

CASE 1063: Humble Oil Co. application for
approval of dual completion, Eumont Gas Pool,
& 240 acre NS gas proration unit, Eumont Gas
Pool

Case No.

1063

Application, Transcript,
Small Exhibits, Etc.

Call # 106

HUMBLE OIL & REFINING COMPANY

MIDLAND, TEXAS

March 15, 1956

J. W. HOUSE

DC will be granted on DC - 292 on 3/29/56

Re: Dual Completion - New Mexico State "AK" Well No. 1, 1980 feet from West line, 1880 feet from South line, Section 32, T-18-S, R-37-E, Lea County, New Mexico

Examined by H. J. House 1000 4/25/56 on NSP only

will receive amended application for NSP Hearing only.

Copy 31 made 4/11/56

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

Gentlemen:

Humble Oil & Refining Company respectfully requests that we be granted a permit to dual complete our New Mexico State "AK" Well No. 1 as a gas well from the upper Queen in the Eumont Pool and as an oil well from the lower Queen in the Eumont Pool. In support of this application we submit the following information.

1. New Mexico State "AK" Well No. 1 is located 1980 feet from the West line and 1880 feet from the South line of Section 32, T-18-S, R-37-E, Lea County, New Mexico.
2. Said well is now producing as an oil well in the Eumont Pool from the Queen from perforations 3890 - 3910 feet. We plan to continue to produce this section as an oil well.
3. The upper Queen will be perforated for gas production at an approximate interval of 3625 - 3710 feet. This section will produce as a gas well through the casing.
4. A packer will be set at approximately 3800 feet so as to segregate the producing intervals.
5. The dual completion of this well will be in the interest of conservation and the mechanics of the dual completion are feasible and practical.
6. The non-standard gas proration unit will be 240 acres described as the SW/4 and SW/4 of NW/4 and SW/4 of SE/4 of Section 32, T-18-S, R-37-E, Lea County, New Mexico.
7. Said proration unit lies wholly within a single governmental section and consists of contiguous quarter quarter sections.

New Mexico Oil Conservation Commission
March 15, 1956
Page 2

8. The entire proposed unit may be reasonably presumed to be productive of gas.
9. The length or width of said unit does not exceed 5280 feet.
10. Copies of this application have been furnished to all offset operators by certified mail.
11. Attached is a diagrammatic sketch, Form C-128 and location plats.

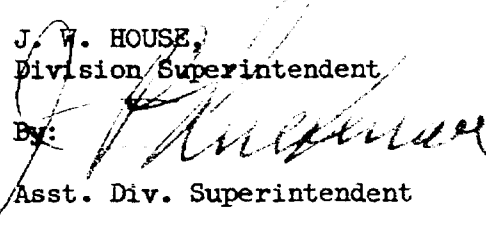
We request that the Oil Conservation Commission issue the necessary order permitting the dual completion of said well and permitting the assignment of a non-standard gas proration unit.

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

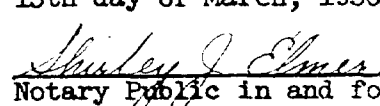
Yours very truly,

HUMBLE OIL & REFINING COMPANY

J. W. HOUSE,
Division Superintendent

By: 
Asst. Div. Superintendent

Subscribed and sworn to before me, this the 15th day of March, 1956.

 SHIRLEY J. ELMER
Notary Public in and for Midland County

HUMBLE OIL & REFINING COMPANY

MIDLAND, TEXAS

March 14, 1935

J. W. HOUSE

Schenckhorn Oil Corporation
714 First National Bank Building
Tulsa 2, Oklahoma

G. L. Cone
209 Turner Drive
Hobbs, New Mexico

The Texas Company
Box 1270
Midland, Texas

Gulf Oil Corporation
Box 2167
Hobbs, New Mexico

Phillips Petroleum Company
Box 2105
Hobbs, New Mexico

Perse Cleveland
201 North
Midland, Texas

De Salt Agricultural Association
306 Lubbock National Bank Building
Lubbock, Texas

Tide Water Associated Oil Company
Attn: J. L. Holloway
Box 1404
Houston, Texas

Gentlemen:


Attached is Humble Oil & Refining Company's application to the Oil Conservation Commission of New Mexico for permission to dual complete New Mexico State "A" Well No. 1 as a Luront Gas Well from the upper Queen and as a Luront Oil Well from the lower Queen. The 240 acre non-standard gas proration unit to be assigned will be described as the SE/4 and the SW/4 of NE/4 and the SW/4 of SE/4 of Section 32, T-13-S, R-37-E, Lea County, New Mexico.

This application is submitted to you as an offset operator in compliance with Commission rules and regulations.

Yours very truly,

HUMBLE OIL & REFINING COMPANY

J. W. HOUSE,
Division Superintendent


Asst. Div. Superintendent

AJT:
Attachment

SCHEMATIC DIAGRAM OF PROPOSED DUAL COMPLETION
HUMBLE - N.M. STATE AK -1

2" TUBING

8 5/8"
CASING

1502'

5 1/2"
CASING

EUMONT OIL
EUMONT GAS

3625'

APPROX
INTERVALS

EUMONT
GAS PAY

3710'

PRODUCTION PACKER at 3800'

3890'

APPROX
INTERVALS

EUMONT
OIL PAY

3910'

T. D. 3947'

4550' / 6000' Initial Comp on 9/55
13,000' / 27,000' / 6000'

NEW MEXICO
OIL CONSERVATION COMMISSION

Form C-128

Well Location and/or Gas Proration Plat

Date 3-13-56

Operator HUMBLE OIL & REFINING CO Lease NEW MEXICO STATE "AK"

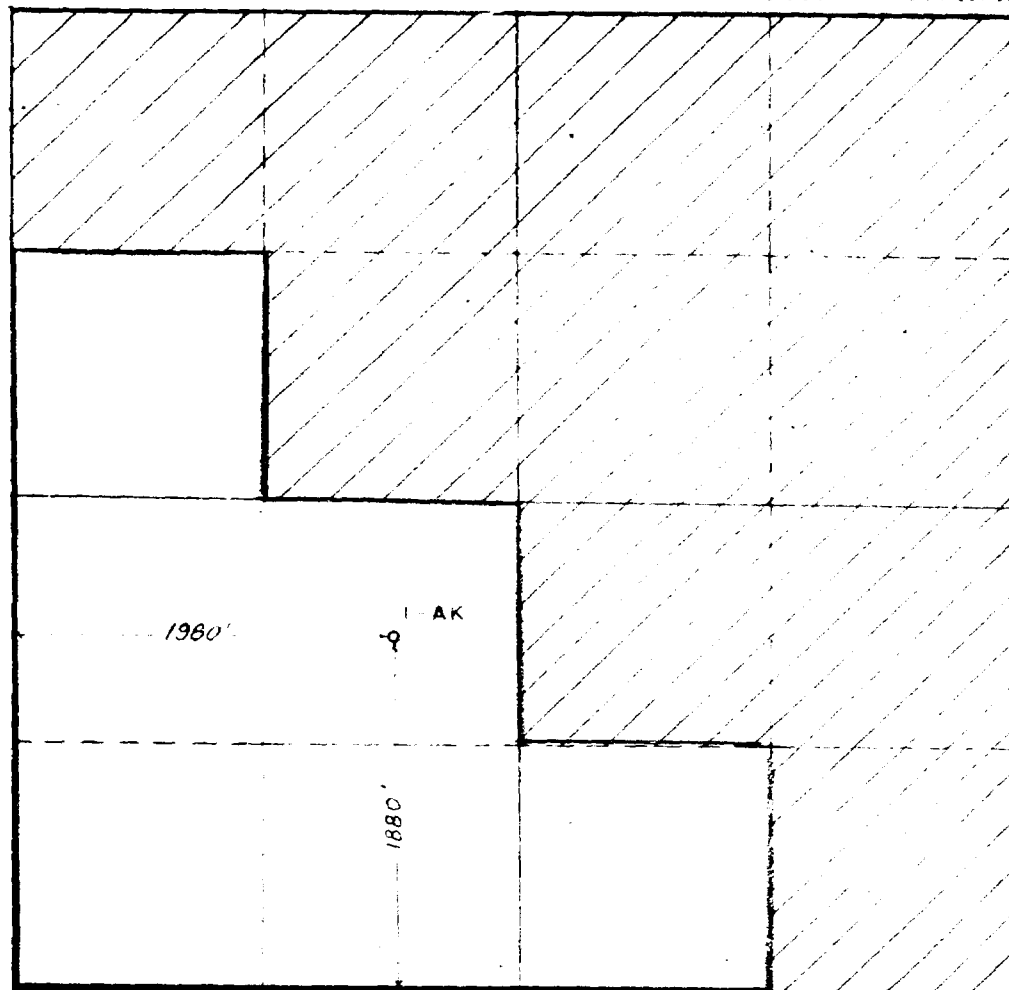
Well No. 1 Section 32 Township 18-S Range 37-E NMPM

