

CASE 1062: Sinclair Oil & Gas Co. applica-
tion for approval of dual completion & 80
acre non-standard gas proration unit.

Case No.

1062

Application, Transcript,
Small Exhibits, Etc.

CLASS OF SERVICE
This is a fast message
unless its deferred char-
acter is indicated by the
proper symbol.

WESTERN UNION

TELEGRAM

W. P. MARSHALL, PRESIDENT

SYMBOLS
DL = Day Letter
NL = Night Letter
LT = International
Letter Telegram

1220
(R 11-54)

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

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NEW MEXICO OIL CONSERVATION COMMISSION ATTN A L PORTER

PO BOX 871 SANTA FE NMEX

STANOLIND OIL AND GAS CO RESPECTFULLY REQUESTS THAT SINCLAIR
OIL AND GAS COMPANYS APPLICATION IN CASE 1062 BE DENTED.
ALTHOUGH STANOLIND IS NOT AN OFFSET OPERATOR. WE ARE
OPERATORS IN OTHER AREAS OF THE EUMONT POOL AND HAVE
CONSTANTLY OPPOSED DUAL COMPLETIONS WITHIN THE VERTICAL
LIMITS OF THE EUMONT POOL. IT IS OUR POSITION THAT
SIMULTANEOUS DEDICATION OF ACREAGE FOR THE PRODUCTION OF OIL
AND GAS FROM THE EUMONT PAY DOES NOT RESULT IN EQUITABLE
WITHDRAWALS FROM THE POOL. FURTHERMORE, THE GRANTING OF SUCH
DUAL COMPLETIONS RESULTS IN A VIOLATION OF CORRELATIVE
RIGHTS OF THOSE OPERATORS WHO DO NOT HAVE SUCH COMPLETIONS.
IT IS FURTHER REQUESTED THAT THIS TELEGRAM BE READ INTO
THE RECORD AT THE HEARING ON CASE 1062.

STANOLIND OIL AND GAS CO C L KELLEY

ROSWELL NEW MEXICO

Case No 2 File
10/3/56
10/3/56

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

October 3, 1956

C
O
P
Y

Sinclair Oil & Gas Company
P. O. Box 1470
Midland, Texas

Attention: Mr. H. F. Deffenbaugh

Re: Order H-826
Sinclair's Ida White No. 2

Gentlemen:

Reference is made to your request dated August 22, 1956 to amend Commission Order H-826 dated June 15, 1956.

Your request was to amend Order H-826 to allow gas perforations in the Eumont Gas Pool only 48 feet above the oil perforations in the Eumont Gas Pool. The order now specifies that the gas pay and oil pay must be at least 100 feet apart.

It is our feeling that you should not get closer than 100 feet between oil and gas perforations in order to insure there is no communication between the two zones. We also feel that you can complete a commercial gas well and still comply with Order H-826 requiring 100 feet separation between the oil and gas zones.

Your request for amendment of Order H-826 is hereby denied.

Yours very truly,

A. L. PORTER, JR.
SECRETARY-DIRECTOR

ALP/dca

cc: Oil Conservation Commission, Hobbs, New Mexico
Amerada Petroleum Corporation, P. O. Box 3040, Tulsa, Okla.
Tennessee Gas Transmission Company, Midland, Texas
Humble Oil & Gas Company, Midland, Texas

Gulf Oil Corp. P.O. Box 2167, Hobbs, N.M.

New Mexico

OIL CONSERVATION COMMISSION
MAIN OFFICE - 655

GOVERNOR JOHN F. SIMMS
CHAIRMAN
LAND COMMISSIONER E. S. WALKER
MEMBER
STATE GEOLOGIST W. B. MACEY
SECRETARY & DIRECTOR



Box 2045
HOBBS, NEW MEXICO

August 29, 1956

Mr. A. L. Porter, Jr.
Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Mr. Porter:

The recent application by Sinclair Oil & Gas Company to modify Order No. R-826 to perforate lower than the order specifies presents certain problems which offset operators are examining.

The enclosed plat shows the ownership and the diagrammatic sketch the interval of completion.

Upon examination of the cross-section one can see that if the proposed perforations in the Sinclair White #2-J Sec. 35-20-36, are completed, that Amerada, Tennessee Gas Transmission Company and Gulf can be affected. This is the same situation we encounter again and again, that down structure these porous intervals become productive of oil.

