

Case No.

1102

Application, Transcript,  
Small Exhibits, Etc.

Rehearing

20  
11/30/51

BEFORE THE  
**Oil Conservation Commission**  
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1102

TRANSCRIPT OF PROCEEDINGS

DEARNLEY-MEIER AND ASSOCIATES  
COURT REPORTERS  
605 SIMMS BUILDING  
TELEPHONE 3-6691  
ALBUQUERQUE, NEW MEXICO

November 13, 1951

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
November 13, 1956

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IN THE MATTER OF:

(Rehearing) Application of the Ohio Oil Company for re-  
hearing in Case 1102, Order R-892, which established  
pool rules for the Dean Permo-Pennsylvania and Dean-  
Devonian Pools, Lea County, New Mexico. Applicant, in  
above-styled cause, seeks reconsideration by the Commis-  
sion of the spacing and allowable provisions for the  
Dean Permo-Pennsylvanian Pool with particular attention  
to the allowable for existing wells on 40-acre tracts.  
Applicant contends that such wells should retain the  
normal 40-acre allowable rather than one-half of the  
normal 80-acre allowable as established by Order R-892.

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BEFORE:

Mr. A. L. Porter  
Mr. E. S. (Johnny) Walker

TRANSCRIPT OF PROCEEDINGS

MR. PORTER: We will consider next, Case 1102.

MR. GURLEY: Application of the Ohio Oil Company for rehear-  
ing in Case 1102, Order R-892 which established pool rules for the  
Dean Permo-Pennsylvania and Dean-Devonian Pools, Lea County, New  
Mexico.

MR. PORTER: Mr. Couch.

MR. COUCH: Terrell Couch for the Ohio Oil Company. I  
would like to make a statement at this time, if I may, please, sir.

MR. PORTER: You may proceed.

MR. COUCH: The undisputed facts are that the Ohio's A. C. Dean Well No. 1 was commenced on 3-31-56 projected to the Pennsylvanian and Devonian formations on a leasehold tract of 200 acres. The well site is of course the NW/4 of the NW/4 of Section 35 and the NE/4 of Section 34 being the adjoining quarter section to the west is the remainder of the 200 acre tract.

On June 20, 1956, a drill stem test was run in the Strawn. At the hearing approximately one month later I requested that the well be recognized as an exception to the spacing provisions of the order proposed by Sinclair Oil and Gas Company. I also requested that the allowable of the well be permitted to remain at the allowable determined under statewide rules applicable at the time it was drilled. The Ohio did not at that time request a full 80 acre allowable - we requested only that the allowable not be cut by the application of the proposed rules.

As we all know, it appears doubtful whether a Permo-Penn well will pay for itself even under 80 acre spacing with only a normal 80 acre allowable. It is certain then that a well cannot return the invested capital if the allowable is limited to 1/2 of such an 80 acre allowable. That is the cut Order R-892 would place on the Ohio's well.

It has come to my attention that some of the operators have

obtained the impression The Ohio favors 40 acre spacing in the Dean Permo Pennsylvanian Pool. We do not. On the basis of all available information to date, The Ohio's management definitely advocates 80 acre spacing as the proper method of developing the pool. If it is desired to avoid any exception to 80 acre spacing insofar as the Ohio's acreage is concerned, that can readily be accomplished by recognizing a full 80 acre unit out of Ohio's own 200 acre tract. I repeat, The Ohio approves 80 acre spacing.

That brings us almost up to date. Early last evening Sinclair Oil and Gas Company and The Ohio arrived at what appeared to be an acceptable basis for forming an 80 acre unit within Section 35. The Ohio's leasehold is not state acreage. Our 200 acre tract is covered by three undivided interest leases containing no pooling provision. Royalty owners interests must be taken into account. With these facts in mind The Ohio suggested to Sinclair a continuance of the case to the regular December Hearing, with an interim order continuing The Ohio's allowable in effect until that date. It is my understanding that Sinclair has no objection to the continuance of the case, but as of last night Sinclair insisted that the cut in allowable must be effective December 1st, 1956.

In my opinion, if Sinclair desires to work out an agreement on the basis discussed last night there is every reason to believe the entire transaction including a satisfactory arrangement with

our royalty owners can be worked out prior to the December Hearing. I have attempted to consider carefully all aspects of the problem. I have concluded that a continuance of this case will be in the best interest of attempting to work out an 80 acre unit within the standards and limitations of the order. The cause of 80 acre spacing in New Mexico will, in my opinion, be better served by continuing this case at this time to permit a good faith effort to comply with the provisions of Order R-892. I therefore request that the case be continued until the regular December Hearing and in fairness to The Ohio, I request the Commission enter it's interim order continuing the allowable of The Ohio's well in effect until the regular December Hearing.

~~HARBIN~~  
MR. HAMON: May I make a statement?

~~HARBIN~~  
MR. PORTER: Mr. Hamon, I presume that your statement would be limited to the motion of Mr. Couch at this time.

~~HARBIN~~  
MR. HAMON: Yes, sir.

MR. PORTER: You may proceed.

~~HARBIN~~  
MR. HAMON: If the Commission please, Sinclair Oil and Gas Company does not object to continuing this case until the next term, or the next hearing date, but we do vigorously object to the well, the Ohio's well producing its present allowable after December 1st.

Now, the 40 acres which we have on the east of their 40 acres is state land. If the well continues to produce its present

allowable from December 1st until this hearing comes up on December 15th, it will be draining considerable oil from our lease. It would be depriving the State of New Mexico and the school system of royalties which would rightfully belong to them. Now, we think that this well should be brought within this Commission's order which was entered into October 4th, and that on December 1st, the allowable be reduced in accordance with that order.

Now, as Mr. Couch says, some negotiations have been conducted between Sinclair and Ohio. I believe myself that there be no question but what the 80 acre unit would be for. Perhaps before December 1st, I understand from Mr. Couch that his problem may be with his royalty owners, but it seems to me that he has two and a half weeks before December 1st. Possibly all of his royalty owners can be contacted before that time and the 80 acre unit formed before December 1st, and then if that happens, why, of course, it would take its regular 80 acre unit allowable, but I don't know, I have no control over his royalty owners. Maybe that might not be possible, to get their consent and maybe something might come up on December 15th where this case wouldn't be heard. In the meantime, this well would be producing, what is it, 90 barrels per day or more, than it would be allowed under the order entered by the Commission on October 4th. Therefore, we are perfectly willing and recommend that the case be passed until, I believe it



is the December 15th Hearing, the 13th, but that well be brought within the order of this Commission, and of course, I assure the Commission, as far as Sinclair is concerned, why we will use every effort in trying to work out the 80 acre spacing before December the 1st. As a matter of fact, we have made our definite offer, and it is, I believe, as to whether or not he can get his royalty owners signed up.

MR. PORTER: Mr. Gregg.

MR. GREGG: Gregg with Humble Oil, and I would normally oppose the continuance of the allowable to Ohio on this well. However, I think, under the circumstances, we have no objection to the continuance of it as Mr. Couch indicated. We might suggest that a possibility of a way out would be an understanding that if nothing is arranged by the December Hearing, that the allowable could be retroactive to December 1st at that time or whatever time it comes out, and make the over production at some later period, which they would make during the interval.

~~HARBIN~~  
MR. HAMON: If the Commission please, may I say one more thing?

MR. PORTER: Mr. ~~HARBIN~~ Hamon.

~~HARBIN~~  
MR. HAMON: It seems to me that the Ohio be protected by permitting this allowable to reduce December 1st under this Commission's order, and then in the event that this 80 acre unit is

not formed, and in the event that they ultimately win in their application, then this Commission could grant them their back allowable which they lost during that period of time.

MR. PORTER: Mr. Thomlinson.

MR. THOMLINSON: W. P. Thomlinson for Atlantic Oil Company. We have no objection to having the case continued. We have no objection to Ohio receiving the larger allowable until the case is settled, provided that the same advantage is extended to other wells in the field that have proration units less than 80 acres.

MR. PORTER: You heard Mr. Thomlinson. Did you have any reference to any specific unit?

MR. THOMLINSON: Yes, sir, we have one in the same site<sup>which is</sup>

MR. PORTER: How many acres does that unit contain?

MR. THOMLINSON: That is a 52 acre unit, 52, I believe, and some fraction, and we do support 80 acre spacing and hope that it can be established in the pool, but we believe that if an advantage is to be offered to one well in the pool, if it has a proration unit of less than 80 acres, it should be the same as for any other.

MR. PORTER: Have you estimated or computed the allowable that would be granted to a 53 acre unit?

MR. THOMLINSON: Under what circumstances, 80 acre or 40 acre?

MR. PORTER: Using a 40 acre formula.

MR. THOMLINSON: I think our allowable would be about, some two hundred and eighty some barrels a day.

MR. PORTER: Does anyone else have a statement with reference to Mr. Couch's motion?

The Commission has ruled that it is willing to continue the case until the December Hearing, but that the allowable provision of Order R-892 will go into effect on December 1st.

MR. COUCH: I would like to state at this time, if the Commission please, that Ohio feels that the provision of the allowable is not in compliance with the statute or the rules that apply to Ohio's well. I want also to assure the Commission that we will do everything we can to work out this agreement we have discussed with Sinclair. If we are unable to do it by December 1st, I want to state frankly now that I will be before this Commission prior to December 1st for a request to continue the case status quo of Ohio's well until such time as the December Hearing.

MR. PORTER: The Commission has ruled that Case 1102 will be re-continued to the regular December Hearing which I believe is on the 13th, but that the allowable provisions of Order R-892 will go into effect on the scheduled date.

STATE OF NEW MEXICO     )  
                                  )  
COUNTY OF BERNALILLO    )     ss

I, J. A. TRUJILLO, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me in Stenotype and reduced to typewritten transcript by me; and that same is a true and correct record to the best of my knowledge, skill, and ability.

WITNESS my Hand and Seal, this, the 26th day of November, 1956, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

  
NOTARY PUBLIC

My Commission Expires:

October 5, 1960

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
October 18, 1956

\* \* \* \* \*

IN THE MATTER OF: \*

CASE NO. 1103 \*

(Rehearing)\* \*

\* \* \* \* \*

TRANSCRIPT OF PROCEEDINGS

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
October 18, 1956

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IN THE MATTER OF:

The application of Cities Service Oil Company  
on rehearing of Case No. 1103, Order R-874 for  
an order granting permission to effect a single  
string oil-oil dual completion in the Dean-  
Devonian and Dean-Pennsylvanian Pools, Lea County,  
New Mexico. Applicant, in the above-styled cause,  
seeks on rehearing in Case 1103, Order R874 re-  
consideration of the New Mexico Oil Conservation  
Commission's denial of its application for permission  
to make a single string oil-oil dual completion in  
the Dean-Devonian and Dean-Pennsylvanian Pools, Lea  
County, New Mexico; said rehearing will be restricted  
to the receiving of new evidence on those issues  
specifically raised in the application for rehearing.