Located 1880 Feet From SOUTH Line, 1980 Feet From WEST Line,

LEA County, New Mexico. G. L. Elevation _____

Name of Producing Formation UPPER QUEEN Pool EUMONT GAS Dedicated Acreage 240

(Note: All distances must be from outer boundaries of Section)



SCALE: 1"=1000'

1. Is this Well a Dual Comp.? Yes No
2. If the answer to Question 1 is yes, are there any other dually completed wells within the dedicated acreage? Yes No

Name [Signature]
Position ASSISTANT DIVISION SUPERINTENDENT
Representing HUMBLE OIL & REFINING CO.
Address BOX 1600 MIDLAND, TEXAS

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Date Surveyed 8-31-55
[Signature]
Registered Professional Engineer and/or Land Surveyor

WA-2062

NEW MEXICO
OIL CONSERVATION COMMISSION

Form C-128

Well Location and/or Gas Proration Plat

Date 3-13-56

Operator HUMBLE OIL & REFINING CO Lease NEW MEXICO STATE "AK"

Well No. 1 Section 32 Township 18-S Range 37-E NMPM

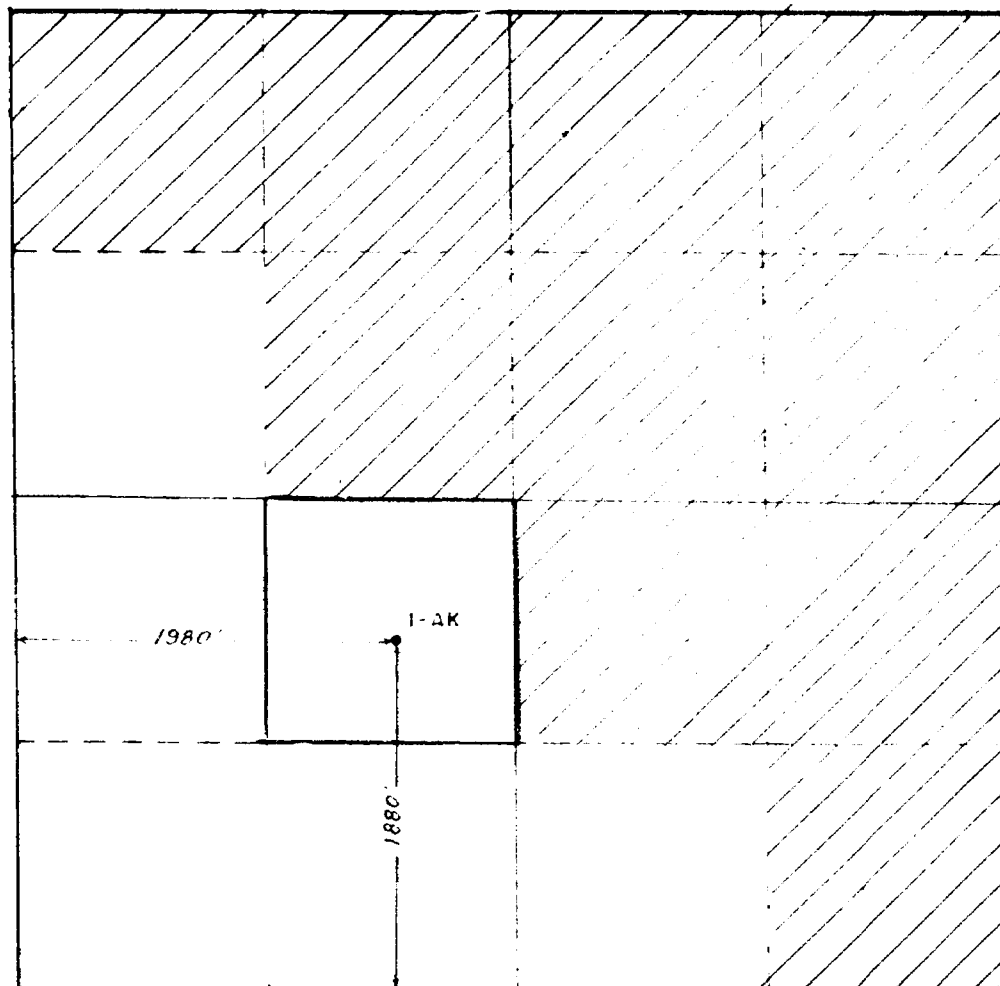
Located 1880 Feet From SOUTH Line, 1980 Feet From WEST Line.

LEA

County, New Mexico. G. L. Elevation

Name of Producing Formation LOWER QUEEN Pool EUMONT OIL Dedicated Acreage 40

(Note: All distances must be from outer boundaries of Section)



SCALE: 1" = 1000'

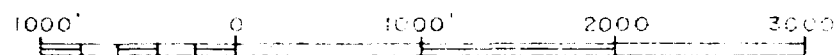
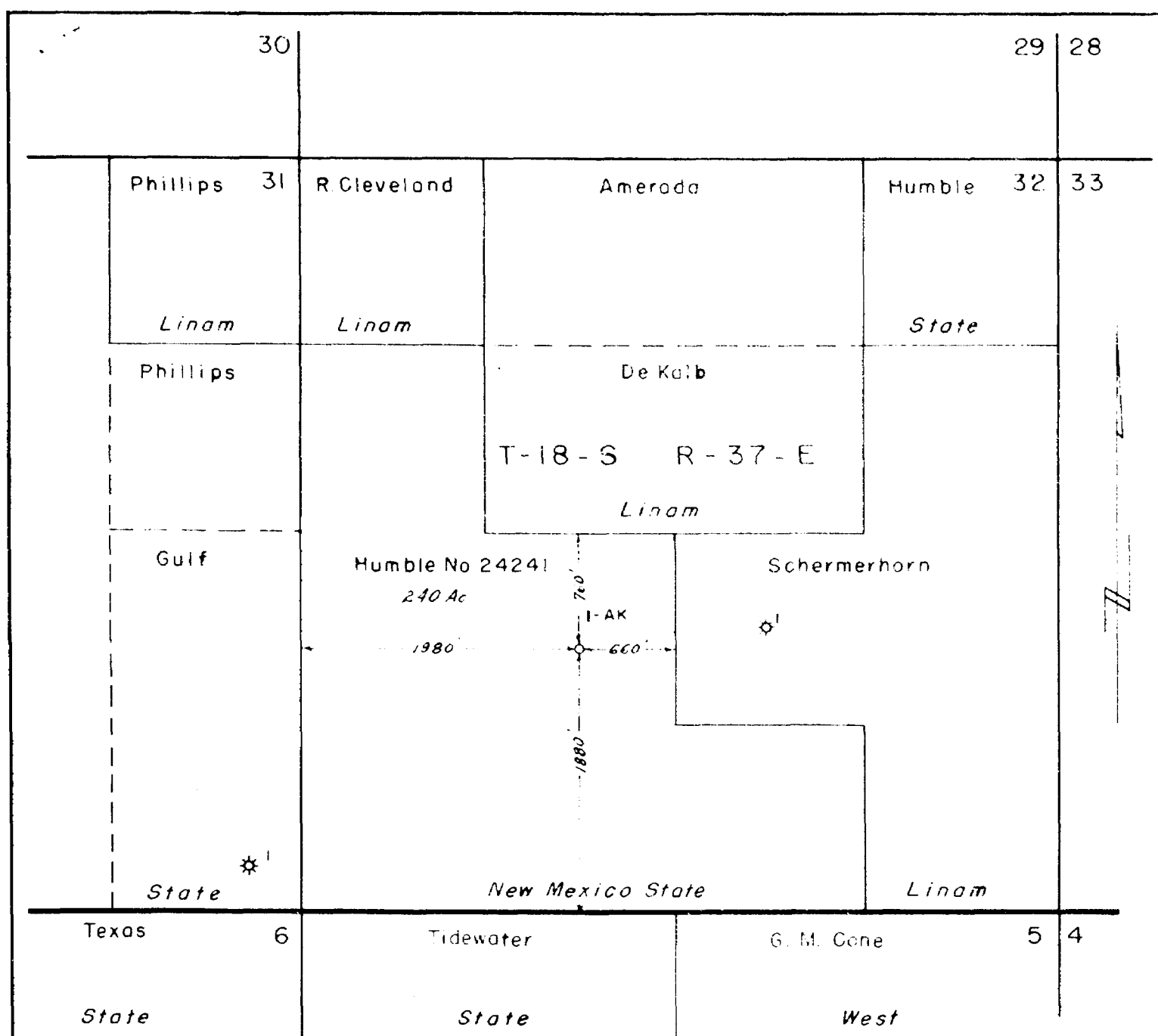
1. Is this Well a Dual Comp.? Yes No
2. If the answer to Question 1 is yes, are there any other dually completed wells within the dedicated acreage? No