Yours very truly,

OIL CONSERVATION COMMISSION

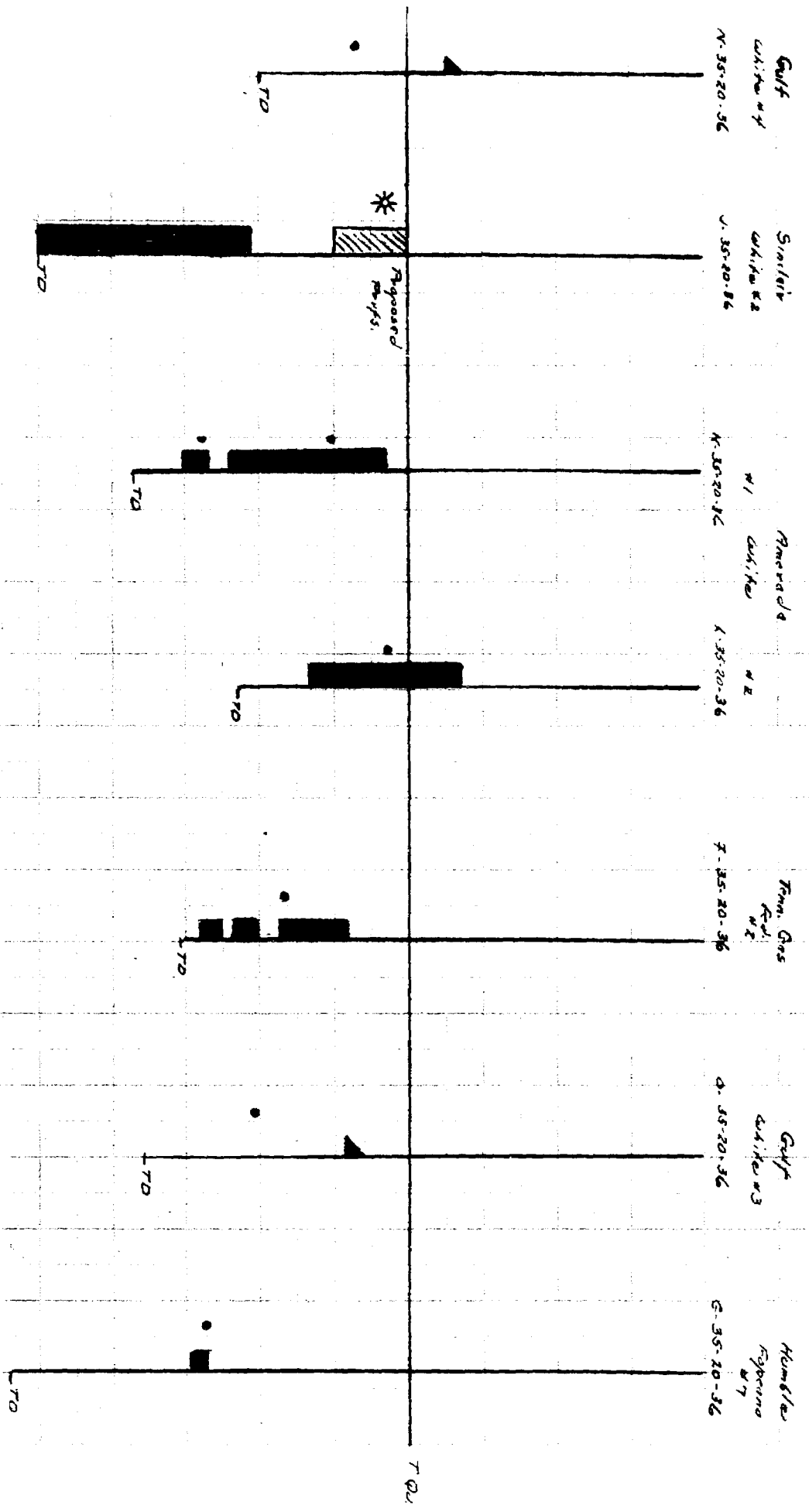
Randall

R. F. Montgomery
Proration Manager

RFM/hs
encl.

Sec. 35 Township No. 20 of Range No. 36

Tennessee Gas Transmission °3 "D"	°1	Humble "B" °8	* (6) 1 Unit
°4 Federal	°2	°7 J. C. Popeano	°2
Amerada °2 Ida White	°1	Sinclair °2 Ida White	°1
* 5	Gulf Gulf "B" °4 W. W. White	°3	°1



SINCLAIR OIL & GAS COMPANY
P. O. BOX 11470
MIDLAND, TEXAS

August 22, 1956

New Mexico Oil Conservation Commission (3)
P. O. Box 871
Santa Fe, New Mexico

Attention: Mr. Warren W. Mankin

Re: Application to Amend Commission
Order R-826 Concerning the Dual
Completion of Sinclair Oil and
Gas Company's Ida White Well No. 2,
Eumont Gas Pool, Lea County,
New Mexico.

Gentlemen:

Please refer to Commission Order R-826 dated June 18, 1956, granting Sinclair permission to dual complete their Ida White Well No. 2 in the Eumont Gas Pool and establishing an 80 Acre Nonstandard Proration Unit for said well. Said order further provides that the bottom of the proposed gas perforations must be no closer than 100 feet to the top of the existing oil perforations. An examination of the enclosed radioactive log on this well indicates that in order to insure a commercial gas completion it will be necessary to perforate as low as 3710 feet which is only 48 feet above the top of the existing oil perforations. Our Geologists advise from sample examination and radioactive log interpretation that "a substantial tight anhydrite barrier exists from 3720 feet down to the oil perforations." Sinclair would perforate, squeeze and dytest this "barrier" before perforating for gas as low as 3710 feet in this well.

Sinclair respectfully requests that Order R-826 be amended administratively so as to permit the bottom of the gas zone perforations to be as close as 48 feet to the top of the existing oil zone perforations.

Sinclair has advised all offset operators of this request by copy thereof via registered mail. Said operators are listed below. I heroby certify that the information contained in this application is true and complete to the best of my knowledge and belief.

SINCLAIR OIL AND GAS COMPANY

By *H. F. Defenbaugh*
H. F. Defenbaugh
Division Production Superintendent

HFD:RMA:mk

Subscribed and sworn to before me this 22nd day of August, 1956.

Roy D. Satterwhite
Roy D. Satterwhite
Notary Public in and for Midland County, Texas.

Att: Marked Radioactive Log

cc: Via Registered Mail

Gulf Oil Corporation
P. O. Box 2167
Hobbs, New Mexico

Amerada Petroleum Corporation
P. O. Box 2040
Tulsa, Oklahoma

Tennessee Gas Transmission Company
P. O. Box 1031
Midland, Texas

Humble Oil & Refining Company
P. O. Box 1600
Midland, Texas

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. 1062
Order No. R-826

APPLICATION OF SINCLAIR OIL AND
GAS COMPANY FOR AN ORDER GRANTING
APPROVAL OF A DUAL COMPLETION OF ITS
IDA WHITE WELL NO. 2, LOCATED 1650
FEET FROM THE SOUTH LINE AND 2310
FEET FROM THE EAST LINE OF SECTION 35,
TOWNSHIP 20 SOUTH, RANGE 36 EAST, NMPM,
EUMONT GAS POOL, LEA COUNTY, NEW
MEXICO. SAID WELL TO PRODUCE GAS FROM
THE YATES SEVEN RIVERS AND UPPER QUEEN
FORMATIONS OF THE EUMONT GAS POOL AND
PRODUCE OIL FROM THE LOWER QUEEN
FORMATION OF THE EUMONT GAS POOL.
APPLICANT FURTHER SEEKS AN ORDER
ESTABLISHING AN 80 ACRE NON-STANDARD
GAS PRORATION UNIT COMPRISING THE
N/2 SE/4 OF SECTION 35, TOWNSHIP 20
SOUTH, RANGE 36 EAST, EUMONT GAS
POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
April 25, 1956, at Hobbs, New Mexico, before Warren W. Mankin,
Examiner duly appointed by the Oil Conservation Commission of New
Mexico in accordance with Rule 1214 of the Rules and Regulations
of the New Mexico Oil Conservation Commission.

