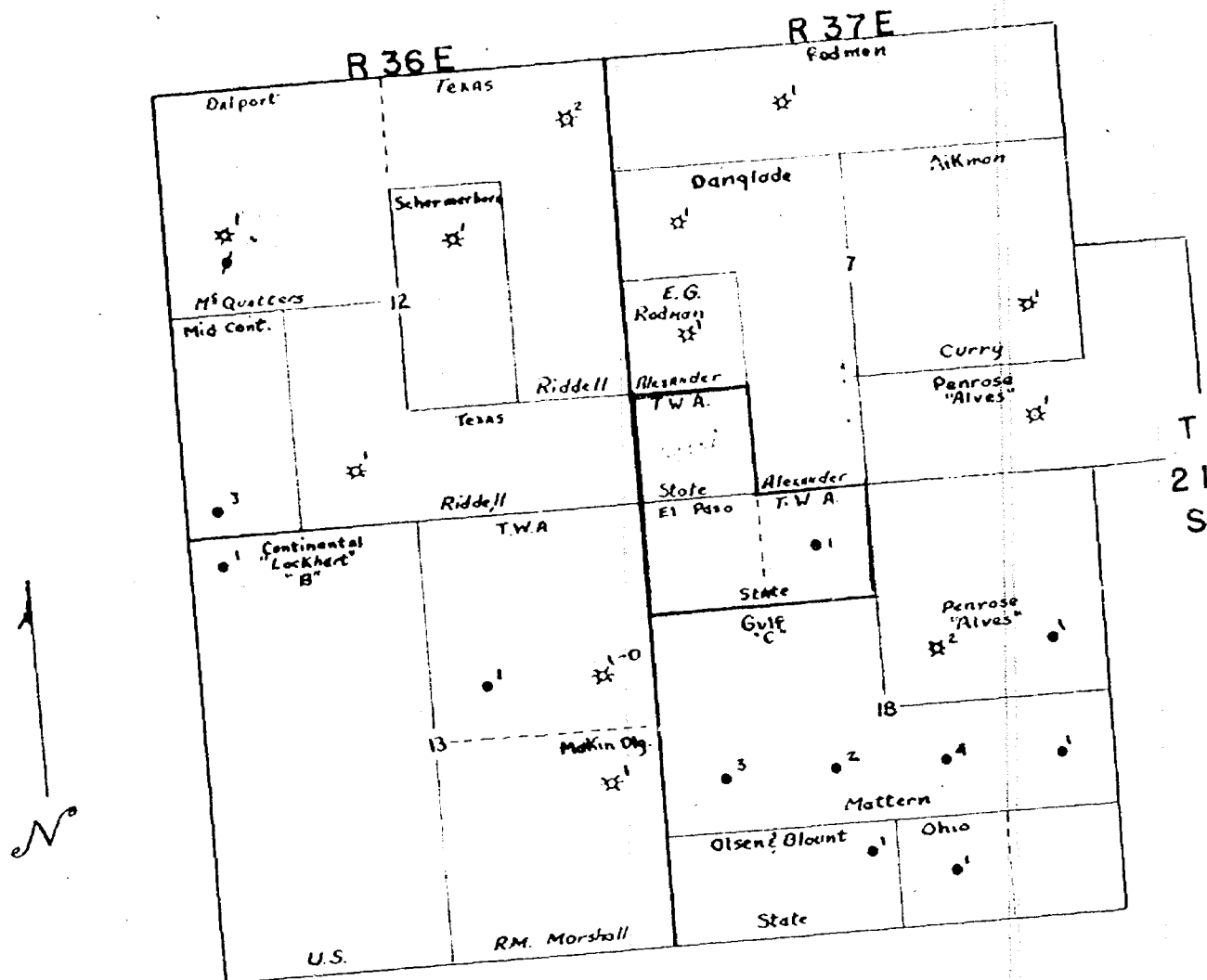
Dear Sir:

We enclose a copy of Order R-789 issued April 16, 1956, by the Oil Conservation Commission in Case 1039, which was heard on March 19th at Santa Fe.

Very truly yours,

A. L. Porter, Jr.
Acting Secretary - Director

ALP:brp
Encl.