CASE NO. 1103  
(Rehearing)

\*\*\*\*\*

BEFORE:

E. S. Walker - Member

A. L. Porter, Jr. - Secretary and Member

TRANSCRIPT OF HEARING

MR. PORTER: The meeting will come to order. The case for  
consideration this morning is Case 1103, the application of Cities Service  
Oil Company for rehearing. I have a letter dated October 15, signed by  
Alfred O. Hall, Attorney for Cities Service, which I would like to make a  
part of the record. This letter requests that the application for re-  
hearing be dismissed. Is there objection to the application for dismissal?  
If not, the case will be dismissed. The hearing is adjourned.

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

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

Dated at Santa Fe, New Mexico this 19th day of October, 1956.

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1103

No. 34-56

DOCKET: REGULAR HEARING OCTOBER 17, 1956

Oil Conservation Commission 9:00 a.m., Mabry Hall, State Capitol, Santa Fe

- ALLOWABLE: (1) Consideration of the oil allowable for November, 1956.
- (2) Consideration of the allowable production of gas from the six prorated pools in Lea County, New Mexico, for November, 1956; also consideration of the allowable production of gas from the six prorated pools in San Juan and Rio Arriba Counties, New Mexico, for November, 1956.

NEW CASES

CASE 1161: Application of Northwest Production Corporation for an order authorizing a triple gas completion in the SW/4 of Section 7, Township 26 North, Range 5 West, Rio Arriba County, New Mexico, in exception to Rule 112-A of the New Mexico Oil Conservation Commission Rules and Regulations. Applicant, in the above-styled cause seeks an order granting permission to effect a triple gas completion of its Jicarilla "W" 1-7 Well located 800 feet from the South line and 920 feet from the West line of Section 7, Township 26 North, Range 5 West, Rio Arriba County, New Mexico. The proposed producing horizons are the South Blanco-Pictured Cliffs Gas Pool and the Mesaverde and Dakota formations of two presently undesignated gas pools in the SW/4 of said Section 7. Applicant proposes to produce Pictured Cliffs gas through one small string of tubing, Dakota gas through another small string of tubing inside one larger string of tubing and Mesaverde gas through the tubing-tubing annulus.

CASE 1162: Application of Northwest Production Corporation for an order authorizing a triple gas completion in the NE/4 of Section 5, Township 26 North, Range 5 West, Rio Arriba County, New Mexico, in exception to Rule 112-A of the New Mexico Oil Conservation Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order granting permission to effect a triple gas completion of its Jicarilla "W" 2-5 Well located 990 feet from the North line and 1650 feet from the East line of Section 5, Township 26 North, Range 5 West, Rio Arriba County, New Mexico. The proposed producing horizons are the Pictured Cliffs, Mesaverde and Dakota formation of three presently undesignated gas pools in the NE/4 of said Section 5. Applicant proposes to produce Pictured Cliffs gas through one small string of tubing, Dakota gas through another small string of tubing inside one larger string of tubing and Mesaverde gas through the tubing-tubing annulus.



CASE 1163: Application of the Oil Conservation Commission of the State of New Mexico on its own motion for an order amending Rule 701 of the Statewide Rules and Regulations. Applicant, in the above-styled cause, seeks an order amending Rule 701 to provide, under certain conditions, for administrative approval of salt water disposal projects without the necessity of a hearing.

CASE 1164: Application of the Oil Conservation Commission of New Mexico on its own motion for an order revising the proration rules contained in the Special Rules and Regulations for all prorated gas pools in the State of New Mexico. Applicant, in the above-styled cause, seeks an order revising the proration rules in the Special Rules and Regulations for the following gas pools in San Juan, Rio Arriba and Lea Counties, New Mexico:

Aztec-Pictured Cliffs	Eumont
South Blanco-Pictured Cliffs	Jalmat
Fulcher Kutz-Pictured Cliffs	Blinebry
West Kutz-Pictured Cliffs	Tubb
Ballard-Pictured Cliffs	Justis
Blanco-Mesaverde	Byers-Queen

Applicant proposes to revise the present procedure in the following particulars:

1. Format of the Monthly Gas Proration Schedule
2. Method of determining whether a gas well is marginal.
3. Method of determining cancellable underage.
4. Method of determining when overproduced well should be shut-in.
5. Method of determining whether a well is in balance.
6. Procedure for assigning gas well allowables.

CASE 1165: Northwestern New Mexico nomenclature case calling for the extension of existing pools in San Juan and Rio Arriba Counties, New Mexico.

(a) Extension of the Tapacito-Pictured Cliffs Pool to include:

Township 25 North, Range 3 West  
Section 3: W/2  
Section 4: S/2  
Section 9: N/2

Township 26 North, Range 3 West  
Section 33: W/2

Township 26 North, Range 4 West  
Section 8: All  
Section 16: W/2  
Section 17: E/2

(b) Extension of the South Blanco-Pictured Cliffs Pool to include:

Township 25 North, Range 4 West  
Section 18: S/2

Township 25 North, Range 5 West  
Section 2: N/2

Township 25 North, Range 6 West  
Section 1: E/2  
Section 12: N/2  
Section 24: E/2

Township 26 North, Range 5 West  
Section 35: S/2

Township 27 North, Range 9 West  
Section 1: N/2

(c) Extension of the Otero-Pictured Cliffs Pool to include:

Township 24 North, Range 5 West  
Section 16: W/2

Township 24 North, Range 6 West  
Section 12: E/2

(d) Extension of the Ballard-Pictured Cliffs Pool to include:

Township 25 North, Range 8 West  
Section 13: S/2

(e) Extension of the Bisti-Lower Gallup Oil Pool to include:

Township 25 North, Range 12 West  
Section 5: SE/4  
Section 15: SW/4

Township 25 North, Range 13 West

Section 1: NW/4

Section 12: NE/4

(f) Extension of the Blanco-Mesaverde Pool to include:

Township 30 North, Range 5 West

Section 6: All

Township 31 North, Range 5 West

Section 31: All

Township 31 North, Range 12 West

Section 7: All

Section 18: All

(g) Extension of the South Blanco-Dakota Pool to include:

Township 26 North, Range 6 West

Section 5: SW/4, NW/4

Section 6: All

Township 26 North, Range 7 West

Section 1: NE/4

CASE 1166:

Southeastern New Mexico nomenclature case calling for the extension of existing pools in Lea and Chaves Counties, New Mexico.

(a) Extension of the Baum-Wolfcamp Pool to include:

Township 14 South, Range 33 East

Section 6: W/2

(b) Extension of the Caprock-Queen Pool to include:

Township 15 South, Range 31 East

Section 3: NE/4

(c) Extension of the Crosby-Devonian Gas Pool to include:

Township 25 South, Range 37 East

Section 33: N/2

(d) Extension of the E-K Queen Pool to include:

Township 18 South, Range 33 East

Section 14: NW/4

Section 23: NE/4

DOCKET: SPECIAL COMMISSION HEARING OCTOBER 18, 1956

Oil Conservation Commission 9:00 a.m., Mabry Hall, State Capitol, Santa Fe

CASE 1103:( Rehearing)

Application of Cities Service Oil Company on rehearing of Case 1103, Order R-874 for an order granting permission to effect a single string oil-oil dual completion in the Dean-Devonian and Dean-Pennsylvanian Pools, Lea County, New Mexico. Applicant, in the above-styled cause, seeks on rehearing in Case No. 1103, Order R-874 reconsideration of the New Mexico Oil Conservation Commission's denial of its application for permission to make a single string oil-oil dual completion in the Dean-Devonian and Dean-Pennsylvanian Pools, Lea County, New Mexico; said rehearing will be restricted to the receiving of new evidence on those issues specifically raised in the application for rehearing.

DOCKET: EXAMINER HEARING OCTOBER 19, 1956

Oil Conservation Commission 10:00 a.m., Mabry Hall, State Capitol, Santa Fe

The following continued case will be heard before Warren W. Mankin, Examiner:

CASE 1120:

Application of Gunsite Butte Uranium Corporation for an unorthodox gas well location in the Tapacito-Pictured Cliffs Gas Pool in exception to Paragraph (4) of the Special Rules and Regulations for said pool as set forth in Order R-794. Applicant, in the above-styled cause, seeks an order authorizing an unorthodox location for a gas well to be drilled by applicant in the NW/4 of Section 3, Township 25 North, Range 3 West, Rio Arriba County, New Mexico.

(e) Extension of the Eumont Pool to include:

Township 19 South, Range 36 East  
Section 22: E/2 SW/4

(f) Extension of the Jalmat Pool to include:

Township 22 South, Range 35 East  
Section 11: SE/4

(g) Extension of the King-Devonian Pool to include:

Township 13 South, Range 37 East  
Section 35: NE/4

CONTINUED CASES

CASE 1126:

Application of Rowan Oil Company for an order granting permission to make an oil-oil dual completion in the Blinebry Oil Pool and the Drinkard Oil Pool in compliance with Rule 112-A of the New Mexico Oil Conservation Commission Statewide Rules and Regulations. Applicant, in the above-styled cause, seeks an order authorizing an oil-oil dual completion in the Blinebry Oil Pool and Drinkard Oil Pool for its Cary No. 7 Well located 1874 feet from the North line and 2086 feet from the West line of Section 22, Township 22 South, Range 37 East, Lea County, New Mexico; applicant proposes to run only one string of tubing to produce the Drinkard Oil through the tubing and the Blinebry Oil through the casing-tubing annulus.

CASE 1127:

Southeastern New Mexico nomenclature case calling for the creation of a new pool in Lea County, New Mexico.

(d) Creation of a new oil pool for Tubb production, designated as the Tubb Oil Pool, and described as:

Township 21 South, Range 37 East  
Section 10: SE/4 SW/4

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

September 28, 1956

C  
O  
P  
Y

Mr. Alfred P. Hall  
Cities Service Oil Company  
Cities Service Building  
Bartlesville, Oklahoma

Dear Sir:

We enclose a copy of Order R-874-A issued September 27, 1956,  
by the Oil Conservation Commission in Case 1103.

Very truly yours,

A. L. Porter, Jr.  
Secretary - Director

brp

CC-Mr. Clarence Hinkle  
Hervey, Dow & Hinkle  
Box 547  
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 NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 1103  
Order No. R-874-A

APPLICATION OF CITIES SERVICE OIL  
COMPANY FOR AN ORDER GRANTING  
PERMISSION TO MAKE A SINGLE-STRING  
OIL-OIL DUAL COMPLETION IN THE  
DEAN-PENNSYLVANIAN AND DEAN-DEVONIAN  
POOLS, LEA COUNTY, NEW MEXICO, IN  
COMPLIANCE WITH PARAGRAPH 2 OF ORDER  
R-799.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for consideration upon the petition  
of Cities Service Oil Company for rehearing on Order R-874 hereto-  
fore entered by the Commission on August 30, 1956.