NOW, on this 18th day of June 1956, the Commission, a
quorum being present, having considered the application and the
evidence adduced and the recommendations of the Examiner, Warren
W. Mankin, and being fully advised in the premises,

FINDS:

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

(2) That Stanolind Oil and Gas Company and the Texas
Company entered an objection to the dual completion of subject
well as proposed in the application.

(3) That perforations as proposed in the application,
are at too close intervals to insure separation of the oil from the
gas zones. However, applicant has agreed to certain stipulations
for the widening of the aforesaid intervals between zones.

(4) That the dual completion should be approved in this case in the interests of conservation and the protection of correlative rights.

(5) That applicant will be deprived of the opportunity to recover his fair share of gas in the Eumont Gas Pool should the 80 acre non-standard gas proration unit applied herewith be denied.

IT IS THEREFORE ORDERED:

That the applicant herein, Sinclair Oil and Gas Company be and is hereby authorized to dually complete its L. White Well No. 2, located 1650 feet from the South line and 2310 feet from the East line of Section 35, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico, in such a manner as to permit the production of gas from the Yates Seven Rivers and Upper Queen formations of the Eumont Gas Pool by proper perforations of the casing through the casing-tubing annulus and the production of oil from the Lower Queen formation of the Eumont Gas Pool by proper perforations of the casing through the tubing and the installation of a suitable packer and with the installation of adequate surface equipment to maintain complete separation of the two zones of production.

PROVIDED HOWEVER, That the bottom of perforations open in the gas zone shall not be closer than 100 feet from the top of the perforations in the oil zone.

PROVIDED HOWEVER, That subject well shall be completed and thereafter produced in such a manner that there will be no commingling within the well-bore, either within or outside the casing of gas, oil and gas, or oil produced from either or both of the separate strata,

PROVIDED HOWEVER, That prior to the actual dual completion the operator shall make pressure tests of the casing to prove that no casing leaks have developed since the well was originally completed. In the event a casing leak is apparent the operator shall take appropriate steps to adequately repair the leak. The results of these tests shall be reported to the Commission on Form C-103.

PROVIDED FURTHER, That upon the actual dual completion of such subject well applicant shall submit to the appropriate District Office of the Commission, copies of Oil Conservation Commission Form C-103, Form C-104, Form C-110 and Form C-122 outlining the information required on those forms by existing Rules and Regulations and two copies of the electric log of the well.

PROVIDED FURTHER, That said subject well for dual completion and production shall be equipped in such a way that reservoir pressures may be determined separately for each of the two specified strata, and further, be equipped with all necessary connections required to permit recording meters to be installed and used, at any time, as may be required by the Commission or its representatives, in order that natural gas, oil, or oil and gas from each separate stratum may be accurately measured and the gas-oil ratio thereof determined, and

PROVIDED FURTHER, That the operator-applicant shall make any and all tests, including segregation tests, packer leakage tests on completion and annually during the GOR survey in the Eumont Gas Pool and submit packer setting affidavit on completion and thereafter when the packer is disturbed or remedial action taken, but not excluding other tests and/or determinations at any convenient time and in such manner as deemed necessary by the Commission; the original and all subsequent tests shall be witnessed by representatives of the Commission and by representatives of offset operators, if any there be, at their election, and the results of each test properly attested to by the applicant herein and all witnesses, and shall be filed with the Commission within ten days after completion of such test, and

PROVIDED FURTHER, That upon the actual dual completion of such subject well, applicant shall submit to the Commission a diagrammatic sketch of the mechanical installation which was actually used to complete and produce the seal between the strata, and a special report of production, gas-oil ratio and reservoir pressure determination of each producing zone or stratum immediately following completion.

IT IS FURTHER ORDERED: That the application of Sinclair Oil and Gas Company for an order granting the establishment of an 80 acre non-standard gas proration unit in the Eumont Gas Pool, comprising:

TOWNSHIP 20 SOUTH, RANGE 36 EAST, NMPM
N/2 SE/4 Section 35

be and the same is hereby granted.

That applicant's well, the Ida White No. 2, located in the Eumont Gas Pool shall be granted an allowable in the proportion that the above described 80 acre unit bears to the standard unit for said pool, said allowable to become effective on the first of the month following the submission by the applicant to the Commission's Hobbs, New Mexico office, Forms C-104, C-110 and C-128, or the first of the month following the date of the connection to the pipeline upon completion of the well, whichever date is later.

IT IS FURTHER ORDERED: That jurisdiction of this cause is hereby retained by the Commission for such further order or orders as may seem necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of applicant to comply with any requirement of this order after proper notice and hearing the Commission may terminate the authority hereby granted and require applicant or its successors and assigns to limit its activities to regular single-zone production in the interests of conservation.

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, Jr.
A. L. PORTER, Jr., Member & Secretary



~~CONFIDENTIAL~~
SINCLAIR OIL & GAS COMPANY
901 FAIR BUILDING
FORT WORTH, TEXAS

March 27, 1956

MAIN OFFICE OCC

New Mexico Oil Conservation Commission (3)
P.O. Box 871
Santa Fe, New Mexico

Re: Application to Dually Complete
Sinclair's Ida White Well No. 2
in the Eumont Gas Pool, Lea County,
New Mexico.

Gentlemen:

Sinclair Oil & Gas Company makes this application for an Administrative Order permitting the dual completion of their Ida White No. 2 and for an Administrative Order establishing an 80 acre Nonstandard Gas Production Unit in the Eumont Gas Pool for subject well.