Name [Signature]
Position ASSISTANT DIVISION SUPERINTENDENT
Representing HUMBLE OIL & REFINING CO.
Address BOX 1600 MIDLAND, TEXAS

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Date Surveyed 8-31-55
[Signature]
Registered Professional Engineer and/or Land Surveyor

W-A-2063



THIS APPLICATION FOR WELL NO. _____

NEW MEXICO STATE "AK" NO. 24241
SEC 32, T-18-S R-37-E, LEA CO., NEW MEX

HUMBLE OIL & REFINING COMPANY
CIVIL ENGINEERING DIVISION
MIDLAND TEXAS

DRAWN D. L. MCKIBBIN
CHECKED *E. L. L. L.*
APPR. _____

SCALE 1" = 1000'
DATE 8-31-55
REVISED _____

FILE NO.
WT-A 1946

9 MILES WEST OF HOBBS EUMONT GAS FIELD

THE TEXAS COMPANY

TEXACO PETROLEUM PRODUCTS

PRODUCING DEPARTMENT
WEST TEXAS DIVISION



P. O. BOX 1720
FORT WORTH 1, TEXAS

March 23, 1956

Re: Humble Oil & Refining Company's
Dual Completion - New Mexico State
"AK" Well No. 1, 1980 feet from
West line, 1880 feet from South
line, Section 32, T-18-S, R-37-E,
Lea County, New Mexico

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

Gentlemen:

By this letter The Texas Company files a protest to the granting of the subject dual completion by Administrative Order of the Secretary-Director of the New Mexico Oil Conservation Commission. The Texas Company questions the dual completion of two intervals within a common source of supply as defined by the NMOCC's Order No. R-520. The Texas Company respectfully recommends that the Commission deny this application.

If the Commission feels that a public hearing is required in this matter, The Texas Company hereby requests that same be set at the earliest possible date. It is our opinion that before this dual completion application is granted, the applicant should conclusively prove that the two intervals involved in the proposed dual completion are from separate sources of supply. If this fact is proven, The Texas Company feels that the Commission should enter an order which would revise the vertical delineation in the Eumont Pool.

Yours very truly,

H. N. Wade
Petroleum Engineer

HNW-MFT

| | | | | | |
|--|--|---|--|--|--|
| <p>32.94 Ac 1 Continental 11-5-62</p> <p>Alma Goodwin</p> | <p>Gulf H.B.P. A-1543</p> | <p>Gulf 9-28-63</p> | <p>Continental H.B.P. B-1535½</p> <p>EL 3731 TD 5797 Y 2806 SA 4265 6loc 5380 CF 5740</p> | <p>Gulf 4-27-56</p> | <p>Humble 6-11-56 5-8-56</p> |
| <p>32.87 Ac 3 (G.M.Cone) Continental 10-10-62 E-6581</p> <p>EL 3735 TD 4809 DMA 2-8-44</p> <p>State</p> | <p>Continental H.B.P. B-1535½</p> | <p>12-21-58 29</p> <p>M.R. Antweil, et al</p> <p>Grbg. Disc.</p> <p>"McMillan" P30</p> <p>Nell De Forest, et al</p> | <p>State</p> | <p>Allie Shipp, et al</p> <p>28</p> <p>Ralph Lowe</p> <p>6-10-63 E-7183</p> <p>State</p> | |
| <p>32.78 Ac 1 Amerada H.B.P. B-1431</p> <p>32.67 Ac 2 "WME"</p> <p>02</p> | <p>Contl. H.B.P. B-1535½</p> <p>G.M. Cone 12-23-56 et al 12-1-56 K Linam</p> <p>Contl. 10-10-62 E-6581</p> | <p>Gordon M. Cone Schermerhorn Oil et al 12-1-56 12-23-56</p> <p>W.M. Seeley Virgil Linam</p> | <p>Humble H.B.P. A-1320</p> <p>State</p> | <p>M.R. Antweil 6-10-63 E-7183</p> <p>(Amerada) 1000</p> <p>EL 3706 TD 4526 Y 2920 DMA 12-20-58</p> <p>"Lowe-State"</p> | <p>H A S E</p> |
| <p>32.55 Ac 3 M.R. Antweil 6-10-63 E-7193</p> <p>32.44 Ac 2 "O" Co. Disc.</p> <p>State</p> | <p>Phillips H.B.P. B-2073</p> <p>Schermerhorn Kenwood B-11474</p> <p>"Gulf-State" Disc.</p> <p>State</p> | <p>Humble A-1320 "AK"</p> <p>State</p> | <p>Schermerhorn Oil et al 6.34 Mil.</p> <p>R.L. Mullineaux V. Linam, S.</p> | <p>33</p> <p>Continental H.B.P. B-1533½</p> <p>32.77 Ac 4 Schermerhorn et al 12-1-56</p> <p>Not. Sec. 1 "B" TD 4500</p> <p>Schermerhorn Virgil Linam</p> <p>Aztec 10-19-64 E-8568</p> <p>State</p> | <p>V H B</p> |
| <p>32.95 Ac 4 Shell H.B.P. A-1118</p> <p>32.44 Ac 3 Texas 2-10-60 E-3289</p> <p>32.32 Ac 2 Continental B-2656 A-6</p> <p>State</p> | <p>41.93 Ac 2 Texas B-159</p> <p>Perm. Basin P.L. Co., S.</p> <p>"C"</p> | <p>40.85 Ac 4 Tide Water B-2330</p> <p>"AC"</p> <p>37 Mil.</p> | <p>42.91 Ac 2 Schermerhorn H.B.P. Seeley, Virgil, Linam et al</p> <p>Gulf H.B.P. B-243</p> <p>Gulf H.B.P. B-2208</p> <p>Amerada H.B.P. B-1431</p> <p>State</p> | <p>42.77 Ac 4 Schermerhorn et al 12-1-56</p> <p>Schermerhorn Disc. IP 3805 TD 3958 Virgil Linam</p> <p>Cities Service B-1481 "AT"</p> <p>State</p> | <p>42.64 Ac 2 Texas 11-1-60 02053</p> <p>K.G.S.</p> <p>Nell de Forest et al U.S. M.J.</p> <p>Texas 2-8 1-8 F220 p194-37</p> <p>"McMillan" Alma Goodwin, et al</p> <p>A</p> |