NOW, on this 27<sup>th</sup> day of September, 1956, the Commission,  
a quorum being present, having considered the said petition of  
Cities Service Oil Company, and being fully advised in the premises,

IT IS HEREBY ORDERED:

That the above entitled matter be reopened and a rehear-  
ing be held on October 18, 1956 at 9 o'clock a.m. in Mabry Hall at  
Santa Fe, New Mexico, at which time and place all interested parties  
may appear.

IT IS FURTHER ORDERED:

That matters to be considered upon rehearing shall be  
limited to new evidence on those issues which are raised in the  
petitioner's application for rehearing.

IT IS FURTHER ORDERED:

That Order R-874 shall remain in full force and effect  
pending the issuance of any further order.

DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
JOHN F. SIMMS, Chairman

  
E. S. WALKER, Member

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



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. 1103  
Order No. R-874-B

THE APPLICATION OF CITIES SERVICE  
OIL COMPANY ON REHEARING OF CASE  
1103, ORDER R-874, FOR AN ORDER  
GRANTING PERMISSION TO EFFECT A  
SINGLE STRING OIL-OIL DUAL COMPLETION  
IN THE DEAN DEVONIAN AND DEAN PENNSYL-  
VANIAN POOLS, LEA COUNTY, NEW MEXICO.

ORDER OF DISMISSAL

BY THE COMMISSION:

This cause came on for hearing originally at 9:00 o'clock a.m. on July 18, 1956, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "commission," and Order R-874 was entered by the Commission on August 30, 1956.

Thereafter, applicant applied for rehearing of said cause within the statutory period allowed for such petition for rehearing and the Commission by its Order R-874-A on September 27, 1956, set the time for rehearing of said cause for October 18, 1956.

Thereafter at 9 o'clock a.m. on October 18, 1956, this cause came on for rehearing at Santa Fe, New Mexico, before the Commission.

NOW, on this 13<sup>th</sup> day of November, 1956, the Commission, a quorum being present, being fully advised in the premises,

FINDS:

(1) That the Commission has jurisdiction of the case and due notice of the time and place of rehearing and the purpose thereof has been given as required by law.

(2) That on October 18, 1956 applicant entered an appearance before the Commission and moved for dismissal.

(3) That this cause should therefore be dismissed.

IT IS THEREFORE ORDERED:

1. That the application of Cities Service Oil Company on rehearing of Case 1103, Order R-874 for an order granting



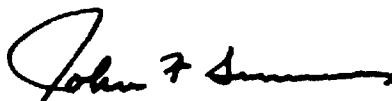
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Case No. 1103  
Order No. R-874-B

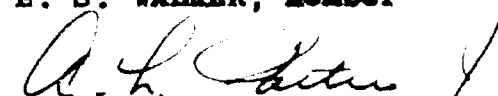
permission to effect a single string oil-oil dual completion in the Dean Devonian and Dean Pennsylvanian Pools, Lea County, New Mexico, be and the same is hereby dismissed.

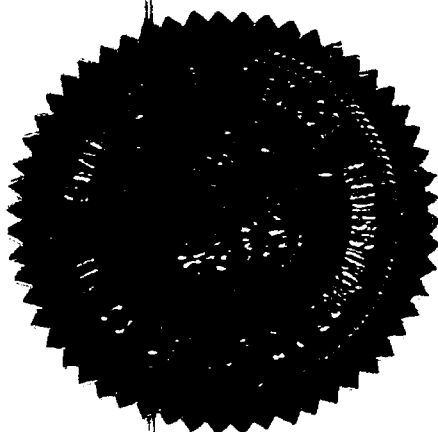
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
JOHN F. SIMMS, Chairman

  
E. S. WALKER, Member

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



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OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

November 20, 1956

C  
O  
P  
Y

Mr. Alfred O. Holl  
Cities Service Oil Company  
Cities Service Building  
Bartlesville, Oklahoma

Dear Sir:

We enclose two copies of Order No. R-874-B issued  
November 13, 1956, by the Oil Conservation Commission in Case  
No. 1103.

Very truly yours,

A. L. Porter, Jr.  
Secretary-Director

jh  
encls.



*Case 1103*

**CITIES SERVICE OIL COMPANY**

CITIES SERVICE BUILDING  
BARTLESVILLE, OKLAHOMA

October 15, 1956

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

Re: Case #1103  
Order #R-874-A

Dear Mr. Porter:

Confirming our telephone conversation of today's date, this is to advise that Cities Service Oil Company desires to dismiss its application in the above numbered case.

Very truly yours,

*Alfred O. Holl*  
Alfred O. Holl  
Attorney

ACH:jf

CC: Mr. Clarence Hinkle

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Date 10/23/56

CASE 1103

Hearing Date Original hearing 7/18


My recommendations for an order in the above numbered cases are as follows. Rehearing 10/18/56

R-874 B Original order denying application  
in case 1103 was R-874  
R-874-A granted rehearing.

I recommend that an order  
be entered dismissing case  
1103, rehearing. My reasons  
therefore:

1. That applicant, by letter  
dated Oct. 15, 1956, advised  
the Commission that applicant  
desired to dismiss its application  
in the subject case.

(Who are we to quibble?)

  
Staff Member

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

September 6, 1956

C  
O  
P  
Y

Mr. Clarence Hinkle  
Hervey, Dow & Hinkle  
Box 547  
Roswell, New Mexico

Dear Sir:

In behalf of your client, Cities Service Oil Company, we enclose two copies of Order R-874 issued August 30, 1956, by the Oil Conservation Commission in Case 1103, which was heard on July 18th.

Very truly yours,

A. L. Porter, Jr.  
Secretary - Director

brp  
Encls.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

September 21, 1956

C  
O  
P  
Y

Cities Service Oil Company  
Cities Service Building  
Bartlesville, Oklahoma

Attention: Mr. Alfred P. Hall

Re: Application of Cities Service  
Oil Company for a Rehearing  
of Case 1103.

Dear Sir:

This is to inform you that it is the unanimous decision of the Oil Conservation Commission of New Mexico to grant a rehearing of Case 1103 as requested in your application dated September 17, 1956.

The scope of the rehearing will, however, be limited to new evidence on those issues which are raised in the application for rehearing.

A formal order setting the time and place for the rehearing will be issued by the Commission not later than September 29, 1956.

Very truly yours,

A. L. Porter, Jr.  
Secretary-Director

jh



## CITIES SERVICE OIL COMPANY

CITIES SERVICE BUILDING  
BARTLESVILLE, OKLAHOMA

September 17, 1956

AIR MAIL  
REGISTERED

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

Re: Application of Cities Service Oil Company for an  
Order granting permission to make a Single-String  
Oil-Oil Dual Completion in the Dean-Pennsylvanian and  
Dean-Devonian Pools, Lea County, New Mexico in  
Compliance with Paragraph 2 of Order R-799, Case  
No. 1103, Order No. R-874

Dear Mr. Porter:

Enclosed please find Application for Rehearing for  
filing in the above case. Please acknowledge receipt and  
filing of this application.

Thank you very much.

Very truly yours,

*Alfred O. Holl*  
Alfred O. Holl  
Attorney

ACH o  
Enclosure

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

APPLICATION OF CITIES SERVICE OIL  
COMPANY FOR AN ORDER GRANTING  
PERMISSION TO MAKE A SINGLE-STRING  
OIL-OIL DUAL COMPLETION IN THE DEAN-  
PENNSYLVANIAN AND DEAN-DEVONIAN POOLS,  
LEA COUNTY, NEW MEXICO IN COMPLIANCE  
WITH PARAGRAPH 2 OF ORDER R-799

CASE NO. 1103  
Order No. R-874

APPLICATION FOR REHEARING

COMES NOW Cities Service Oil Company, applicant herein, and respectfully files this its application for rehearing directed to the Order dated August 30, 1956, and as reasons therefor states and represents as follows:

- 1) That paragraph 4 of said Order is in whole contrary to the evidence in this cause presented at a hearing on July 18, 1956.
- 2) That paragraph 4 of said Order is arbitrary, discriminatory and unreasonable.
- 3) That paragraph 4 of said Order is unlawful in that the enforcement of said paragraph will result in injury to correlative rights which by Sec. 65-3-10 of the New Mexico Statutes Annotated, 1953 this Commission is charged with the duty to protect.
- 4) That said Order fails to recognize, and in fact ignores, the evidence presented showing the waste of all oil in the Dean-Pennsylvanian Formation if the application were denied. The evidence in fact showed that all oil and gas in this formation would not be produced because a well drilled to this formation only would be uneconomical.
- 5) That said paragraph 4 finds that "The production of oil through the casing tubing annulus would be inefficient, and that underground waste would result if said dual completion were permitted" when in fact the overwhelming weight of the evidence was that underground waste would be committed if said dual completion were not permitted because said oil and gas would not be produced from the Dean-Pennsylvanian Formation by the drilling of another well.



6) That at the hearing of this cause no evidence was presented in opposition to the application, and no evidence was submitted by any operator or by the Oil Conservation Commission itself to support the finding set out in paragraph 4 of said Order.

WHEREFORE, Applicant prays for an Order granting it a rehearing in this cause.

CITIES SERVICE OIL COMPANY

By Alfred C. Holl  
Alfred C. Holl, Attorney  
Cities Service Building  
Bartlesville, Oklahoma

HERVEY, DOW & HINKLE

By Clarence E. Hinkle  
Clarence E. Hinkle  
First National Bank Building  
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. 1103  
Order No. R-874

APPLICATION OF CITIES SERVICE OIL  
COMPANY FOR AN ORDER GRANTING  
PERMISSION TO MAKE A SINGLE-STRING  
OIL-OIL DUAL COMPLETION IN THE DEAN-  
PENNSYLVANIAN AND DEAN-DEVONIAN POOLS,  
LEA COUNTY, NEW MEXICO IN COMPLIANCE  
WITH PARAGRAPH 2 OF ORDER R-799.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 o'clock  
a.m. on July 18, 1956, at Santa Fe, New Mexico, before the Oil  
Conservation Commission of New Mexico, hereinafter referred to  
as the "Commission."

NOW, on this 30<sup>th</sup> day of August 1956, the  
Commission, a quorum being present, having considered the testi-  
mony and exhibits adduced and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Cities Service Oil  
Company is the operator of an oil well known as the State "AW"  
No. 2 Well, located 1980 feet from the South and East lines of  
Section 35, Township 15 South, Range 36 East, NMPM, Lea County,  
New Mexico.