In this connection Sinclair wishes to state:

1. Sinclair Oil & Gas Company is the owner and operator of the 80 acre Ida White Lease which consists of the N/2 of the SE/4 of Section 35-20S-36E, Lea County, New Mexico. Sinclair's Ida White No. 2 is located 330 feet from the South and West lines of the N/2 SE/4 of said Section 35 and was completed on March 28, 1955 as an oil well in the Eumont Gas Pool. Seven inch casing was set at 3899 feet and perforated from 3758 to 3880 in the Lower Queen.
2. Sinclair proposes to dually complete subject well in the following manner:
 - (a) Set a production packer above the existing Queen oil zone perforations at about 3750 feet.
 - (b) Perforate the Eumont Gas Pool above the production packer in the Yates, Seven Rivers, and Upper Queen formations.
 - (c) Produce the Eumont Gas zone through the tubing-casing annulus and the Eumont oil zone through the tubing.

Handwritten notes:
Sent
copy
to
OCC
11/1/56
J. J. G. J.
J. J. G. J.
J. J. G. J.
J. J. G. J.

- (d) Sinclair believes that the manner and method of this proposed dual completion is mechanically feasible and practical.
 - (e) Sinclair will comply with all the Rules and Regulations of the Commission applicable to dual completions and to the separation of pay zones.
3. The proposed 80 acre Gas Proration Unit for this well consists of contiguous quarter-quarter sections and is the N/2 of the SE/4 of Section 35-20S-36E. The well is located 330 feet from the South and West lines of said proposed unit.
- (a) The length or width of said unit does not exceed 5280 feet and it lies wholly within a single governmental section.
 - (b) Both royalty and leasehold interests are common under this unit.
 - (c) Subject tract may reasonably be assumed to be productive of gas from the Ement Gas Pool.
4. Sinclair believes that the granting of this application is in the interest of conservation and the protection of correlative rights.
5. Sinclair has notified all offset operators of this application by copy thereof via registered mail. Said operators are listed below.

Sinclair, therefore, requests that both parts of this application for a dual completion permit and for the establishment of an 80 acre Nonstandard Gas Proration Unit be granted administratively by the Commission or that either part be set for public hearing before an examiner if deemed necessary by the Commission. I hereby certify that the information contained in this application is true and complete to the best of my knowledge and belief.

SINCLAIR OIL COMPANY

By: J. G. [Signature]
J. G. [Signature]
Division Production Superintendent

JTR:RMA:ew

Sworn to and subscribed before me this 27th day of March, 1966.

Matney L. [Signature]
Matney L. [Signature]
Notary Public in and for Tarrant
County, Texas

- 3 -

Att: Ownership Map
Gas Well Plat
Schematic Sketch

cc: Via Registered Mail

Gulf Oil Corporation
Box 2167
Hobbs, New Mexico

Amerada Petroleum Corporation
Box 2040
Tulsa, Oklahoma

Tennessee Gas Transmission Company
Box 1031
Midland, Texas

Humble Oil & Refining Company
Box 1600
Midland, Texas

NEW MEXICO
OIL CONSERVATION COMMISSION

Gas Well Plat


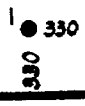
Date March 27, 1956

Sinclair Oil & Gas Company Ida White 2
Operator Lease Well No.

Name of Producing Formation Queen Pool Emont

No. Acres Dedicated to the Well 80

SECTION 35 TOWNSHIP 20-S RANGE 36-E

		Sinclair Oil & Gas	
			

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

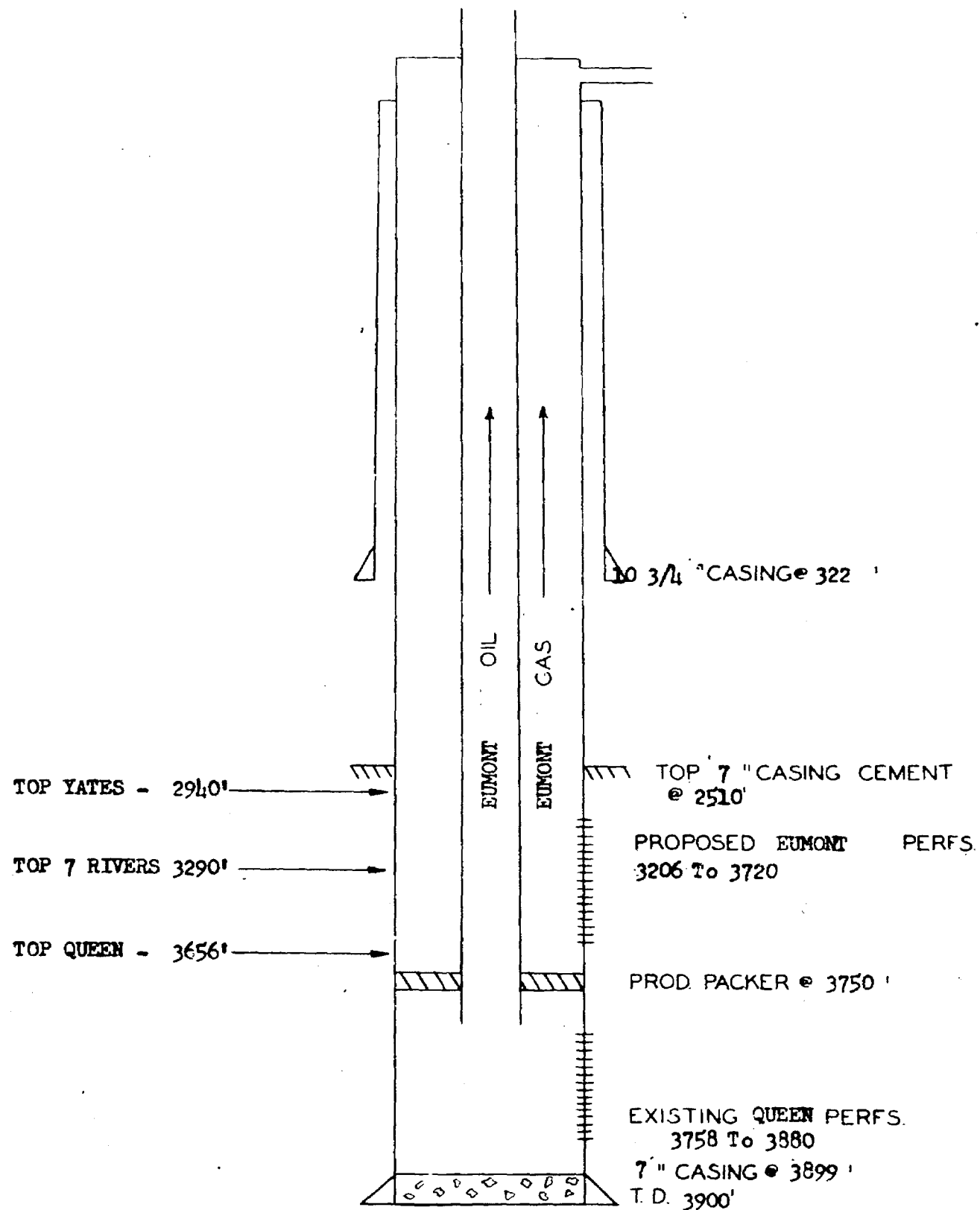
1. Is this gas well a dual completion?
Yes X No
2. Are there any other dually completion wells within the dedicated acreage?
Yes No X