CH. B. & S. CO. DIVISION
 Surveyed by Indenber
 CASE 1039
 EXHIBIT NO. 1

EUMONT & PENROSE - SKELLY
 FIELDS
 21S-36 & 37 E
 LEA CO.- NEW MEXICO
 1" = 2000'



TIDE WATER ASSOCIATED OIL COMPANY

POST OFFICE BOX 1404
HOUSTON 1, TEXAS

about 3/19/56

February 20, 1956

Re: Application for 113.4-acre
Non-Standard Gas Proration Unit,
Eumont Gas Pool, Comprising
SW/4 SW/4 of Section 7, and the
N/2 NW/4 of Section 18, T-21-S,
R-37-E, Lea County, New Mexico.

Oil Conservation Commission
State of New Mexico
Santa Fe, New Mexico

Gentlemen:

Tide Water Associated Oil Company hereby makes application
for approval of a non-standard gas proration unit, comprising the -

SW/4 SW/4 of Section 7-21S-37E, and
N/2 NW/4 of Section 18-21S-37E,

and in support thereof states as follows:

1. Tide Water Associated Oil Company is the owner of State Oil and Gas Lease No. B-11,300, covering the NE/4 NW/4 of Section 18-21S-37E (40 acres), and is also the owner of State Lease No. E-1057, covering Lot 4 (SW/4 SW/4) of Section 7-21S-37E (36.69 acres).
2. El Paso Natural Gas Company is the owner of gas rights under State Lease No. B-1167, covering the NW/4 NW/4 of Section 18-21S-37E, (36.71 acres).
3. Tide Water Associated Oil Company and El Paso Natural Gas Company have, subject to the approval of the Oil Conservation Commission, agreed to communitize these three leases and to dedicate the acreage in same to a well which shall be designated Tide Water Associated Oil Company's State "AF" Well #1, the location of which shall be in the center of the NE/4 NW/4 of Section 18-21S-37E.
4. There are no wells on the proposed unit acreage which are completed within or producing from the vertical limits of the Eumont Gas Pool.
5. We have found it to be impractical to pool the SW/4 SW/4 of Section 7-21S-37E with other acreage within the Section to form a standard unit. Non-Standard units have previously been approved for acreage within Section 7-21S-37E as follows: F. J. Danglade, 157-acre unit, consisting of the S/2 NW/4 and E/2 SW/4; a 160-acre non-standard unit has been approved for Claude E. Aidman, comprised of the S/2 NE/4 and the N/2 SE/4; the S/2 SE/4 of Section 7 and the W/2 SW/4 of Section 8 has been approved as a non-standard 160-acre unit for Neville

Page 2
Oil Conservation Commission

G. Penrose, Inc. The NE/4 of Section 18, T-21-S, R-37-E, has been approved as a non-standard proration unit also for Neville G. Penrose, Inc.

6. The attached plat shows the location of the proposed unit, the proposed well, and the surrounding tracts. All of the acreage in the proposed unit is within the horizontal limits of the Eumont Gas Pool, and is reasonably presumed to be productive of gas from that Pool.

7. Tide Water Associated Oil Company and El Paso Natural Gas Company will be deprived of a fair opportunity to recover their just and equitable share of the natural gas in the Eumont Gas Pool unless the proposed non-standard proration unit is formed, and unless the acreage therein is assigned to Tide Water Associated Oil Company's proposed State "AF" Well #1.

8. The creation of the proposed non-standard proration unit and the assignment of the acreage therein to the above mentioned well is in the interest of conservation and will protect correlative rights.

Therefore, applicant respectfully requests that this matter be set down for hearing before an Examiner at an early date in the City of Santa Fe, New Mexico, and after said hearing, the Commission enter its order establishing a non-standard proration unit in the manner proposed herein.