(3) That the applicant, Cities Service Oil  
Company, proposes to dually complete the said State "AW" No. 2  
Well in the Dean-Pennsylvanian and Dean-Devonian Pools by  
producing the oil from the Dean-Devonian through the tubing and  
the oil from the Dean-Pennsylvanian through the casing-tubing  
annulus.

(4) That the production of oil through the casing-  
tubing annulus would be inefficient, and that underground waste  
would result if said dual completion were permitted.

-2-  
Order No. R-874

IT IS THEREFORE ORDERED:


That the application of Cities Service Oil Company for permission to dually complete its State "AW" No. 2 Well, located 1980 feet from the South and East lines of Section 35, Township 15 South, Range 36 East, NMPM, Lea County, New Mexico, so as to produce oil from the Dean-Devonian Pool through the tubing and oil from the Dean-Pennsylvanian Pool through the casing-tubing annulus be and the same is hereby denied.

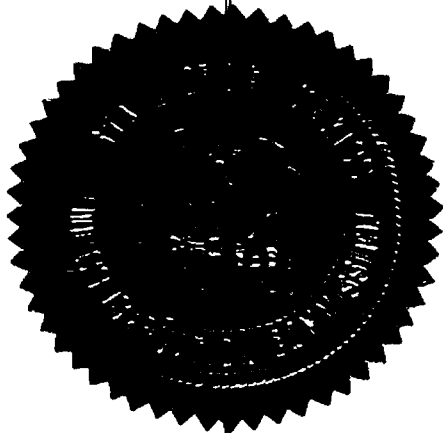
DONE at Santa Fe, New Mexico on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
JOHN F. SIMMS, Chairman

  
E. S. WALKER, Member

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



1r/

Case No.

1102

Application, Transcript,  
Small Exhibits, Etc.

CASE 1102: Sinclair application for 80 acre  
spacing in Dean-Permo Pennsylvanian Pool;  
for order amending Orders R-757 & R-799.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

June 1, 1946

C  
O  
P  
Y

Layton A. Webb  
P. O. Box 1170  
Midland, Texas

Dear Sir:

Reference is made to your application for hearing for an order establishing an 80-acre spacing pattern in the Dean-Pennsylvanian Pool in Lea County, New Mexico in which you requested it be heard at the regular June hearing.

The docket was already loaded for the June hearing and it will be necessary for this case to be heard at the regular July 18th hearing.

Very truly yours,

A. L. PORTER, JR.  
Acting Secretary-Director

ALP:nc

cc: Nat. J. Harben, Fort Worth

1102

SINCLAIR OIL & GAS COMPANY  
P. O. Box 1170  
Midland, Texas

OIL RESERVES & REVENUES

PENNSYLVANIAN OIL

I. Factors used in computing Pennsylvania Reserves:

- a. Porosity of 5.03% (weighted average of core analysis on eight wells)
- b. Reflective pay thickness of 37.7 feet (from electric-log-radio active logs and/or core analysis on 15 wells.)
- c. Accumulation volume factor of 2.315 barrels reservoir oil per barrel of Stock Tank Oil (EM sample analysis Sinclair State 735 (21))
- d. Concrete water of 1.6%
- e. Oil recovery of 20%

IX. Pennsylvania Oil in place equals 5350 ST barrels per acre.

XII. Pennsylvania Stock Tank Oil reserves:

- a. Gross barrels per acre equals 1,070
- b. Gross barrels for 40 acres equals 42,800
- c. Gross barrels for 80 acres equals 85,600

IV. Price of Stock Tank Oil equals \$2.83 per barrel.

V. Economics of Pennsylvania Well:

	40 acre	80 acre
a. Gross value of recoverable STO	\$ 141,120	\$ 282,240
b. Charges against well		
Royalty	\$ 15,140	\$ 30,280
Advalorem	6,046	12,092
Operating expense	28,800	57,600
Cost of well	221,076	221,076
Total charges	\$ 271,062	\$ 299,168
c. Net loan to Operator	( \$ 129,942 )	( \$ 51,220 )

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
SINCLAIR EXHIBIT No. 6  
CASE 1102

SINCLAIR OIL & GAS COMPANY  
P. O. Box 1470  
Midland, Texas

OIL RESERVES & ECONOMICS  
WOLFCAMP ZONE  
DEAN AREA, LEA COUNTY, N.M.

I. Factors used in computing Wolfcamp reserves:

- a. Porosity of 5.3% (core analysis, Magnolia Owens #1)
- b. Effective pay thickness of 11.4 ft. (electric-micro-radio active logs and/or core analysis on 13 wells)
- c. Formation volume factor of 1,880 barrels reservoir oil per barrel stock tank oil.
- d. Connate water of 27%.
- e. Oil Recovery of 20%.

II. Wolfcamp oil-in-place equals 1820 ST barrels per acre.

III. Wolfcamp Stock Tank Oil Reserves:

- a. Gross barrels per acre equals 364 ✓
- b. Gross barrels per 40 acres equals 14,560
- c. Gross barrels per 80 acres equals 29,120

IV. Price of Stock Tank Oil equals \$2.83 per barrel.

V. Economics of Wolfcamp well (80 acre)

	Wolfcamp Single Well	Pennsylvanian Wolfcamp Dual Completion
a. Gross value of recoverable STO	\$ 82,410	\$ 82,410
b. Charges against well		
Royalty	10,301	10,301
Direct taxes	4,120	4,120
Operating expense	17,800	17,800
Cost of developing	202,314	49,905
Total charges	\$ 234,535	\$ 82,126
c. Net profit (or loss) to Operator	(\$ 152,125)	\$ 284

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
*Sinclair* EXHIBIT No. 7  
CASE 1102



DEAN PENNSYLVANIAN POOL  
PRODUCTION DATA (BBLs. & MCF)

Operator Lease & Well No.		1955 Dec.	1956 Jan.	Feb.	Mar.	Apr.	May	Per Well Totals
<u>Sinclair</u> State 735 #1	Oil	1941	7215	6759	7248	7090	6886	37139
	Gas	1514	12246	12185	12800	11970	11886	62631
	Wtr.	45	316	200	220	200	217	1198
<u>Humble</u> State "AJ" #1	Oil	1213	6906	6552	6759	6810	6882	35122
	Gas	20771	11830	11217	11592	11679	11803	78892
<u>Magnolia</u> Anderson Est. #1	Oil		7341	8013	8166	6866	6185	36571
	Gas		11342	11715	11939	30569	24096	89661
	Wtr.					60	62	122
<u>Sinclair</u> State 758 #1	Oil		933	6653	7216	7018	6877	28697
	Gas		1683	12600	12726	12130	11960	51099
<u>Atlantic</u> Federal Dow #1	Oil			6313	9426	9001	8757	33497
	Gas			7670	12508	11710	12093	43981
	Wtr.			13	19	9	9	50
<u>Humble</u> State "AJ" #2	Oil				2330	6789	6845	15964
	Gas				4210	12268	12369	28847
<u>Magnolia</u> Barbara Owens #1	Oil						3526	3526
	Gas						5060	5060
<u>Tide Water</u> State "AE" #1	Oil							
	Gas							
<u>Humble</u> State "AP" #1	Oil							
	Gas							
Monthly Field Totals	Oil	3154	22395	34290	41145	43574	45958	190516
	Gas	22315	37101	55387	65775	90326	89267	360171
	Wtr.	45	316	213	239	269	288	1370

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
SINCLAIR EXHIBIT No. 12  
CASE 1102

Not  
Comp.

Not  
Comp.

DEAN PENNSYLVANIAN POOL  
BOTTOM HOLE PRESSURES

<u>Company</u> <u>Lease &amp; Well No.</u>	<u>Completion</u> <u>Date</u>	<u>Date Run</u>	<u>BHP psig</u> <u>@ -7650</u>	<u>Shut In</u> <u>Hours</u>	<u>Bottom Hole</u> <u>Gradient</u> <u>lbs./ft.</u>
Humble State "AJ" #1	12-29-55	1-3-56	4056*	58	.270
Magnolia Anderson Est. #1	12-30-55	1-18-56	4042*	49.25	.267
Sinclair State 735 #1	12-24-55	1-29-56	3984*	48	.300
State 758 #1	1-27-56	2-16-56	4008*	48	.270
Atlantic Fed. Dow #1	2-11-56	3-5-56	3856*	93	.300
Humble State "AJ" #1		3-19-56	3911	51	.260
Sinclair State 758 #1		3-23-56	3898	48	.275
Humble State "AJ" #2	3-22-56	4-3-56	3835*	72	.260
State "AJ" #1		4-24-56	3729	50	.280
State "AJ" #2		4-24-56	3724	50	.270
State "AJ" #2		5-21-56	3670	50	.280
Magnolia Barbara Owens #1	5-14-56	6-4-56	3440*	48	.268
Humble State "AJ" #2		6-4-56	3622	75	.270
State "AJ" #1		6-4-56	3642	73	.290
Magnolia Anderson Est. #1		6-5-56	3424	48	.262
Atlantic Fed. Dow #1		6-5-56	3447	216	.339
Sinclair State 735 #1		6-8-56	3678	72	.270
State 758 #1		6-8-56	3701	72	.279
Tide Water State "AE" #1	6-3-56	6-12-56	3666*	72	.304
Humble State "AP" #1	6-13-56	6-21-56	3648*	56	.360

\* Indicates Initial BHP Run on Well

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
*Sinclair* EXHIBIT No. 11  
CASE 1102

SINCLAIR OIL & GAS COMPANY  
P. O. BOX 1470  
Midland, Texas

ECONOMICS OF THE PROPOSED  
PERMO-PENNSYLVANIAN POOL

I. Total recoverable reserves:

a. Pennsylvanian Zone equals	1070 ST barrels/acre
b. Wolfcamp Zone equals	<u>364</u> ST barrels/acre
Total equals	1434 ST barrels/acre

II. Permo-Pennsylvanian Stock Tank Reserves:

a. Gross barrels for 40 acres equals	57,360
b. Gross barrels for 80 acres equals	114,720