Name Richard M. Anderson
Position Petroleum Engineer
Representing Sinclair Oil & Gas Company
Address Fort Worth, Texas

(over)

SCHEMATIC DIAGRAM OF PROPOSED DUAL COMPLETION
SINCLAIR OIL & GAS CO.

SEC 35, T-20 S, R-36 E LEA COUNTY, N.M.
IDA WHITE #2



OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

June 25, 1956

C
O
P
Y

Mr. Layton Webb
Sinclair Oil Company
Petroleum Life Building
Midland, Texas

Dear Sir:

We enclose a copy of Order R-826 issued June 18, 1956, by the Oil Conservation Commission in Case 1062, which was heard on April 25th at Hobbs, New Mexico.

Very truly yours,

A. L. PORTER, Jr.
Secretary - Director

ga
Encl.

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
April 25, 1956

IN THE MATTER OF:

CASE NO. 1062

TRANSCRIPT OF PROCEEDINGS

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico

April 25, 1956

-----)
)
Application of Sinclair Oil and Gas)
Company for an order approving a dual)
completion to produce gas from the)
Yates, Seven Rivers and upper Queen)
formations of the Eumont Gas Pool and)
to produce oil from the lower Queen)
formation of the Eumont Gas Pool in)
compliance with Rule 112 (a) of the)
New Mexico Oil Conservation Commission)
Statewide Rules and Regulations and)
for an order granting an exception to)
Rule 5 (a) of the Special Rules and)
Regulations for the Eumont Gas Pool)
as set forth in Order R-520 in establish-)
ment of an 80 acre non-standard gas)
proration unit.)

CASE NO. 1062

)
Applicant, in the above-styled cause,)
seeks an order granting them permission)
to dually complete their Ida White No. 2)
Well to produce gas from the Yates, Seven)
Rivers and upper Queen formations of the)
Eumont Gas Pool and oil from the lower)
Queen formation of the Eumont Gas Pool;)
said well being located 1650 feet from)
the South line and 2310 feet from the)
East line of Section 35, Township 20)
South, Range 36 East, Lea County, New)
Mexico, and in addition applicant seeks)
approval of an 80 acre non-standard gas)
proration unit consisting of the N/2 SE/4)
of Section 35, Township 20 South, Range)
36 East, Eumont Gas Pool, Lea County, New)
Mexico; said 80 acres to be dedicated to)
applicant's Ida White No. 2 Well.)
-----)

-2-

BEFORE:

WARREN W. MANKIN, Examiner

TRANSCRIPT OF HEARING

EXAMINER MANKIN: We will proceed now with Case No. 1062, the application of Sinclair Oil and Gas Company for an order approving a dual completion to produce gas from the Yates Seven Rivers and upper Queen of the Eumont Gas Pool and to produce oil from the lower Queen formation of the Eumont Gas Pool and also for an 80-acre non-standard proration unit.

WEBB: My name is Layton Webb, an attorney with Sinclair. The present address is Petroleum Life Building, Midland, Texas. I have one witness today, Mr. R. M. Anderson, and ask him to be sworn.

R. M. ANDERSON

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

DIRECT EXAMINATION

By Mr. Webb:

Q. Mr. Anderson, are you a graduate from a credited engineering school?

A. I am.

Q. And what school is that?

A. Carnegie Institute of Technology, Pittsburg, Penn.

Q. And by whom are you employed?

A. Sinclair Oil and Gas Company.

Q. And in what position are you employed?

A. Petroleum Engineer.

Q. And what has been your experience in the West Texas New Mexico oil field with regard to petroleum engineering?

A. I worked both in the field and in the office for the last eight years in a petroleum engineering capacity and more recently have been particularly interested in proration work in New Mexico.

MANKIN: His qualifications are acceptable.

Q. Mr. Anderson, I hand you what has been marked applicant's Exhibit No. 1, and ask you to identify this Exhibit, if you will please, sir.

A. This is an ownership map, showing the oil and gas leases in the vicinity of Sinclair's Ida White lease, which is located in Section 35, Township 20 South, Range 36 East. On this ownership map I have indicated the proration units currently in effect in the Eumont Gas Pool as taken from the April 1956 gas proration schedule.

Q. Now is the lease in question, Sinclair's Ida White lease, is it marked - colored entirely in red as contrasted to -- encircled in red on this ownership plat?

A. Yes, sir.

Q. Mr. Anderson, the well in question here, the Ida White Well No. 2, do you have the completion data on that well?

A. Yes, sir. The No. 2 Well was completed March 28th, 1955. Drilled to a T.D. 3,900 feet. 7" casing was set at 3,899 feet. The 7" casing was perforated in the Queen formation from 3,856 to 3,880 feet.