Respectfully submitted,

TIDE WATER ASSOCIATED OIL COMPANY

By


J. B. Holloway

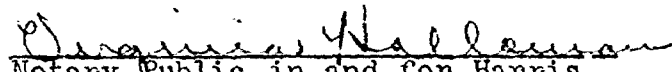
JBH:vh
Enclosure

AFFIDAVIT

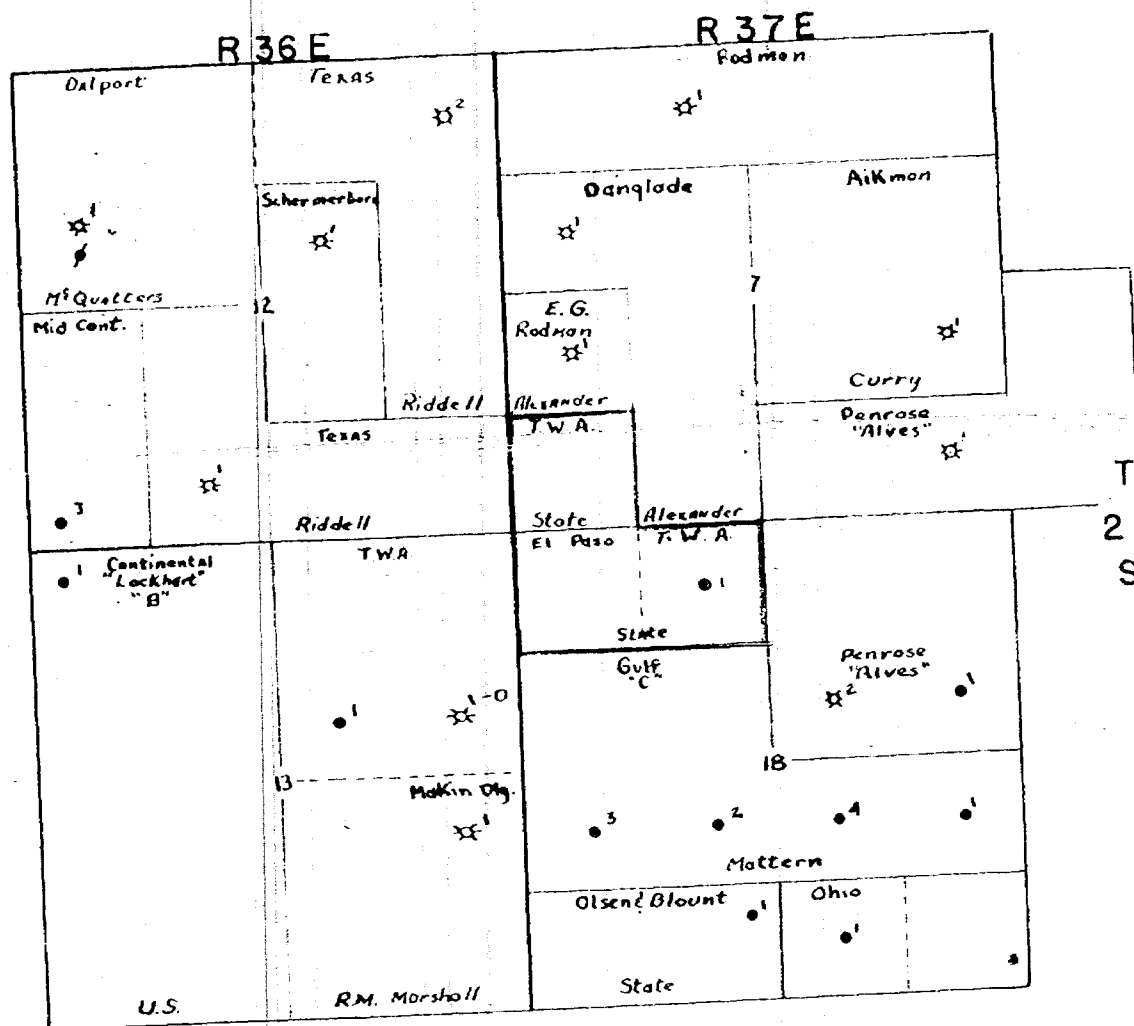
STATE OF TEXAS
COUNTY OF HARRIS

Before me, the undersigned authority, on this day personally appeared J. B. Holloway, known to me to be the person whose name is subscribed to the above application, who, being by me duly sworn on oath, states that he is duly authorized to make the above application, and that he has knowledge of the facts stated therein, and that said application is true and correct to the best of his knowledge and belief.

Subscribed and sworn to before me this the 20 day of February, 1956.


Notary Public in and for Harris
County, Texas

VIRGINIA HOLLOMAN
Notary Public in and for Harris County, Texas



EUMONT & PENROSE - SKELLY
FIELDS
21 S - 36 & 37 E
LEA CO. - NEW MEXICO
1" = 2000'