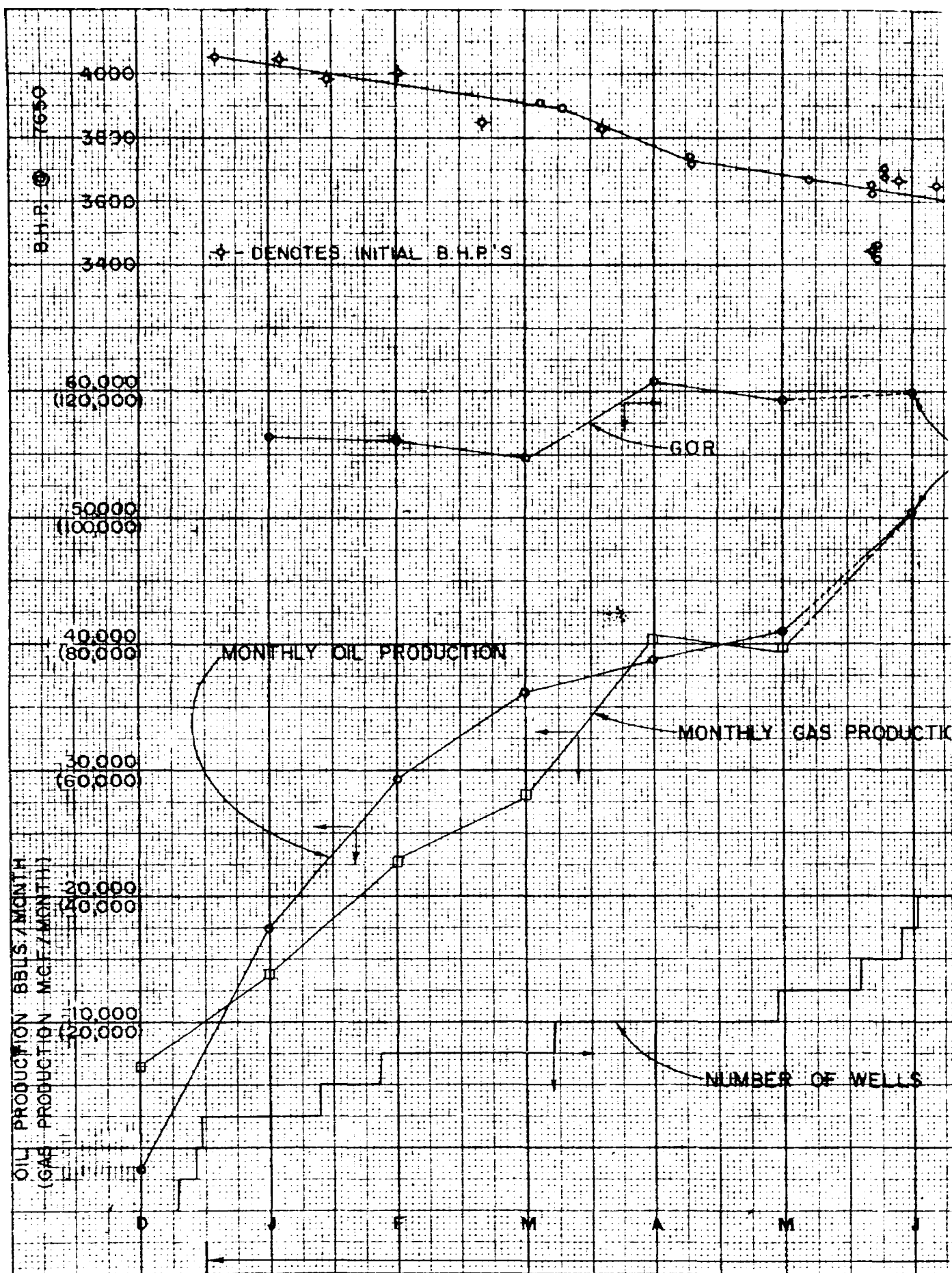
III. Price of Stock Tank Oil equals \$2.83 per barrel.

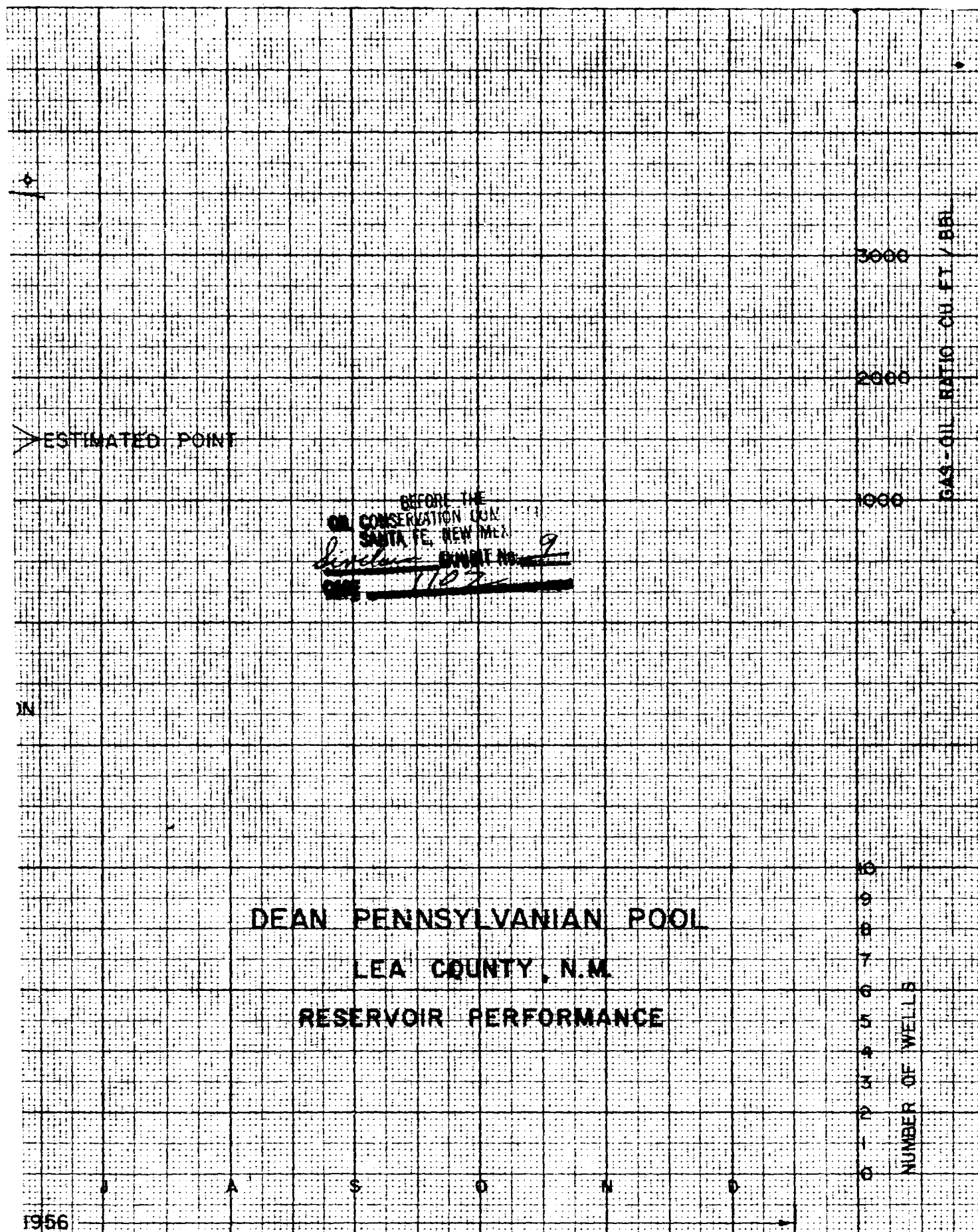
IV. Economics of single Permo-Pennsylvanian Well:

	40 acre	80 acre
a. Gross value of recoverable STO	\$ 162,329	\$ 324,658
b. Charges against well		
Royalty	\$ 20,291	\$ 40,582
Direct tax	8,116	16,232
Operating expense	33,800	35,000
Cost of well	<u>221,076</u>	<u>221,076</u>
Total Charges	\$ 283,283	\$ 312,890
c. Net profit (or loss) to Operator	(\$ 120,954)	\$ 11,768

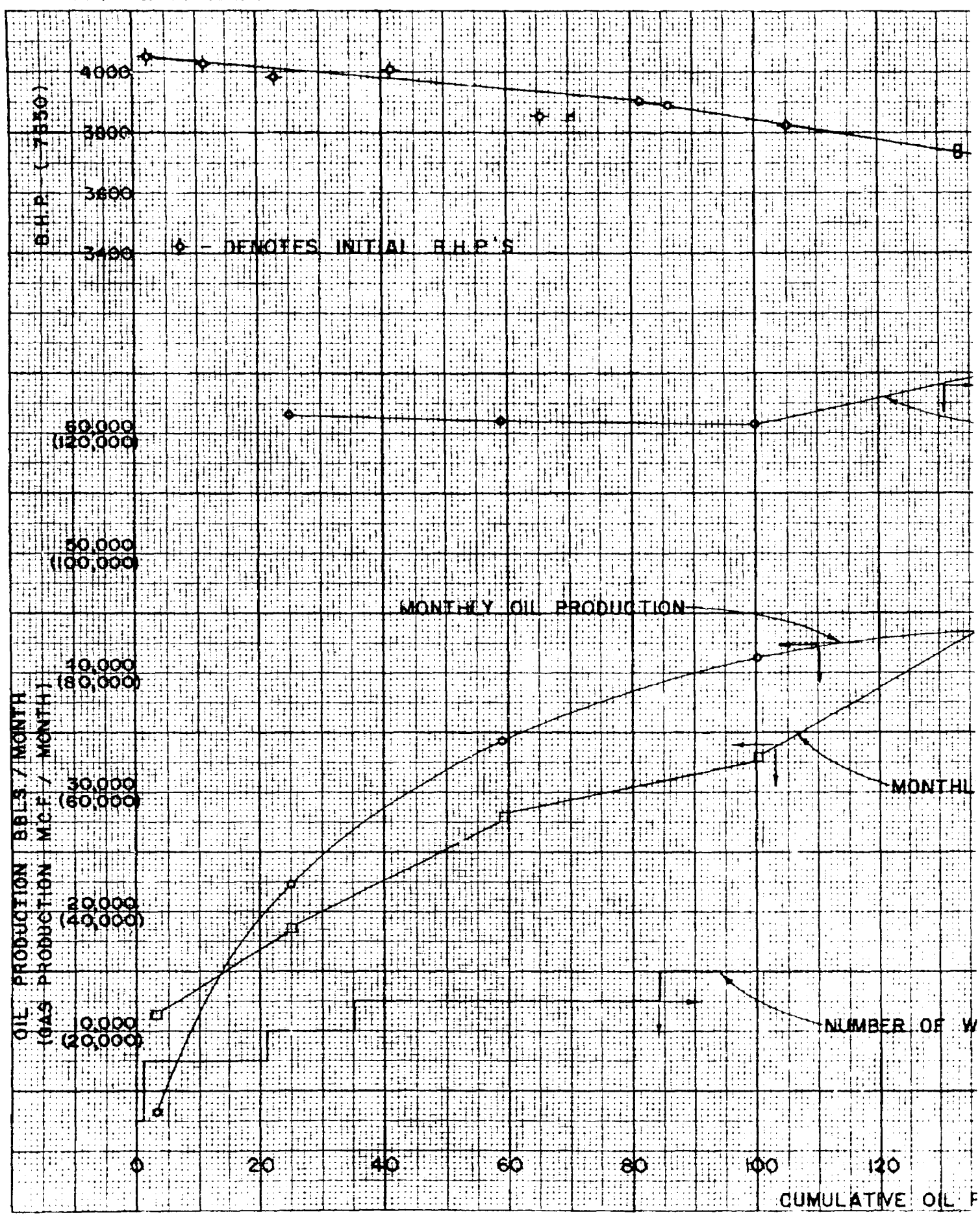
BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
*SINCLAIR* EXHIBIT No. 8  
CASE 1102