HUMBLE OIL & REFINING COMPANY

EXHIBIT NO. 1

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

EXHIBIT NO. 1062

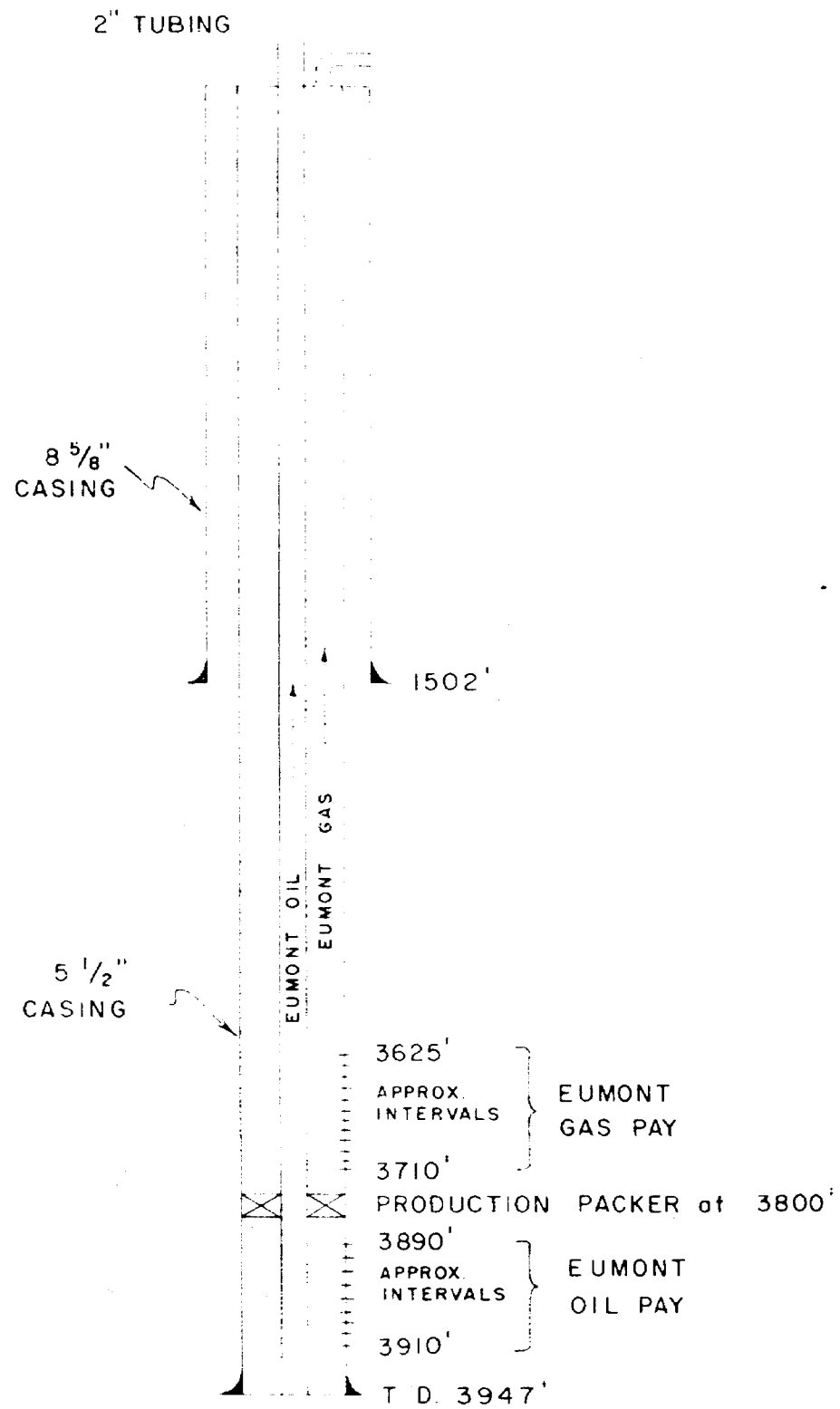
BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
Humble EXHIBIT No. 4
CASE 1063

HUMBLE OIL & REFINING COMPANY EXHIBIT 114
Eumont Gas Pool - Incomplete List

| COMPANY | Lease & Well No. | Location | Producing Section | Date | Order No. |
|-------------------------------|------------------------------|--|-------------------|--------|-----------|
| GULF OIL CORPORATION | | | | | |
| J. W. Smith No. 5 | NW/4 NE/4; 34-19S-36E | Upper Queen - gas Lower Queen - Oil | 3-8-56 | DC-279 | |
| Arnott Ramsay D-3 | SE/4 NW/4; 33-21S-36E | Yates, 7 Rivers-gas Queen - Oil | 11-3-55 | DC-248 | |
| Arnott "C" No. 8 | Lot 2; 6-21S-36E | Upper Queen-gas Lower Queen-oil | 11-10-55 | DC-250 | |
| Ramsay "A" 15 | SE/4 NW/4; 27-21S-36E | Yates, 7 Rivers-gas Queen - oil | 12-22-55 | DC-260 | |
| SKELLY OIL COMPANY | | | | | |
| Mexico "W" 4 | Lot 9; 2-21S-35E | Yates - gas 7 Rivers - oil | 7-8-55 | DC-212 | |
| SUPERIOR OIL COMPANY | | | | | |
| State No. 1-175 | NE/4 SE/4; 11-21S-35-E | Middle Yates-gas Lower Yates -oil | 8-28-55 | DC-230 | |
| AMERADA PETROLEUM CORPORATION | | | | | |
| Federal "D" No. 5 | SW/4 SW/4; 26-20S-36E | Queen-Oil | 3-13-55 | DC-187 | |
| State WE-B No. 3 | SE NW; 1-21-35 | Lower Yates & 7 Rivers - gas Upper Queen-oil | | DC-167 | |
| L. W. White No. 1 | SE/4 SE/4; 34-20S-36E | Lower Yates & Upper 7 Rivers-gas Middle 7 Rivers-oil | | DC-145 | |
| State WE "F" 1 | Lot 14; 1-21S-35E | Yates & 7 Rivers-gas Middle 7 Rivers- oil | | DC-138 | |
| State WE "E" 1 | NE/4 NE/4 SW/4 13-21S-35E | Lower Yates & 7 Rivers-gas Middle 7 Rivers - Oil | | DC-116 | |
| State WE "A" 2 | NE NW/4; 12-21S-35E | 7 Rivers-oil 7 Rivers & Yates - gas | | DC-78 | |
| Federal "D" 5 | SW/4 SW/4; 26-20S-36E | Queen -oil | | DC-187 | |
| CHARM OIL COMPANY | | | | | |
| Gulf State No. 1 | SE SW; 1-21S-35E | Upper 7 Rivers-gas Lower 7 Rivers-oil | 9-24-54 | DC-164 | |

| <u>COMPANY</u> | | | | | |
|--------------------------------|-----------------------|---|-------------|------------------|--|
| <u>Lease & Well No.</u> | <u>Location</u> | <u>Producing Section</u> | <u>Date</u> | <u>Order No.</u> | |
| DRILLING & EXPLORATION COMPANY | | | | | |
| Endura 4 I | NE/4 SE/4; 12-21S-35E | 7 Rivers - gas Upper Queen - oil | | DC-122 | |
| State "F" No. 3 | NE/4 SW/4; 19-21S-36E | Yates & 7 Rivers-gas Upper Queen - oil | | DC-148 | |
| CITIES SERVICE OIL COMPANY | | | | | |
| State "C" 3 | NE/4 SW/4; 16-21S-36E | Yates & 7 Rivers-gas Queen-Oil | | DC-120 | |

EXHIBIT NO. 5
 SCHEMATIC DIAGRAM OF PROPOSED DUAL COMPLETION
 HUMBLE - N.M. STATE AK -1



BEFORE THE
 OIL CONSERVATION COMMISSION
 SANTA FE, NEW MEXICO
 EXHIBIT No. 5
 CASE 1063

HUMBLE OIL & REFINING COMPANY

MIDLAND, TEXAS

March 20, 1956

8:12

J. W. HOUSE

Re: Dual Completion - New Mexico State
"AK" No. 1, 1980' fr. WL and 1880'
fr. SL, Sec. 32, T-18-S, R-37-E,
Eumont Pool, Lea County, New Mexico

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

Gentlemen:

Reference is made to application dated March 15, 1956, requesting that Humble Oil & Refining Company be granted a dual completion permit and permission to assign a 240 acre non-standard gas proration unit to New Mexico State "AK" Well No. 1, 1880 feet from the South line and 1980 feet from the West line of Section 32, T-18-S, R-37-E, Eumont Pool, Lea County, New Mexico.

This is to request that our application be amended so as to cover our request for administrative approval of dual completion and that the request for assignment of the 240 acre non-standard gas proration unit be set for hearing at your earliest convenience in Hobbs, New Mexico, before an examiner.

Yours very truly,

HUMBLE OIL & REFINING COMPANY

J. W. HOUSE,
Division Superintendent

By: *H. L. Henoley*
Asst. Div. Superintendent

AJT/se

cc: All Offset Operators

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

WESTERN UNION TELEGRAM

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

The filing time

is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

LA 085 SSF 004

L RWAC49 LONG PD=WUX ROSWELL NMEX 27 1050AMM

NEW MEXICO OIL CONSERVATION COMMISSION

ATTN A L PORTER PO BOX 871 SANTA FE NMEX

STANOLIND OIL AND GAS CO RESPECTFULLY REQUESTS THAT HUMBLE OIL AND REFINING COMPANYS APPLICATION IN CASE 1063 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 1063.