Q. And what is the location of that well as shown on your ownership plat?

A. The well is located 1650 feet from the South line and 2310 feet from the East line of Section 35, Township 20 south, Range 36 East, Lea County, New Mexico.

Q. And the size of the subject proration unit sought to be established at this hearing is shown as what on your plat?

A. It is eighty acres.

Q. Would you identify the legal description?

A. Yes. It is the 80 acres in the N/2 SE/4 of that section.

Q. Now, does Sinclair have presently producing on this particular lease, any gas wells, that's any wells classified as gas wells and being produced as such?

A. No, sir.

Q. Actually how many wells are presently located on the lease at this time?

A. We have two wells on the lease that are presently producing.

Q. And the other well being the Ida White No. 1 Well, is that correct?

A. That is correct.

Q. When was that well completed?

A. The Ida White No. 1 well was completed October 6, 1937 as an oil well in the Eunice-Monument Oil Pool. It was reclassified September 1, 1955 as an oil well in the Eumont Gas Pool. The No. 2 well was drilled and is classified as an oil well in the Eumont Gas Pool.

Q. Within the vertical and horizontal limits of the Eumont Gas Pool?

A. Yes, sir. The No. 1 well is apparently - it was drilled at such a time that electric logs were not run or commonly run at that time and were not run on that well and the well was completed when an oil productive zone was encountered, which was the common practice at that time. And it is believed from correlation in the vicinity and I believe that is the basis of the Commission's action in reclassifying the well. It is believed that a portion of the Queen formation as well as the Grayburg formation is open in the No. 1 well. So it is in effect producing both from the - - on the border - - both from the Queen formation and the Grayburg formation by virtue of this completion in 1937.

Q. That's the No. 1 well, not the well subject of this hearing?

A. That is correct.

Q. Have you made an investigation or do you know whether the leasehold interest and the royalty interests are common under this 80 acre tract which is the proposed non-standard unit?

A. Yes, sir, both the royalty and leasehold interests are common under this proposed 80-acre unit.

Q. Based upon your knowledge and your investigation and your work in this area in the Eumont Gas Pool area and the Eunice-Monument Oil Pool area, do you believe that the entire 80 acres may be reasonably presumed to be productive of gas?

A. Yes, sir, I believe that it may reasonably be presumed to be productive of gas, the entire eighty acres.

Q. Now, you mentioned awhile ago on your ownership plat that you had prepared a more or less schedule of the surrounding gas units surrounding this subject proration unit here as compared with the location of the well on this tract. Comparing the location of the well on this tract with the location of other oil wells, some of which have been dually completed in there, would you say this is reasonably in line with what has been done in other proration units in this area?

A. Judging from my general knowledge of the area and judging from this plat, on which I did not spot the individual wells as shown on the plat, but to the best of my knowledge and belief this is an up to date, accurate ownership map of the area and furnished by the contract map contracting company and I believe that the wells are accurately spotted and if that is true why then our tract is certainly in line with the general practice in the area.

Q. Now, do you believe and it is your opinion that the granting of this proration unit and the dual completion, which we will discuss in a few minutes, would protect correlative rights in the common reservoir in the Eumont Gas Pool?

A. Yes, sir, I believe that it would.

Q. You have attached to your application --would you like to take this in two parts and have the questioning on the proration unit or go on through and take up the dual completion, or say your proposed dual completion procedure, we can do it either way.

MANKIN: Either way that you desire to do it. It might be best to segregate them as much as possible.

Q. I will state then, that we have more or less closed our evidence as to the proration unit and perhaps you would like to ask some questions prior to the time we get into the dual completion.

MANKIN: Yes I would. In regard to the proration unit, Mr. Anderson are you aware that there is a pending administrative application before the Commission for the Bay Petroleum, I meant for the Tennessee Ntl. Gas Company, which has the NW/4 of Section 35 adjoining your lease, that there Well No. 2 is pending a dual completion and a 160-acre non-standard unit. Have you been so informed as an offset operator?

A. That matter has not come across my desk. I am not - I didn't realize that, no, sir.

MANKIN: In which the applicant, Tennessee Gas Transmission Company, attempts to dually complete a presently - a present

Eumont lower Queen oil well as a - - also with the upper Queen gas well and to form a 160-acre unit out of the NW/4. You are not aware of that application?

A. No, sir.

MANKIN: As an offset operator, I believe you were furnished a copy of that application, I just wondered if you were aware of it.

A. No, sir. It is quite possible that we were furnished with a copy of that and it is my duty to check all such applications as they come in. However, in the midst of changing our office from Fort Worth to Midland, that could possibly be where I missed seeing it. I have not seen that application and I have no knowledge that it has been made.

MANKIN: I just wanted to bring your plat up to date that such an application is pending for a non-standard unit of the NW/4 of Section 35 and also for dual completion of their No. 2 Well, the Bay No. 2, which is a diagonal offset to the well in question here today. I have another question. If that particular application is granted for a 160-acre non-standard unit, that will leave Amerada which has the N/2 SW/4 completely circled with other units without gas production. Is that correct?

A. That is correct.

MANKIN: Is that not common royalty ownership, that is the same royalty ownership as - - under the Amerada lease as under the Sinclair lease?

A. I do not know, but my ownership map shows it to be.

MANKIN: Has any attempts been made to form a unit with Amerada?

A. No, sir.

Q. Then you are going on your own 80 acres and --

A. I believe that I can say this that we have negotiated with Amerada on several units in this vicinity and have been able to come to terms with them and we would be willing to form a 160-acre unit with them comprising the N/2 of the S/2 of that Section 35. Under the same terms and conditions that are prevalent in the area and as we have made with both Amerada and other companies. Now, I don't know for sure, I don't believe we have in existence such a unit with Amerada but I know we have negotiated with them and agreed with them and it is a matter of time now in getting all the papers signed up to form such a unit. So I know that we can get together with Amerada and should Amerada be interested in assigning their acreage to our well in forming one of these agreements we would certainly look favorably toward it and in a very cooperative spirit. However, we felt that we should possibly go in and get our well dualled and make sure that we are going to have a gas well and at the same time combine with the application for a dual with our application for a non-standard unit which is common practice and so we would get our well recompleted with the 80-acre unit and then if we had a good enough well there why I am sure that Amerada would approach us and request that they be allowed to come in.