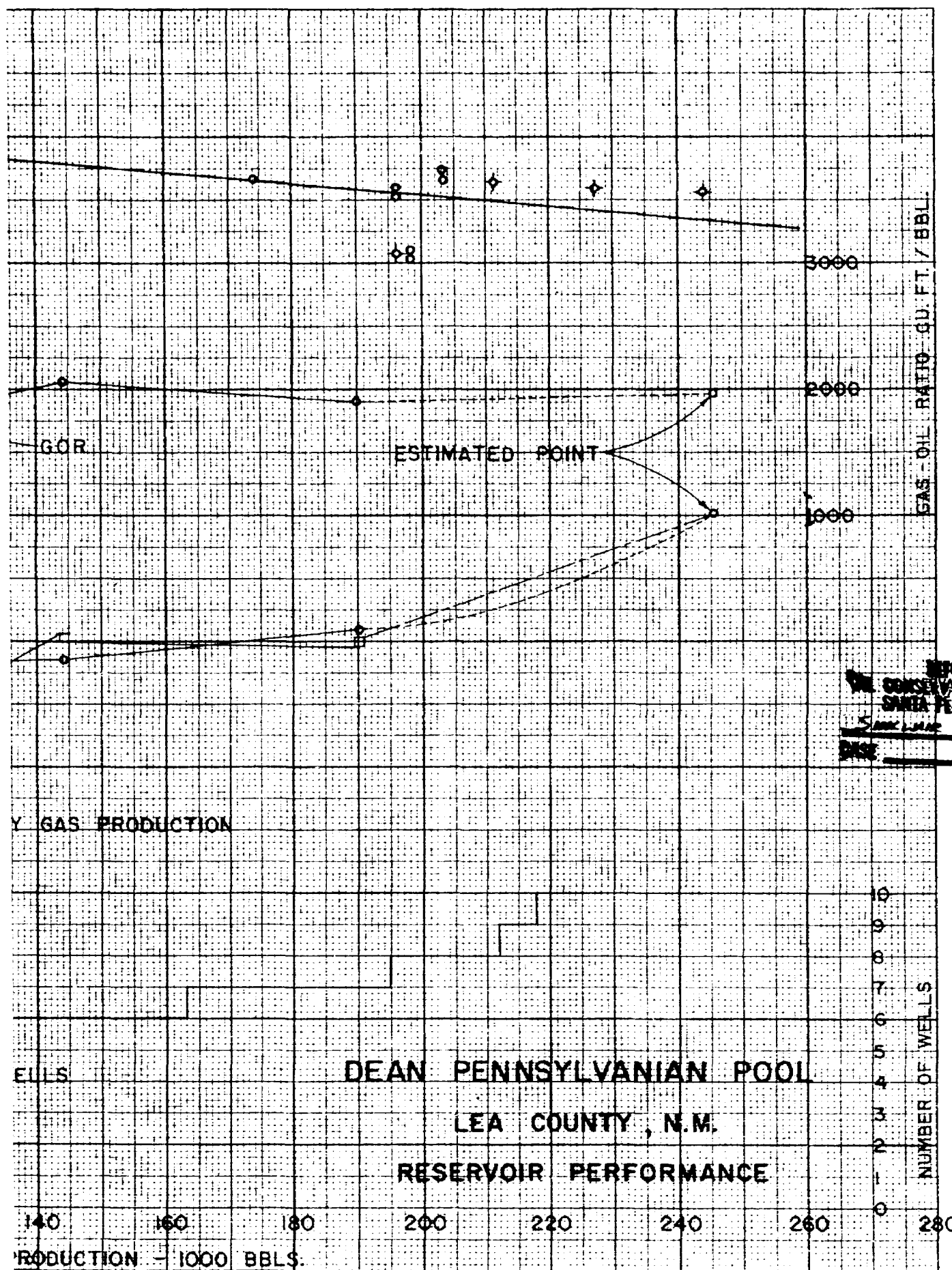
# 1102





1157





BEFORE THE  
**Oil Conservation Commission**  
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1102

TRANSCRIPT OF PROCEEDINGS

DEARNLEY-MEIER AND ASSOCIATES  
COURT REPORTERS  
605 SIMMS BUILDING  
TELEPHONE 3-6691  
ALBUQUERQUE, NEW MEXICO

November 13, 1956



BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
November 13, 1956

-----:  
:  
IN THE MATTER OF: :  
:  
:

(Rehearing) Application of the Ohio Oil Company for re- :  
hearing in Case 1102, Order R-892, which established :  
pool rules for the Dean Permo-Pennsylvania and Dean- :  
Devonian Pools, Lea County, New Mexico. Applicant, in :  
above-styled cause, seeks reconsideration by the Commis- :  
sion of the spacing and allowable provisions for the :  
Dean Permo-Pennsylvanian Pool with particular attention :  
to the allowable for existing wells on 40-acre tracts. :  
Applicant contends that such wells should retain the :  
normal 40-acre allowable rather than one-half of the :  
normal 80-acre allowable as established by Order R-892. :  
:  
-----:

BEFORE:

Mr. A. L. Porter  
Mr. E. S. (Johnny ) Walker

TRANSCRIPT OF PROCEEDINGS

MR. PORTER: We will consider next, Case 1102.

MR. GURLEY: Application of the Ohio Oil Company for rehear-  
ing in Case 1102, Order R-892 which established pool rules for the  
Dean Permo-Pennsylvania and Dean-Devonian Pools, Lea County, New  
Mexico.

MR. PORTER: Mr. Couch.

MR. COUCH: Terrell Couch for the Ohio Oil Company. I  
would like to make a statement at this time, if I may, please, sir.

MR. PORTER: You may proceed.

MR. COUCH: The undisputed facts are that the Ohio's A. C. Dean Well No. 1 was commenced on 3-31-56 projected to the Pennsylvanian and Devonian formations on a leasehold tract of 200 acres. The well site is of course the NW/4 of the NW/4 of Section 35 and the NE/4 of Section 34 being the adjoining quarter section to the west is the remainder of the 200 acre tract.

On June 20, 1956, a drill stem test was run in the Strawn. At the hearing approximately one month later I requested that the well be recognized as an exception to the spacing provisions of the order proposed by Sinclair Oil and Gas Company. I also requested that the allowable of the well be permitted to remain at the allowable determined under statewide rules applicable at the time it was drilled. The Ohio did not at that time request a full 80 acre allowable - we requested only that the allowable not be cut by the application of the proposed rules.

As we all know, it appears doubtful whether a Permo-Penn well will pay for itself even under 80 acre spacing with only a normal 80 acre allowable. It is certain then that a well cannot return the invested capital if the allowable is limited to 1/2 of such an 80 acre allowable. That is the cut Order R-892 would place on the Ohio's well.

It has come to my attention that some of the operators have

obtained the impression The Ohio favors 40 acre spacing in the Dean Permo Pennsylvanian Pool. We do not. On the basis of all available information to date, The Ohio's management definitely advocates 80 acre spacing as the proper method of developing the pool. If it is desired to avoid any exception to 80 acre spacing insofar as the Ohio's acreage is concerned, that can readily be accomplished by recognizing a full 80 acre unit out of Ohio's own 200 acre tract. I repeat, The Ohio approves 80 acre spacing.

That brings us almost up to date. Early last evening Sinclair Oil and Gas Company and The Ohio arrived at what appeared to be an acceptable basis for forming an 80 acre unit within Section 35. The Ohio's leasehold is not state acreage. Our 200 acre tract is covered by three undivided interest leases containing no pooling provision. Royalty owners interests must be taken into account. With these facts in mind The Ohio suggested to Sinclair a continuance of the case to the regular December Hearing, with an interim order continuing The Ohio's allowable in effect until that date. It is my understanding that Sinclair has no objection to the continuance of the case, but as of last night Sinclair insisted that the out in allowable must be effective December 1st, 1956.

In my opinion, if Sinclair desires to work out an agreement on the basis discussed last night there is every reason to believe the entire transaction including a satisfactory arrangement with

our royalty owners can be worked out prior to the December Hearing. I have attempted to consider carefully all aspects of the problem. I have concluded that a continuance of this case will be in the best interest of attempting to work out an 80 acre unit within the standards and limitations of the order. The cause of 80 acre spacing in New Mexico will, in my opinion, be better served by continuing this case at this time to permit a good faith effort to comply with the provisions of Order R-892. I therefore request that the case be continued until the regular December Hearing and in fairness to The Ohio, I request the Commission enter it's interim order continuing the allowable of The Ohio's well in effect until the regular December Hearing.

MR. HARBEN: May I make a statement?

MR. PORTER: Mr. Harben, I presume that your statement would be limited to the motion of Mr. Couch at this time.

MR. HARBEN: Yes, sir.

MR. PORTER: You may proceed.

MR. HARBEN: If the Commission please, Sinclair Oil and Gas Company does not object to continuing this case until the next term, or the next hearing date, but we do vigorously object to the well, the Ohio's well producing its present allowable after December 1st.

Now, the 40 acres which we have on the east of their 40 acres is state land. If the well continues to produce its present

allowable from December 1st until this hearing comes up on December 15th, it will be draining considerable oil from our lease. It would be depriving the State of New Mexico and the school system of royalties which would rightfully belong to them. Now, we think that this well should be brought within this Commission's order which was entered into October 4th, and that on December 1st, the allowable be reduced in accordance with that order.

Now, as Mr. Couch says, some negotiations have been conducted between Sinclair and Ohio. I believe myself that there be no question but what the 80 acre unit would be for. Perhaps before December 1st, I understand from Mr. Couch that his problem may be with his royalty owners, but it seems to me that he has two and a half weeks before December 1st. Possibly all of his royalty owners can be contacted before that time and the 80 acre unit formed before December 1st, and then if that happens, why, of course, it would take its regular 80 acre unit allowable, but I don't know, I have no control over his royalty owners. Maybe that might not be possible, to get their consent and maybe something might come up on December 15th where this case wouldn't be heard. In the meantime, this well would be producing, what is it, 90 barrels per day or more than it would be allowed under the order entered by the Commission on October 4th. Therefore, we are perfectly willing and recommend that the case be passed until, I believe it

is the December 15th Hearing, the 13th, but that will be brought within the order of this Commission, and of course, I assure the Commission, as far as Sinclair is concerned, why we will use every effort in trying to work out the 80 acre spacing before December the 1st. As a matter of fact, we have made our definite offer, and it is, I believe, as to whether or not he can get his royalty owners signed up.