STANOLIND OIL AND GAS CO C L KELLEY ROSWELL NEW MEXICO

**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. 1063
Order No. R-822**

**THE APPLICATION OF HUMBLE OIL
AND REFINING COMPANY FOR AN
ORDER GRANTING APPROVAL FOR A
DUAL COMPLETION OF ITS NEW
MEXICO STATE "AK" WELL NO. 1,
LOCATED 1880 FEET FROM THE WEST
LINE AND 1880 FEET FROM THE SOUTH
LINE OF SECTION 32, TOWNSHIP 18
SOUTH, RANGE 37 EAST, NMPM, LEA
COUNTY, NEW MEXICO, SAID WELL TO
BE DUALY COMPLETED AS AN OIL
PRODUCER FROM THE LOWER QUEEN
FORMATION OF THE EUMONT GAS POOL
AND AS A GAS PRODUCER FROM THE
UPPER QUEEN FORMATION OF THE
EUMONT GAS POOL, APPLICANT
FURTHER SEEKS AN ORDER GRANTING
A 240 ACRE NON-STANDARD GAS
PROBATION UNIT COMPRISING THE
SW/4 AND SW/4 NW/4 AND SW/4 SE/4
OF SECTION 32, TOWNSHIP 18 SOUTH,
RANGE 37 EAST, NMPM, EUMONT GAS
POOL, IN 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 applicant by the preponderance of the evidence
proved that the two intervals involved in the proposed dual comple-
tion are from two separate zones of the Eumont Gas Pool.**

(3) That the application for dual completion of applicant's New Mexico State "AK" Well No. 1 should be granted.

(4) That applicant would be deprived of his fair share of the gas in the Eumont Gas Pool if this application for a 240 acre non-standard gas proration is denied.

(5) That there were no objections entered as to the granting of a 240 acre non-standard proration unit.

IT IS THEREFORE ORDERED:

1. That the applicant herein, Humble Oil and Refining Company be and is hereby authorized to dually complete its New Mexico State "AK" Well No. 1, located 1930 feet from the West line and 1880 feet from the South line of Section 32, Township 18 South, Range 37 East, NMPM, Lea County, New Mexico, in such a manner as to permit production of gas from the Upper Queen formation of the Eumont Gas Pool by proper perforations of the casing through the casing-tubing annulus and 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 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

-2-
Order No. R-822

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 test of the Eumont Gas Pool and submit packer setting affidavit upon completion or when the packer is disturbed or remedial action is 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 Humble Oil and Refining Company for an order granting the establishment of a 240 acre non-standard gas proration unit in the Eumont Gas Pool comprising the SW/4 and SW/4 NW/4 and SW/4 SE/4 of Section 32, Township 18 South, Range 37 East, NMPM, Lea County, New Mexico, be and the same is hereby granted.

That applicant's well New Mexico State "AK" Well No. 1, located in the Eumont Gas Pool, Lea County, New Mexico, be granted an allowable in the proportion that the above described 240 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 office, of 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.

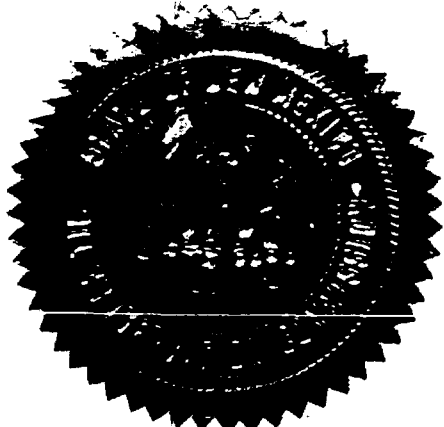
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

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



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

IN THE MATTER OF:

CASE NO. 1063

TRANSCRIPT OF PROCEEDINGS

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico

April 25, 1956

Application of the Humble Oil & Refining
Company for an order approving a dual
completion to produce gas from the upper
Queen formation of the Eumont Gas Pool
and to produce oil from the lower Queen
formation of the Eumont Gas Pool in com-
pliance with Rule 112 (a) of the New Mex-
ico Oil Conservation Commission Statewide
Rules and Regulations, and further appli-
cant requests an order granting an ex-
ception to Rule 5 (a) of the Special Rules
and Regulations for the Eumont Gas Pool as
set forth in Order R-520 in the establish-
ment of a 240 acre non-standard gas pro-
ration unit in Section 32, Township 18
South, Range 37 East, Lea County, New
Mexico.

Applicant, in the above-styled cause, seeks
an order granting them permission to dually
complete their New Mexico State "AK" Well
No. 1 as a gas well in the upper Queen for-
mation of the Eumont Gas Pool and as an oil
well in the lower Queen formation of the
Eumont Gas Pool; said well being located
1880 feet from the South line and 1980 feet
from the West line of Section 32, Township
18 South, Range 37 East, Lea County, New
Mexico, and for the establishment of a 240
acre non-standard gas proration unit in the
Eumont Gas Pool comprising the SW/4 and SW/4
NW/4 and SW/4 SE/4 Section 32, Township 18
South, Range 37 East, Lea County, New Mexico.

CASE NO. 1063

BEFORE:

WARREN W. MANKIN, Examiner

TRANSCRIPT OF HEARING

EXAMINER MANKIN: Next case on the docket is Case 1063 which is the application of Humble Oil and Refining Company for an order approving a dual completion to produce gas from the upper Queen formation, Eumont Gas Pool, and to produce oil from the lower Queen formation, Eumont Gas Pool, and for establishment of a 240 acre non-standard gas proration unit.

MR. HINKLE: Mr. Examiner, Clarence Hinkle, Roswell, appearing on behalf of the Humble Oil and Refining Company in Case No. 1063. We have one witness, Mr. Bob Dewey, would like to have sworn.

ROBERT S. DEWEY

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

DIRECT EXAMINATION

By Mr. Hinkle:

Q. Would you state your name, please.

A. Robert S. Dewey.

Q. Where do you live Mr. Dewey?

A. Midland, Texas.

Q. By whom are you employed?

A. Humble Oil and Refining Company.

Q. In what capacity?

A. Division Petroleum Engineer.

Q. Have you previously testified before the Oil Conservation Commission?

A. I have.

Q. As an expert witness?

A. Yes, sir.

Q. Are his qualifications acceptable?

MR. MANKIN: Yes, they are.

Q. Are you familiar with the application of the Humble Oil and Refining Company in Case No. 1063?

A. Yes, sir.

Q. Refer to Humble's Exhibit No. 1, and state to the Commission what that shows. Does it show the location of the well referred to in the application?

A. Yes, sir.

Q. What is the number of that well?

A. That well is the Humble State "AK" No. 1.

Q. Where is it located?

A. It is located 1880' from the South and 1980' from the west lines of Section 32, Township 18 South, Range 37 East, Lea County, New Mexico.

Q. Why was it located at that location?

A. It was drilled at this location to meet the offset requirements created by the completion of the Schermerhorn well in the NW/4 of the SE/4 of the same section. The reported completion date of the Schermerhorn well is June 25th, 1955. Drilling was completed on the Humble well in September 30th, 1955.

Q. At what depth was it completed?

A. Humble's State "AK" No. 1 was completed with 5½" casing set at 3947'. Casing was perforated with four jet shots per foot from 3890 to 3910. It was then acidized with 500 gallons of 15% acid and was sand-oil fractured using 10,000 gallons of oil and 10,000 lbs. of sand. On initial completion the well flowed 121.75 barrels, 36.5 gravity oil with no water through 3/8" choke and with a gas-oil ratio of 4,550.

Q. What is the present potential of the well?

A. Currently the well is producing approximately 13 barrels of oil with a gas-oil ratio of 27,000 to 1.

Q. Now referring again to Humble's Exhibit No. 1, state to the Commission what that shows.

A. Humble's Exhibit No. 1 is a brief produced portion of a commercial map showing the surrounding lease ownership and the location of the oil and gas wells adjacent to Humble New Mexico State "AK" lease. This lease is colored yellow on the Exhibit. Offsetting the Humble State "AK" 1 Well to the east Schermerhorn has a gas well in the Eumont Gas Pool. In Case 1042, Schermerhorn applied for an order granting a non-standard gas proration unit covering 400 acres in Section 32, Township 18 South, Range 37 East. This 400 acres is a direct offset to the North and East of the 240 acres in the Humble "AK" lease and covers all the uncolored portion of Section 32.