MANKIN: I have another question. In your application dated March 27, 1956, you indicated that your present well there is completed 3758 to 3880 and your proposed diagrammatic sketch reflects that same information, however I noticed your testimony here this morning indicated that it was 3858 to 3880. In other words there was a 100 foot variance. Which is correct?

A. 3758 to 3880 is the correct interval.

MANKIN: As presently producing?

A. As presently producing in the well that we propose to dual, yes.

MANKIN: Then your application and your accompanying diagrammatic sketch was correct?

A. Yes, sir.

MANKIN: Your testimony this morning however indicated that - - I believe that a question was asked of you of the perforation and you indicated 3858 to 3880. Do you wish to have that testimony corrected?

A. Yes, sir. I wish to correct that, I had it written down in error here. The actual perforations are 3758 to 3880.

MANKIN: That's all the questions that I have right now, in regard to the unit. Is there further questions of the witness in regard to the non-standard proration unit before preceding with the dual completion testimony? If not, proceed.

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Q. Mr. Anderson, you have attached to your application, dated March 27, 1956, a sketch of the proposed dual completion procedure on the Ida White Well No. 2. Would you care to explain that to the Commission and explain your sketch? I am sorry I do not have any other copies of it here.

A. Well, I believe we are proposing a routine dual completion such as is commonly done in the area. Mechanically, there is no unusual features to it. We intend to set a production packer above the existing lower Queen perforations and perforate the Yates Seven Rivers and upper Queen above that production packer. We intend to produce the oil from the lower Queen through the tubing and the gas from the upper Queen, Yates and Seven Rivers formations through the annulus. Now, as to the exact perforations that we propose to make we have not definitely made up our mind on that as yet. However we do propose to perforate somewhere between the intervals 3206 to 3720.

Q. I have one question. Did you actually test the Seven Rivers and the upper Queen and Yates in this well or are you basing your information on other wells producing from those -- that particular horizon in the area?

A. No test was made in drilling through those formations. We do not have any drill stem test information at all on this particular well. We did run a log, radio-active log on the well and several specific zones are indicated on that log as being possibly gas productive. We intend in the actual dualling of the well and the recompleting of the well as a dual we intend to selectively perforate and test the different zones that are indicated productive

and base our final completion and our final perforated intervals on that work in the field. We do have recommended zones however at this time, but we don't wish to say definitely if we will use them all.

Q. I see. And again in connection with your dual completion as well as with the formation of the non-standard proration unit, do you believe that this will protect correlative rights in the common reservoir and tend to promote the prevention of waste?

A. I do.

MANKIN: Mr. Anderson, I noticed that your diagrammatic sketch indicated the top of the cement behind the 7" to be at 2510. Is that by an actual temperature survey?

A. Yes, sir.

MANKIN: Is the temperature survey available and also a copy of the log to the Commission?

A. I don't have the---

MANKIN: Could it be made available?

A. Yes, sir. We could furnish you with copies. I wish to take a minute on that temperature survey--to check that. Yes, on the "Miscellaneous Report on Wells" we reported on April 6, 1955 that we ran a temperature survey which indicated the top of the cement back 7" casing at 2510 from the surface, so I am sure that the temperature survey was right, we will furnish you with the copies.

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MANKIN: Could that be made available to the Commission separately, a copy of the temperature survey and a copy of the radio-active log.

A. Yes, sir.

MANKIN: I notice from the sketch and from the testimony which you have given as to the existing Queen perforations which are producing oil and proposed gas perforations that there is only 38 feet between the two zones. Do you feel that you can get proper separation without having communication, with only 38 feet between the two zones?

A. I am very doubtful that it can be done and the proposed Eumont perforation--perforated interval as shown on that sketch was to merely be all inclusive of the--of all of the possible zones that we might have.

MANKIN: Don't you feel that there might be a question of communication with only 38 feet between them and if you insist upon perforations being that close together that it certainly would be within reason to have the pipe perforated again and a squeeze job to insure that there was adequate separation to mean adequate cement bond back of the pipe to be sure that there is no communication.

A. I would certainly think that that would be--if it became necessary in testing these other zones and they were found to be barren or non-productive commercially and we were forced to go that low to attempt to get gas production, I certainly

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would think that it would be necessary to perforate and squeeze immediately below the vicinity of 3720 to make sure and to have a dry test to make sure that we have adequate shut-off from that lower zone.

MANKIN: Then Sinclair would not be adverse to performing the necessary squeeze job if that was necessary as a prudent operator to be certain that there was not communication between the two zones if this application were approved.

A. That is correct. I might state further, that structurally our No. 1 Well is in a more favorable position for gas production. It is a little higher on structure and is in a more favorable position. However, we hesitated to, when we had a well with new casing on the lease, we hesitated to attempt to dually complete a twenty year old well in that area and take a chance on having trouble such as a blow-out at the casing depth.

MANKIN: The particular well in this application is approximately one year old and therefore it would be in a much better position, the equipment in the well, for properly dually completing.

A. Yes, sir.

Q. Actually you do have 7" casing in the old well, is that right?

A. Yes, sir, 7" casing.

MANKIN: And the well in question also has 7" casing. Is there question of the witness in this case, Mr. Folmar?

FOLMAR: Mr. Anderson, you are familiar with the Commission's delineation of the Eumont Gas Pool in this area, are you not?

A. Yes, sir.

FOLMAR: The zone that you have open presently, I believe is in the lower Queen and is producing oil. Is that within the delineated Eumont Gas Pool as defined by the Commission's Rules and Regulations?

A. Yes, sir, I believe it is. It is classified in that manner.

FOLMAR: The zones that you propose to open are in the Yates, Seven Rivers and upper Queen. Is that within the Commission's defined limits of the Eumont Gas Pool?