MR. PORTER: Mr. Gregg.

MR. GREGG: Gregg with Humble Oil, and I would normally oppose the continuance of the allowable to Ohio on this well. However, I think, under the circumstances, we have no objection to the continuance of it as Mr. Couch indicated. We might suggest that a possibility of a way out would be an understanding that if nothing is arranged by the December Hearing, that the allowable could be retroactive to December 1st at that time or whatever time it comes out, and make the over production at some later period, which they would make during the interval.

MR. HARBEN: If the Commission please, may I say one more thing?

MR. PORTER: Mr. Harben.

MR. HARBEN: It seems to me that the Ohio be protected by permitting this allowable to reduce December 1st under this Commission's order, and then in the event that this 80 acre unit is

not formed, and in the event that they ultimately win in their application, then this Commission could grant them their back allowable which they lost during that period of time.

MR. PORTER: Mr. Thomlinson.

MR. THOMLINSON: W. P. Thomlinson for Atlantic Oil Company. We have no objection to having the case continued. We have no objection to Ohio receiving the larger allowable until the case is settled, provided that the same advantage is extended to other wells in the field that have proration units less than 80 acres.

MR. PORTER: You heard Mr. Thomlinson. Did you have any reference to any specific unit?

MR. THOMLINSON: Yes, sir, we have one in the same site.

MR. PORTER: How many acres does that unit contain?

MR. THOMLINSON: That is a 52 acre unit, 52, I believe, and some fraction, and we do support 80 acre spacing and hope that it can be established in the pool, but we believe that if an advantage is to be offered to one well in the pool, if it has a proration unit of less than 80 acres, it should be the same as for any other.

MR. PORTER: Have you estimated or computed the allowable that would be granted to a 53 acre unit?

MR. THOMLINSON: Under what circumstances, 80 acre or 40 acre?

MR. PORTER: Using a 40 acre formula.

MR. THOMLINSON: I think our allowable would be about, some two hundred and eighty some barrels a day.

MR. PORTER: Does anyone else have a statement with reference to Mr. Couch's motion?

The Commission has ruled that it is willing to continue the case until the December Hearing, but that the allowable provision of Order R-892 will go into effect on December 1st.

MR. COUCH: I would like to state at this time, if the Commission please, that Ohio feels that the provision of the allowable is not in compliance with the statute or the rules that apply to Ohio's well. I want also to assure the Commission that we will do everything we can to work out this agreement we have discussed with Sinclair. If we are unable to do it by December 1st, I want to state frankly now that I will be before this Commission prior to December 1st for a request to continue the case status quo of Ohio's well until such time as the December Hearing.

MR. PORTER: The Commission has ruled that Case 1102 will be re-continued to the regular December Hearing which I believe is on the 13th, but that the allowable provisions of Order R-892 will go into effect on the scheduled date.



STATE OF NEW MEXICO     )  
                                  )     ss  
COUNTY OF BERNALILLO    )

I, J. A. TRUJILLO, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me in Stenotype and reduced to typewritten transcript by me; and that same is a true and correct record to the best of my knowledge, skill, and ability.

WITNESS my Hand and Seal, this, the 26th day of November, 1956, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

  
NOTARY PUBLIC

My Commission Expires:

October 5, 1960

**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. 1102  
Order No. R-892

THE APPLICATION OF SINCLAIR OIL AND  
GAS COMPANY FOR AN ORDER AMENDING  
ORDER NO. R-757 AND CREATING THE  
DEAN PERMO-PENNSYLVANIAN POOL, FOR  
AN ORDER ESTABLISHING 80-ACRE SPACING  
UNITS IN SAID DEAN PERMO-PENNSYLVANIAN  
POOL, AND FOR AN ORDER AMENDING ORDER  
NO. R-799 AND PERMITTING THE DUAL  
COMPLETION OF WELLS IN THE DEAN-DEVONIAN  
AND DEAN PERMO-PENNSYLVANIAN POOLS, ALL  
IN LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 o'clock a.m. on  
July 18, 1956, at Santa Fe, New Mexico, before the Oil Con-  
servation Commission of New Mexico, hereinafter referred to  
as the "Commission."

NOW, on this 24<sup>th</sup> day of October, 1956, the Commission,  
a quorum being present, having considered the record herein and  
the evidence and testimony adduced and being fully advised in  
the premises,

FINDS:

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

(B) That the Commission on September 15, 1955, heard Case  
No. 958, which was in the matter of the application of Sinclair  
Oil and Gas Company for an order creating and defining the Dean-  
Devonian Pool in Lea County, New Mexico, and establishing a  
uniform 40-acre spacing pattern for said Dean-Devonian Pool;  
further that the Commission on October 13, 1955, entered Order  
No. R-707, in which it found:

- (1) That due notice having been given as  
required by law, the Commission has  
jurisdiction of Case No. 958 and the  
subject matter thereof.

- (2) That a common source of supply in the Devonian formation was discovered by the Sinclair Oil and Gas Company's J. P. Dean Well No. 1, located 660 feet from the south line and 1980 feet from the west line of Section 35, Township 15 South, Range 36 East, Lea County, New Mexico.

- (3) That the said common source of supply should be denominated the Dean-Devonian Pool and should be classified, defined, and described as follows:

Township 15 South, Range 36 East, NMPM  
All of Sections 26 and 35  
E/2 NE/4 and the SE/4 of Section 34

Township 16 South, Range 37 East, NMPM  
Lots 1, 2, 3, 4, 5, 6, 7, and 8 of Section 5  
Lots 1, 2, 7, and 8 of Section 6

- (4) That geological and engineering data presented to the Commission indicate that one well will drain 40 acres, and that the Dean-Devonian Pool should be developed on 40-acre proration units.
- (5) That all wells drilled in the Dean-Devonian Pool should be located near the center of each governmental quarter-quarter section, with a tolerance of 150 feet in any direction to avoid surface obstructions. That wells now drilled or presently drilling prior to issuance of this order that are not in conformance to this order, should be granted an exception to the spacing pattern.

(C) That the Commission on February 15, 1956, heard Case No. 1017, which was in the matter of the application of Sinclair Oil and Gas Company for an order creating the Dean-Pennsylvanian Pool consisting of all of Section 26, all of Section 35, the E/2 of the NE/4 and the SE/4 of Section 34, Township 15 South, Range 36 East, and Lots 1, 2, 3, 4, 5, 6, 7, and 8, of Section 5, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico, and the establishment of special rules for said pool regarding the spacing and location of wells drilled therein; further that the Commission on March 14, 1956, entered Order No. R-757 in which it found:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of Case No. 1017 and the subject matter thereof.

- (2) That the original application for and the legal advertisement of Case No. 1017 called for the creation of the Dean-Pennsylvanian Pool in Lea County, New Mexico, and the establishment of pool rules regarding the spacing and location of wells in said pool. That applicant, by means of an amended application filed February 2, 1956, and a motion presented at the hearing of Case 1017, moved that that portion of the original application pertaining to said pool rules be dismissed, and that only that portion of the application concerning the creation of the Dean-Pennsylvanian Pool be considered.
- (3) That there is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Pennsylvanian formation, said pool to bear the designation Dean-Pennsylvanian Pool. Said Dean-Pennsylvanian Pool was discovered by Sinclair Oil and Gas Company, State 735 No. 1, located in the SW/4 of the NE/4 of Section 26, Township 15 South, Range 36 East, NMPM. It was completed December 4, 1955. The top of perforations is at 11,560'.
- (4) That evidence presented at said hearing indicates that the horizontal limits of said Dean-Pennsylvanian Pool should be somewhat different from the horizontal limits of the pool as set forth in applicant's application.

(D) That the Commission on February 15, 1956, heard Case No. 1016, which was in the matter of the application of Sinclair Oil and Gas Company for an order authorizing the dual completion of wells in the Devonian common source of supply and the Pennsylvanian common source of supply underlying the E/2 NE/4 and the SE/4 of Section 34, all of Sections 26 and 35, Township 15 South, Range 36 East, and Lots 1 through 8 of Section 5, and Lots 1, 2, 7, and 8 of Section 6, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico; further that the Commission on April 27, 1956, entered Order No. R-799, in which it found:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of Case No. 1016 and the subject matter thereof.

- (2) That although the defined limits of the Dean-Devonian common source of supply are the same as outlined in applicant's application, the defined limits of the Dean-Pennsylvanian common source of supply, as set forth in Commission Order No. R-757, are somewhat different than the defined limits of the Dean-Pennsylvanian common source of supply as outlined in applicant's application and consist of the following described area:

Township 15 South, Range 36 East, NMPM  
SW/4 SW/4 Section 25

All Section 26

E/2 NE/4 and SE/4 Section 34

All Section 35

NW/4 Section 36

Township 16 South, Range 37 East, NMPM

Lots 1, 2, 3, 4, 5, 6, 7, and 8 of Section 5  
Lot 1 of Section 6

- (3) That the recoverable reserves in the above-described Dean-Pennsylvanian Pool are such that a well drilled to the Pennsylvanian formation in this pool would probably not be a profitable venture.
- (4) That although some wells have been drilled to and are producing from the Dean-Pennsylvanian Pool, unless means is provided to produce the known reserves in said pool by some method other than drilling separate wells into said Pennsylvanian formation, waste will occur in that all of the known recoverable reserves probably will not be produced.
- (5) That the applicant, Sinclair Oil and Gas Company, has shown that to dually complete wells in the Dean-Devonian Pool and the Dean-Pennsylvanian Pool would probably be a profitable venture, by virtue of which most of the recoverable reserves in the Pennsylvanian formation could be produced and the waste thereby averted.
- (6) That the applicant has shown that a dual completion installation utilizing parallel strings of tubing, one string of tubing to each common source of supply, and a retainer-type production packer

will provide adequate separation of the fluids from the two reservoirs within the casing. Applicant has further shown that this type of installation may be readily adapted to the artificial lifting of the fluids from either or both of the two reservoirs if and when that should become necessary.

- (7) That adequate separation of the reservoirs in the well bore outside the casing can be accomplished by setting the production casing string at the total depth of the well bore and by cementing it from total depth to a point at least 500 feet above the top of the Pennsylvanian formation.
- (8) That although there is present in any dual completion the inherent danger of communication between the zones involved, and that such communication would result in waste, the evidence submitted in support of applicant's proposal for special pool rules permitting authority for dual completions in the Dean-Pennsylvanian and the Dean-Devonian Pools indicates that there is reasonable assurance that in this particular case, any such communication can be averted, and if it should occur, that it can be detected and corrected. Further, that waste will occur in this particular case if provision is not made for the dual completion of wells in the subject pools.
- (9) That provisions should be made for the Secretary-Director of the Commission to have the authority to grant administrative approval for the dual completion in the Pennsylvanian and Devonian formations only of any well located within the horizontal limits of both of the subject pools or located within the horizontal limits of one of the pools and within one-half mile of the horizontal limits of the other pool as they may now or as they may hereafter be defined.
- (10) That special pool rules should be prescribed governing dual completions in the subject pools, also designating the mechanical manner of completion acceptable, type and manner of tests required, and such other rules as may be necessary to insure safe completion and operation of any wells so dually completed.