Q. Has that proration unit actually been granted?

A. Not to my knowledge, no, sir. I think it is pending.

Q. What else does the plat show?

A. To the southeast in Section 4, Township 19 South, Range 37 East, Schermerhorn has a gas proration unit of 165 acres attributable to their Lannin well. To the south and a direct offset to the Humble State "AK" lease, Tide Water has a gas proration unit of 166 acres attributed to their State "AC" Well No. 1 in the NW/4 Section 5, Township 19 South, 37 East. As a diagonal offset to the Southwest of the Humble State AK Lease, the Texas Company has a gas proration unit of 325 acres attributed to their State C NCT-6 Well in Section 6, Township 19 South, Range 37 East. Further to the southwest, Continental has a gas proration unit of 160 acres in the same section. Directly to the west and offsetting Humble's State "AK" lease, Schermerhorn has an 80 acre gas proration unit attributed to their Gulf State Well No. 1 in Section 31, Township 18 South, Range 37 East. From the described gas well and gas proration units in the Eumont Gas Pool, it is apparent that the Humble "AK" lease is surrounded by gas producing properties and it is reasonable to assume that all the Humble "AK" lease is productive of gas from the Eumont Gas Pool.

Q. Now, Mr. Dewey, refer to Humble's Exhibit 2, and state to the Commission what that is and what it shows.

A. Humble's Exhibit No. 2 is a west and east cross section from Antweil's State No. 1 Well in Section 31, Township 18 South, Range 37 East, through Schermerhorn's Gulf State No. 1 Gas well in the same section, through Humble's State "AK" 1 well in Section 32, Township 18 South, Range 37 East, to Schermerhorn's Lannin A-1 gas well in the same section. Indicated on the cross section is Humble's interpretation of an electric log of the top of the Queen formation, of the top of the Penrose sand member of the Queen formation. Attention is called to the lower sub-sea depth in which the Antweil well is producing oil as compared with the structurally higher depth at which Humble "AK" 1 is produced from. It may be noted that the top of the Penrose sand of the Humble "AK" is a little lower than the Schermerhorn's Gulf State 1 and relatively the same sub-sea elevation as Schermerhorn's Lannin No. 1 Well. The Humble State "AK" No. 1 is completed with perforations from 3890 to 3910, whereas the Schermerhorn's Gulf State was completed through an open hole from 3740 to 3900', and Schermerhorn's Lannin Well from 3610 to 3630. It is my opinion that the 20' interval open in the lower Queen in the Humble State "AK" No. 1 Well has resulted as being classified as an oil well with a high gas-oil ratio. It is my opinion that an additional perforation higher in the Queen formation that a gas well can be obtained. Colored in red on the cross section are two perforated intervals which are proposed to be used in making the upper part of Humble State "AK" 1 into a gas well. Mainly noted these intervals are approximately 150' above the interval now producing oil.

Q. Mr. Dewey, refer to Humble's Exhibit No. 3.

A. Humble's Exhibit No. 3 is north-south cross section from Antweil's McMillan No. 1 in Section 29, Township 18 South, Range 37 East, to Humble's State "AK" 1 Well in Section 32, Township 18 South, Range 37 East, to the Tide Water State "AC" 1 in Section 5, Township 19 South, Range 37 East. The Antweil McMillan No. 1

being structurally lower than the Tidewater State "AC" 1 is an oil well rather than a gas well. From the structural relationship depicted on these two cross sections, it is my opinion that the entire Humble State "AK" lease is gas bearing in the Queen formation. In support of a non-standard gas proration unit consisting of 240 acres described as the SW/4 and the SW/4 of the NW/4 and the SW/4 of the SE/4 of Section 32, Township 18 South, Range 37 East; said proration unit lies wholly within a single governmental section and consists of contiguous quarter-quarter sections. The entire proposed unit may be reasonably presumed to be productive of gas from the Eumont Gas Pool. The length and width and subject unit does not exceed 5,280'. Copies of this application for this unit have been furnished to all offset operators by certified mail. This application for a Commission order granting a non-standard gas proration unit covering the above-described 240 acres is made to protect correlative rights.

Q. Now, Mr. Dewey, refer to Humble's Exhibit No. 4 and state to the Commission what that is and what it shows.

A. Humble's Exhibit No. 4 is an incomplete list of the Commission's dual completion orders granting approval to dually complete wells in the Eumont Gas Pool so that the upper part of the well will produce gas and the lower part of the well will produce oil. From the number and distribution of dually completed wells in the Eumont Gas Pool, the request for permission to dually complete Humble's State "AK" 1 is consistent with the orders granted other operators.

Q. In other words, this is not an unusual application?

A. No, sir.

Q. And similar applications, as shown by Exhibit 4, have been heretofore approved by the Commission?

A. Yes, sir. Other applications have been approved and are still being heard.

Q. Now, Mr. Dewey, refer to Humble's Exhibit No. 5 and state to the Commission what that is and what it shows.

A. Humble's Exhibit No. 5 is a diagrammatic plat showing the conventional method to be used in making the dual completion. The Humble Oil and Refining Company will abide by current and future rules and regulations of the Commission relative to maintenance and production from dually completed oil and gas wells.

Q. Let me interrupt you there, Mr. Dewey--referring again to Exhibit No. 5 which shows the conventional method to be used in the dual completion, is there anything unusual in regard to this well, or is it standard practice?

A. It's conventional and standard practice in the State of New Mexico to dually complete wells in this manner. There is a long interval between the upper perforations and the lower perforations in this well which we believe will give adequate protection to the dual completion.

Q. State whether or not in your opinion if this well is completed in the manner indicated, it will prevent effective communication between the gas and oil zones of the formation.

A. We anticipate that it will do so.

Q. Now, what is the Humble's position, in the event that this application is granted with respect to the allowables?

A. In the event the Commission acts favorably on this request for dual completion, the Humble requests continuance of the 40 acre oil allowable and the granting of a 240 gas allowable for the State "AK" 1 Well. The above requested proration allowables are consistent with the proration allowables now in effect and granted to other operators under similar circumstances. In my opinion the granting of the requested proration allowable is required to preserve correlative rights. In the May and June, 1955 hearings on the Eumont Gas Pool, Humble concurred in the proposal made by Amerada relative to suggested rules recommending a gas-oil ratio of 6,000 to 1 be placed on oil wells and that the production of casinghead gas be deducted in computing the allowable for any unit having both oil and gas wells. The practice of gas cap withdrawal is not considered to be the best conservation practice. Humble is requesting the assignment of both oil

and gas allowables on the same acreage for the State "AK" lease under conditions currently permitted by the Commission in order to protect Humble's competitive position in the area.

Q. Now, does Humble own under a single lease or one unit all of the 240 acres that are proposed to be placed in this gas unit?

A. Humble's State "AK" lease is owned entirely by the Humble Oil and Refining Company and it being a State lease, the royalty under the lease is believed to be common.

Q. One other question -- were all of these exhibits prepared by you or under your direction?

A. That's right.

Q. And the respective Exhibit 1, to the best of your knowledge and belief, does it show the correct ownership of the leases in the particular area?

A. We purchased a commercial map that was suppose to be ---

Q. Ownership map?

A. Commercial ownership map that was supposed to be up to date and we purchased it just prior to this hearing, in order to attempt to get a lease ownership map that was correct in the area.

. We would like to offer Exhibits 1 thru 5 in evidence.

MR. MANKIN: Is there objection to entering Exhibits 1 thru 5 in evidence in this case? If not, they will be so entered.

MR. GURLEY: Mr. Dewey, the interval between the two perforated zones amounts to how many feet approximately?

A. I'd say in excess of 150'.

MR. GURLEY: To the best of your knowledge, are most of the dual completions that have been granted have similar distances between the perforated zones in those particular wells?

A. There is quite a variation between the perforated intervals -- some of them are much closer together than in our application.

MR. GURLEY: In your official capacity as an engineer, what would you say would be the minimum safe interval which would insure a definite division between the two zones?

A. We usually feel that if we have evidence of a good cement job, that if there is 50 or 60' between perforations, that we should not have communication. There is no assurance that we won't, but then we feel that that is a reasonable distance for an assumption that there won't be.

MR. GURLEY: To the best of your knowledge, is that the general consensus throughout the industry?

A. I think that most of the people in the industry feel that somewhere in that range of distances is consistent with good practice, considering it safe to perforate.

MR. GURLEY: How old is the equipment in this well?

A. This well is a rather recent well. Drilling of it was completed September 30, 1955. The well is a rather recent completion and all the materials as far as I know -- casing and that sort of thing -- were new materials.

MR. GURLEY: Thank you.

MR. MANKIN: Mr. Dewey, I notice from your Exhibit 2 that as far as structural position, your well which is considered in this application, the Schermerhorn Linam A-1, which is directly east of your well, are on a similar structural position; however, that particular offset well is predominantly a dry gas well and is perforated in the same zone which - or similar zones to which you are presently perforating your oil well and also perforating the same zone which you expect to perforate for the gas zone, is that correct?