A. Yes, sir.

FOLMAR: Then the zone that you presently have open plus what you intend to open are all within one pool as defined by the Oil Conservation Commission?

A. That is correct.

FOLMAR: And you are proposing that an 80-acre proration unit be assigned to the perforation which you proposed to make in the Yates, Seven Rivers and upper Queen?

A. That's correct.

FOLMAR: And that a gas allowable be assigned. A full gas allowable for 80 acres?

A. Yes.

FOLMAR: And you are also proposing that you continue to produce the lower perforation in the lower Queen as an oil well, is that correct?

A. That is correct.

FOLMAR: And the 40-acres surrounding this well be assigned for the purpose of oil allowable. Would you consider that that would be double assignment of acreage in a common source of supply?

A. That question has been debated by this Commission for the last year and I know of and considerable testimony has been put on by men that have gone much deeper into it than I have and as to the vertical communication within the Eumont Gas Pool I can not say to what extent it exists. However, it is a problem which does exist in this area and our application is not based upon the fact that we think - - or that we are certain that they are separate reservoirs but it is based on the fact that we will be deprived of our full use of our lease and lands if we do not get a gas allowable for that acreage in addition to the oil allowable that we now have. And this is true because of operators to the North, and East, and South of us have done just exactly the thing that you have asked me about and they have not considered it, evidently, as a dual assignment of acreage because they have requested to the Commission for the double assignment, that you call it, and the Commission has seen fit to grant it and so I imagine that until it is definitely established that it is double assignment why we are just going to have to go along with the other operators and protect

ourselves from being drained in the Yates Seven Rivers and upper Queen zones.

FOLMAR: I believe you answered the portion concerning the common source of supply and I understand from your answer that you are not certain that this is a common source of supply.

A. That is correct.

FOLMAR: However, you are acquainted with the rules of the Commission which established the Eumont Gas Pool and according to the rules of the Commission it is defined as a single pool, is that right?

A. That is correct. By definition it is a single gas pool.

FOLMAR: Therefore in accord with the present rules under which we are operating, forgetting what may be working in the future, then you are asking for assignment of 40 acres to an oil zone and 80 acres to a gas zone all within the present recognized Eumont Gas Pool?

A. That is correct.

MANKIN: Any further question of the witness? Do you wish to enter your exhibit 1 in evidence in this case?

A. Yes, sir.

MANKIN: And you did not of course have a separate exhibit for the schematic diagram, but was a portion of the application so we will let that be considered as a portion of the application, rather than separate exhibit.

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WEBB: I ask that Exhibit No. 1 be introduced as evidence in this case.

MANKIN: Is there objection to entering of Exhibit 1 in evidence in this case. If not, it will be so entered. Before we take any statements in this case, I would like to read a wire that the Commission has received dated April 23, 1956 to the New Mexico Oil Conservation Commission, attention Mr. A. L. Porter in Santa Fe. "Stanolind Oil and Gas Company respectfully requests that Sinclair Oil and Gas Company's application in Case No. 1062 be denied. Although Stanolind is not an offset operator, we are operators in other areas of the Eumont Pool and have consistently opposed dual completions within the vertical limits of the Eumont Pool. It is our position that simultaneous dedication of acreage for the production of oil and gas from the Eumont Pay does not result in equitable withdrawals from the pool. Furthermore, the granting of such dual completions results in a violation of correlative rights of those operators who do not have such completions. It is further requested that this telegram be read into the record at the hearing on Case 1062." Stanolind Oil and Gas Company and it is signed C. L. Kelley, Roswell, New Mexico. We will now take statements.

FOLMAR: I am L. W. Folmar of the Texas Company. We have no property adjacent to Sinclair property involved in this application. And we will be effected by the Commission's action here only as

far as the Commission's policy applies on an overall basis. We do oppose this application in principal as we consider it to be in direct violation of the Commission's Order R-520, the Commission's definition on the pool or a common source of supply, and the Commission's definition of dual completion. We urge the Commission to consider its policy for handling applications for dual completions in common sources of supply on this and other application of this type on today's docket, as well as any previous approval the Commission may have granted to applications of this type. We will have some more to say on this later on in Case 1063 which involves an area of direct interest to the Texas Company.

MANKIN: Is there further statements to be made in this case?

WEBB: Sinclair Oil and Gas Company feels that in this case where the Commission has in the past and in this area and actually surrounding Sinclair's Ida White lease, have actually assigned gas and oil allowables to the same acreage. I don't have any particular dual completion in mind but our Exhibit 1, Sinclair's Exhibit 1, will reflect that there does exist a number of gas proration units in what is known as the oil corridor of the Eumont Gas Pool. As a consequence, Sinclair feels that unless they are allowed to produce the gas from the Seven Rivers, the Yates and the upper Queen sand as it is being produced by

surrounding operators that it will be deprived of its right to receive its fair share of the recoverable oil and other hydrocarbon minerals, including gas, from the Eumont Gas Pool. We don't think that this is something new which has come up in this area. As the Commission is aware, there has been considerable testimony on this area here and the Eumont Gas Pool and of course the Eunice-Monument Oil Pool. And this area does fall within what has now been determined to be an oil corridor of the Eumont Gas Pool. We feel that certainly the dualling is mechanically feasible and that we will certainly assure the Commission that any dualling attempt we make, as a ^{prudent} proved operator, would be handled in a manner which we believe would be satisfactory to the Commission as far as dualling is concerned and certainly we would try to prevent any communication between the oil zone and the gas zone, between the two producing zones. We feel that dualling is just an additional feature of this application for a proration unit, a non-standard proration unit. We feel that we are entitled to at ^{least} lease some type of well to produce our fair share of gas from the Eumont Gas Pool from the Yates and the Seven Rivers and upper Queen sands. So we respectfully urge that the Commission give serious consideration to this and the surrounding gas units which surround our acreage and that our application be granted.

MANKIN: Is there further statement in this case? If not the witness may be excused and we will take the case under advisement.

STATE OF NEW MEXICO)

COUNTY OF SANTA FE)

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

Dated this 24th day of May, 1956.

Joan Hadley