A. That is right. They opened up the whole Queen section and it is all open, as I understand it, from our records, it is all open, the whole Queen section is open.

MR. MANKIN: Then on Exhibit 3 you showed that your well was a lower structural position than the Tide Water State "AC" 1 which is almost directly south

-10-

of your well. Structural position of the Tide Water Well is considerably higher in that particular exhibit than your well?

A. That's right.

MR. MANKIN: And then at that particular -- is your well as low structurally, it more nearly approaches a gas-oil contact there than did the Tide Water State well higher on structure, is that right?

A. That is true.

MR. MANKIN: Do you have knowledge of the offset well to the east, which is the Schermerhorn Linam A No. 1, which is the subject of Case 1042 -- is that making any fluids?

A. I cannot answer that. I don't know.

MR. MANKIN: It very likely is predominantly gas or you have no knowledge of it?

A. I understood that there was a rather large capacity gas well, but whether it is making any fluids or not, I don't know.

MR. MANKIN: Is there other questions of the witness in this case?

Mr. Folmar.

MR. FOLMAR: L. W. Folmar with the Texas Company. Mr. Dewey, you presented some cross sections and some other information on wells completed in this general area surrounding your well, covered by this application. You, I believe, have stated that some of these wells are open to both the upper and the lower Queen.

A. Yes, sir, that Schermerhorn well in particular is open all the way through the Queen.

MR. FOLMAR: Referring to the Schermerhorn Linam Well No. 1, which I believe is an east offset to your well, that well is completed, I believe you just told Mr. Mankin, in both the upper and lower Queen.

A. They opened up the whole section. We don't know just where that gas is coming from, but ---

MR. FOLMAR: Is it producing gas?

-11-

A. YES, SIR.

MR. FOLMAR: It is not an oil well?

A. It is so classified as a gas well.

MR. FOLMAR: And it has a gas allowable from the Eumont Gas Pool?

A. Yes, sir.

MR. FOLMAR: Then referring to the Schermerhorn Gulf State Well No. 1, which is southwest of your well, I believe your cross section shows that it is open to---that both the upper and lower Queen are open in that well. I am not certain.

A. No. If you are talking about the other Schermerhorn well, that is just open below the casing, so far as I know.

MR. FOLMAR: In other words the open hole is open to the upper and the lower Queen section.

A. I don't think it takes in all the Queen section, but ---

MR. FOLMAR: At least a part of the upper Queen and a part of the ---

A. It takes up a higher part of the Queen than our well, put it that way.

MR. FOLMAR: Are you acquainted with the completion data on the Continental State A-6 well which is located - I believe it is well No. 7, Continental State A-6 Lease located in the southwest corner of Section 6, you refer to that well.

A. All the information I have on that well is the amount of acreage that is attributed to that well which I got from the current gas proration schedule.

MR. FOLMAR: You don't know whether that well is completed in both the upper or lower Queen Sands?

A. I don't know. No, sir, I didn't look that up.

MR. FOLMAR: Are you acquainted with the completion data or completion intervals on the Texas Companies State C-(NCT) 6 Well No. 1.

A. Well, that's similar to the Continental Well, I just looked up the proration schedule and found out how much gas was -----

MR. FOLMAR: It may or may not be completed with both the upper and lower Queen open?

A. The only thing that I know about that well is that according to the proration schedule it is completed in the Eumont Gas Pool.

MR. FOLMAR: And it is on the Gas Proration Schedule?

A. Yes, sir.

MR. FOLMAR: It has one allowable, being the gas allowable?

A. That's right.

MR. FOLMAR: The present zone which is open in your well in a general section or the lower Queen whichever you may call it, is within the designated interval from the Eumont Gas Pool as defined by the Commission's Rules and Regulations?

A. Oh, yes, indeed.

MR. FOLMAR: And the section which you propose to open in the upper Queen section in this well is also within that same defined interval of the Eumont Gas Pool?

A. That's correct.

MR. FOLMAR: --- of the Commission's Rules and Regulations. Your well, I believe, you testified presently has a gas-oil ratio of 27,000 cu. ft. to one barrel of water.

A. That's right.

Q. Do you have record here of what it's gas-oil ratio was on its completion in September 1955?

A. At that time, the initial completion, it had a gas-oil ratio of 4,550.

MR. FOLMAR: Then since September 1955 until present it had a considerable increasing gas-oil ratio, is that correct?

A. Shortly after completion the gas-oil ratio reached a volume of gas has been rather constant but the oil production has fallen off so that the gas-oil ratio is increased.

MR. FOLMAR: Do you anticipate that there will be an additional increase in the gas-oil ratio in future operation of this well?

A. I think probably there will be, as the oil is shown a tendency to gradual depletion so that with the gas remaining relatively constant the gas-oil ratio should increase.

MR. FOLMAR: Is there any possibility, in your opinion, that this well eventually reach such conditions that it will be defined as a gas well according to the Commission's Rules and Regulations?

A. I think that if it were allowed to produce the way it is for long enough, that probably it would come under the definition of a gas well in the Eumont Pool.

MR. FOLMAR: I know, Mr. Dewey, that you perforated the 20' section which appears to be somewhat lower stratigraphically than the perforations in the Schermerhorn Linam A-1 Well on your Exhibit 2. To your knowledge was there any particular reason for selecting those perforations that low and I refer particularly to the Possibility that there might have been attempting to stay below a gas-oil contact.

A. We -- it is our company's policy to start with the lowest part of a well from our interpretation of the information we get in drilling a well from electric log and core data and also from drill stem tests, and to progressively test each section coming higher and higher up in the well to determine the productive intervals in the well and where it is desirable to maintain our production and after we got oil at that -- in those perforations, that 20' perforated interval, why having an oil well there we didn't continue to come up the hole to perforate it.

MR. FOLMAR: Well, Mr. Dewey, in your study of this area or your possible knowledge of tests that might have been conducted and drill stem tests or anything of that type, in your opinion is it very likely that a gas cap, or what you might call a gas cap, does exist directly above this oil zone you have perforated?

-14-

A. They -- I think that 20' interval, that we may have the very top of the gas cap and that Penrose member down there and it is very common in the Eumont Pool, the whole Eumont Pool is just one gigantic gas cap, in that thing --- around the edge of the field the oil wells that are obtained higher on the structure they encounter gas so that the gas and oil being encountered, depending upon the structure depth of which the wells are completed, it is a major gas cap over a large area.

MR. FOLMAR: From that then, I take it, Mr. Dewey, that you consider this oil accumulation from which your producing here to be in contact with the main gas pay in the Eumont Gas Pool?

A. Oh, I think it is, undoubtedly, yes. As you go down structure you have oil and as you go up structure you come to a point where you run into gas again.

MR. FOLMAR: What is the present allowable on your State "AT" Well No. 1?

A. It is producing --- it is capable of producing 13 barrels. With that ratio, I just couldn't tell you just what the allowable is on the proration schedule.

MR. FOLMAR: It is capable of producing 13 barrels?

A. Yes, sir. In a recent test made in March 18, it produced 13 barrels of oil.

MR. FOLMAR: Under the present rules, established for the Eumont Gas Pool by the Commission, you can produce what rate of gas from an oil well?

A. The limiting ratio is 10,000 to 1 currently, as I understand it.

MR. FOLMAR: For April which has a 40 barrel ----

A. 39

MR. FOLMAR: 39 Barrel allowable, that would amount to ---

A. 4 million.

MR. FOLMAR: 4 hundred thousand

A. 4 hundred thousand

MR. FOLMAR: Approximately.

A. 4 hundred thousand, yes, sir.

MR. FOLMAR: And so under the present rules, you can produce this well such that you will obtain 4 hundred thousand cu. ft. of gas per day from it?

A. I don't think the well has that capacity, I never tried to figure it, I don't think it has that --- 13 barrels, --- I could multiply it out here.

MR. FOLMAR: Mr. Dewey, is there anything in the rules that prevents you to perforate additional sections in the Eumont Gas Pool at this time?

A. No, sir, we could come right up the hole and perforate in the section and we could combine the different sets of perforations and in that way we could make a gas well that we just --- our preference was to separate the oil under ground under dual completion rather than to try to separate it above ground in tanks after it had all been produced from a lot of different perforations.

MR. FOLMAR: Well, Mr. Dewey, is there anything in the rules that prevent you from doing that now without coming before the Commission here?

A. No, sir, we have a preference here to produce our oil through the tubing and segregate it down there rather than trying to segregate from the stock tanks down there. We think that we cover more oil that way, and it won't be as wasteful.

MR. FOLMAR: Yet, to your knowledge there is nothing in the rules to prevent you from making your own unofficial dual completion ---

A. Well, we don't make unofficial dual completions. It's only official dual completions that we make and if we came up the hole and perforated higher and just threw them together I would consider that that was a dual completion.

MR. FOLMAR: Mr. Dewey, if the Commission approves your application today and assigns a 240-acre proration unit to your well for gas production from the Eumont Gas Pool and assigns a 40-acre proration unit to the lower zone in order to give you an oil allowable, what would be the permitted gas production from this well based on this month's proration schedule?

A. Well, the --- I don't know exactly what the gas allowable in the Eumont is currently, but I'd have to check the schedule to determine that but --

MR. FOLMAR: I hand you a copy of the Commission's proration schedule for April for the Eumont Gas Pool and if you could, Mr. Dewey, I'd appreciate it if you'd calculate the current allowable for a 240-acre unit.

A. The Amerada Andrews Well No. 1 in 12-20-36 has 240 acres assigned to it, a factor of 1.5. It was granted an April Current Allowable of 21 million 305 thousand.

MR. FOLMAR: Now on a daily basis for a 31 day month, that would amount to about 710 thousand cu. ft. per day for a 240 acre unit, is that correct?

A. Well, we would have to divide 21 million by 31. It would be 21 million 305 thousand divided by 31.

MR. FOLMAR: It would be approximately 700 thousand.

A. Well, I'll take your figures for it.

MR. FOLMAR: And if your application is approved as submitted here today, you would also be entitled to 400 thousand cu. ft. per day from the oil zone on this well.

A. If it will make it.

MR. FOLMAR: Now, your offset operators, some of which have the entire Queen section open and have only a dry gas well would be entitled to, on an equivalent basis, only the 700 thousand?

A. That's right.

MR. FOLMAR: In other words, would you not then be enjoying the advantage of some 400 thousand cu. ft. of gas per day production?

A. They didn't elect to make a dual completion -- I would say that it is possibly so. Our Experience has been that sometimes some of our wells will make more as single completions than they will as dual completions because they'll make a great deal more oil than making it a single completion, than we would if they made a dual completion out of them and tried to segregate our oil under

ground and produce our gas on top of the ground because their higher ratio ---- depending upon the rate of which they flowed, they have varying characteristics between oil and gas wells and we can get more oil out of some of them under those circumstances.

MR. FOLMAR: Well, Mr. Dewey, in case this is true ---

A. Well, it's possible that the case which you have sighted there, that the wells are capable of making more oil than we would produce under this dual completion.

MR. FOLMAR: Mr. Dewey, in case your application is approved and you do obtain an allowable for your gas zone and also a continued allowable for the oil zone with the present 10,000 to 1 ratio, what would you suggest an offset operator with the entire section open in his well do to protect himself?

A. Oh, I think that is his individual business, I don't ----- I hate to go out and make suggestions to other operators in the field -----

MR. MANKIN: Is there further question of the witness in this case? If there is nothing further the witness may be excused in this particular case.

MR. HINKLE: I would like to enter Exhibits 1 thru 5 in evidence.

MR. MANKIN: Without objection, they will be received. Are there statements to be made in this case?

L. W. FOLMAR: I'm L. W. Folmar, of the Texas Company. We take the position that an application to dually complete a well and to obtain independent allowables for each of two zones by what is considered by the Commission in its Rules and its delineation of pools and the common rule or common source of supplies is in direct violation of the Commission's Rules. Paragraph B 65-3-29, New Mexico Statutes annotated in 1953 compilations reads as follows: "Pool" means and underground reservoir containing a common accumulation of crude petroleum oil or natural gas or both. Each zone of a general structure, which zone is completely separated from any other zone in the structure, is covered by the word "pool" as used herein. "Pool" is synonymous with "common source of supply" and with "Common Reservoir."

The definition of a pool according to the Commission as carried under paragraph 46, page 4 of the Commission's Rules and Regulations, issued January 1, 1956 is identical to the statute definition. Dual Completions as defined in Paragraph 36 Page 3 of the Commission's Rules and Regulations as follows: Dual Completion shall mean the completion of any well so as to permit the production from two common sources of supply with the production from each common source of supply completely segregated. Referring again to the statutes 65-3-14 paragraph (a) reads as follows: The rules, regulations or orders of the Commission shall, so far as it is practicable to do so, afford to the owner of each property in a pool the opportunity to produce his just and equitable share of the oil or gas, or both, in the pool, being an amount, so far as can be practically determined, and so far as such can be practicably obtained without waste, substantially in the proportion that the quantity of the recoverable oil or gas, or both, under such property bears to the total recoverable oil or gas or both in the pool, and for this purpose to use his just and equitable share of the reservoir energy. In our opinion the approval of this application or any other application to dually complete a well within a single source of supply and assignment of more than one allowable in a single well completed only within a single source of supply as defined by the Commission is in conflict with the stated definitions and will violate the correlative rights of those Operators who have single completions in accordance with the applicable regulations. We want to point out that nothing prevents an operator from installing his own separation device, withdraw from the various zones as he desires so long as he does not exceed either the gas allowable if he produces his well such that it falls within the definition of a gas well or the oil allowable and the 10,000 cu. ft. per barrel gas volume for the Eumont Gas Pool. If he produces his well such that it falls within the definition of an oil well. Now during the hearing of Case 673, last May or June, I believe. No, I'm wrong on that, Case 673 which resulted in Order R-520 which established among other

things the Rules and Regulations for the Eumont Gas Pool, testimony of the operators recognized the probability that some oil wells would be found in the confines of the Eumont Gas Pool and provisions for the definition of an oil or gas well were incorporated in those Rules 14 and 15 of the Special Rules and Regulations of the Eumont Gas Pool were part of Order R-520. And Rule No. 18 of those Special Rules provided for a 10,000 to 1 gas oil ratio limit for oil wells. The opinion expressed by operators in this case was that these definitions of a gas oil ratio limit would provide equitable withdrawals from an oil well as compared to a gas well. Now, therefore, the conditions which have been found by Humble's well in this case were anticipated by formation of that order and were provided for in the Eumont Rules. We urge the Commission to deny this application and to reconsider it's entire policy of dual completions within common sources of supply, and we urge that you reconsider any previous approvals that may have been made at this time.

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

MR. HINKLE: Bob Dewey has already made a statement on behalf of Humble as to their position in this case and in other similar cases. It is not the best conservation practices but it is necessary in order to protect themselves and correlative rights. I think the Humble has gone on record several times and wish to go on record again that if and when someone proposes a workable solution to this and if the Commission issues an order the Humble is willing to abide by any order that will carry out an equitable solution of it.

MR. MANKIN: Is there anything further in your statements? If not, the witness may be excused and we will take the case under advisement. On the record again, I failed to read a telegram which was received by the Commission Dated April 23 addressed to the New Mexico Oil Conservation Commission, Attention: A. L. Porter, Santa Fe. Stanolind Oil & Gas Company respectfully requests that Humble Oil and

Refining Company's application in Case 1063 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 completions. It is further requested that this telegram be read into the record at the hearing on Case 1063. Signed Stanolind Oil and Gas Company, C. L. Kelly, Roswell, New Mexico. Is there anything further in this case?

STATE OF NEW MEXICO)
COUNTY OF SANTA FE)

I, Nancy Chowning, 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 6th day of July, 1956.

Nancy Chowning

COPY

HUMBLE OIL & REFINING COMPANY

March 28, 1936

STATE OFFICE CDD

71-11-1-45

*Corrected
on 4/25/36
by T. H. G.*

Continental Oil Company
Box 427
Hobbs, New Mexico

Gentlemen:

Please find attached a copy of our application to finally complete New Mexico State "AK" Well No. 1 as a Summit Gas Well from the upper Queen and as a Summit Oil Well from the lower Queen. The 240 acre non-standard gas proration unit to be assigned will be described as the SE/4 and the SE/4 of NE/4 and the SE/4 of NE/4 of Section 32, T-18-S, R-37-E, Lea County, New Mexico. You will note that our application is dated March 15, 1936, but we failed to notify you at the time since we were using an out of date map and it failed to show you as one of the offset operators.

Yours very truly,

HUMBLE OIL & REFINING COMPANY

J. W. HOUSE,
Division Superintendent

By: **COPY ORIGINAL SIGNED: J. W. HOUSE**
Asst. Div. Superintendent

AJT/so
Attachment

cc: Oil Conservation Commission,
Santa Fe, New Mexico