THE COMMISSION FINDS FURTHER:

(1) That the applicant in Case No. 1102, Sinclair Oil and Gas Company, has shown that the reserves in the Wolfcamp formation underlying the area designated as the Dean-Pennsylvanian Pool are such that a well drilled to and completed in said Wolfcamp formation would probably not be a profitable venture.

(2) That unless means is provided to produce the known reserves in said Wolfcamp formation by some method other than drilling separate wells into said Wolfcamp formation, waste will occur in that all of the known recoverable reserves probably will not be produced.

(3) That the dual completion of wells within the Dean-Pennsylvanian common source of supply and the Dean-Devonian common source of supply in the subject area has been permitted under certain conditions, but the triple completion of wells within the Wolfcamp formation, the Pennsylvanian formation, and the Devonian formation in this area would be impractical.

(4) That the applicant has shown that to combine the Wolfcamp formation and the Pennsylvanian formation underlying the area designated as the Dean-Pennsylvanian Pool into one pool and to re-designate said Dean-Pennsylvanian Pool as the Dean Permo-Pennsylvanian Pool would not cause but would prevent waste in that the reserves of both formations could be produced as a single Permo-Pennsylvanian completion or as the upper completion of a Permo-Pennsylvanian and Devonian dual completion. Further, that the reservoir characteristics of the Wolfcamp formation and the Pennsylvanian formation in the subject area are similar in nature and waste will not occur as a result of their combination.

(5) That applicant, Sinclair Oil and Gas Company, has further shown that there is reasonable assurance that any well completed in said Wolfcamp formation and/or Pennsylvanian formation in the subject area will adequately drain 80 acres, further that all wells drilled to and completed in the Wolfcamp formation and/or the Pennsylvanian formation in the area should be located on 80-acre units embracing two adjacent governmental quarter-quarter sections or lots within a single governmental section, which units should run either North and South or East and West; further, that wells drilled to and completed in the Wolfcamp formation and/or Pennsylvanian formation in said area should be located on either quarter-quarter section or lot comprising the 80-acre units, and should not be closer than 330 feet from the lines of such quarter-quarter section; further, that all wells so located on such 80-acre units should have allowables assigned thereto in accordance with the 80-acre proportional factor for a depth range of 11,000 to 12,000 feet, and with the other provisions of Rule 505 of the Rules and Regulations of the Commission.

(6) That any well which was drilled or was drilling as of October 4<sup>th</sup>, 1956, and which is located within the horizontal limits of the Dean Permo-Pennsylvanian Pool as herein defined should be granted an exception to the 80-acre spacing

requirements of this order; further, that any such excepted well should be assigned an allowable which is in the same proportion to the standard 80-acre allowable that the well's dedicated acreage is to 80 acres; further, that the allowable for any such excepted well should be increased to that of a standard unit upon receipt by the Commission of proper evidence that such well has 80 acres dedicated thereto.

(7) That the application of Sinclair Oil and Gas Company for an order amending Order No. R-757 and creating the Dean-Permo-Pennsylvanian Pool, for an order establishing 80-acre spacing units in said Dean Permo-Pennsylvanian Pool, and for an order amending Order No. R-799 and permitting the dual completion of wells in the Dean Permo-Pennsylvanian and the Dean-Devonian Pools should be approved. Further, that in the interests of clarity and simplicity, Order No. R-707, which order created and defined the Dean-Devonian Pool and established a uniform 40-acre spacing pattern for said Dean-Devonian Pool, Order No. R-757, which order created and defined the Dean-Pennsylvanian Pool, and Order No. R-799, which order authorized, under certain conditions, the dual completion of wells in the Dean-Pennsylvanian Pool and Dean-Devonian Pool should be rescinded and superseded by one order, which order should set forth the vertical and horizontal limits of each of the common sources of supply involved and which should also set forth all special rules relative to the spacing and the dual completion of wells therein.

IT IS THEREFORE ORDERED:

(1) That the application of Sinclair Oil and Gas Company for an order amending Commission Orders No. R-757 and No. R-799 and for an order establishing 80-acre spacing in the Dean Permo-Pennsylvanian Pool be and the same is hereby approved.

(2) That Commission Orders No. R-707, No. R-757, and No. R-799 be and the same are hereby rescinded and superseded by Commission Order No. R-892.

(3) That the vertical limits of the Dean-Devonian Pool shall be the Devonian formation and the horizontal limits of said Dean-Devonian Pool shall be that area described in Exhibit "A" attached hereto and made a part hereof.

(4) That the vertical limits of the Dean Permo-Pennsylvanian Pool shall consist of the Wolfcamp formation and the Pennsylvanian formation and the horizontal limits of said Dean Permo-Pennsylvanian Pool shall be that area described in Exhibit "B" attached hereto and made a part hereof.

IT IS FURTHER ORDERED:

That special pool rules applicable to the Dean-Devonian Pool be and the same are hereby promulgated as follows:



**SPECIAL RULES AND REGULATIONS FOR  
THE DEAN-DEVONIAN POOL**

**IT IS ORDERED:**

(1) That the Dean-Devonian Pool be and the same is hereby created as the common source of supply as discovered in the Sinclair Oil and Gas Company's J. P. Dean Well No. 1, located 860 feet from the south line and 1980 feet from the west line of Section 35, Township 15 South, Range 36 East, NMPM, Lea County, New Mexico, and any extension thereof as may be determined by further development.

(2) That 40-acre proration units be and the same are hereby established for the Dean-Devonian Pool.

(3) That all wells drilled in the Dean-Devonian Pool shall be located in the center of each governmental quarter-quarter section, with a tolerance of 150 feet in any direction to avoid surface obstructions.

(4) That the Magnolia Petroleum Company's Markrider Well No. 1, located 1980 feet from the South line and 330 feet from the East line of Section 34, Township 15 South, Range 36 East, NMPM, and the Ohio Oil Company's A. C. Dean "A" Well No. 1, located 990 feet from the North line and 660 feet from the West line of Section 35, Township 15 South, Range 36 East, NMPM, shall each be an exception to the spacing rules herein provided.

(5) That no well shall be drilled or produced in said pool except in conformity with the spacing pattern set forth above without special order of the Commission after due notice and hearing.

(6) That individual well allowables for wells drilled in conformity with the spacing pattern set forth above shall be established in accordance with the 40-acre proportional factors provided in the Rules and Regulations of the Commission.

(7) That those wells completed within the Dean-Devonian Pool on lots containing more than 40 acres shall have their allowables computed in accordance with the provisions of Rule 104, Paragraphs (h) and (j).

(8) That those wells located on lots containing more than 40 acres may be located 660 feet from the north line of the lot.

**IT IS FURTHER ORDERED:**

That special pool rules applicable to the Dean Permian-Pennsylvanian Pool be and the same are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS FOR THE  
DEAN PERMO-PENNSYLVANIAN POOL**

**IT IS ORDERED:**

(1) That the Dean Permo-Pennsylvanian Pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp-Pennsylvanian production be and the same is hereby created.

(2) That 80-acre proration units be and the same are hereby established for the Dean Permo-Pennsylvanian Pool; further, that all wells drilled to and completed in said Dean Permo-Pennsylvanian Pool shall be located on 80-acre proration units embracing two adjacent governmental quarter-quarter sections or lots within a single governmental section; further, that the aforesaid 80-acre proration units shall run either North and South or East and West. The well thereon may be located on either quarter-quarter section or lot comprising the 80-acre unit, but shall not be closer than 330 feet from the boundaries of such quarter-quarter section or lot.

(3) That Form C-128 filed in conformance with Rule 1104 shall outline the acreage dedicated to any projected well.

(4) That individual well allowables for wells drilled in conformity with the 80-acre spacing rules herein provided for the Dean Permo-Pennsylvanian Pool shall be established in accordance with the 80-acre proportional factor for a depth range of 11,000 to 12,000 feet, and with the other provisions of Rule 505 of the Rules and Regulations of the Commission. Provided, however, that the date of assignment of an allowable to a newly completed well shall be governed by the provisions of Rule 503 (c) and the date of receipt by the Commission of the Commission's Affidavit of Communitization Agreement, if applicable.

(5) That each well which was drilled or was drilling as of October 4<sup>th</sup>, 1956, and which is located within the limits of the Dean Permo-Pennsylvanian Pool as herein defined, is hereby granted an exception to the 80-acre spacing requirements of this order; further, that any such excepted well shall be assigned an allowable, effective at 7 o'clock a.m., Mountain Standard Time, December 1, 1956, which is in the same proportion to the standard 80-acre allowable that the well's dedicated acreage is to 80 acres. Provided, however, that the allowable of any such excepted well may be increased to that of a standard unit effective on the date of receipt by the Commission of Commission Form C-128, Well Location and/or Gas Proration Plat, indicating that sufficient additional acreage has been dedicated to the excepted well to form a standard proration unit as defined in Paragraph (2) above, or on the date of receipt by the Commission of the Commission's Affidavit of Communitization Agreement, if applicable, whichever date is later. Provided however, that no well shall have its allowable increased to that of a standard unit prior to December 1, 1956.

(6) The allowable for any well completed in the Dean Permo-Pennsylvanian Pool and to which is assigned any governmental quarter-quarter section or lot containing less than 39 1/2 acres or more than 40 1/2 acres shall have its allowable decreased or increased in the proportion that the total number of acres assigned to the well bears to 80 acres.

IT IS FURTHER ORDERED:

That special rules for the dual completion of wells in the Dean-Devonian Pool and the Dean Permo-Pennsylvanian Pool be and the same are hereby promulgated as follows:

SPECIAL RULES FOR THE DUAL COMPLETION  
OF WELLS IN THE DEAN-DEVONIAN POOL AND  
THE DEAN PERMO-PENNSYLVANIAN POOL.

IT IS ORDERED:

1. That the application of Sinclair Oil and Gas Company for an order promulgating special pool rules for the Dean-Devonian common source of supply and the Dean Permo-Pennsylvanian common source of supply permitting the dual completion of a well within the horizontal and the vertical limits of the subject pools, after individual approval as hereinafter provided, be and the same is hereby approved.

2. (a) That the dual completion of any well within the horizontal and vertical limits of the subject pools may be permitted only by order of the Commission after due notice and hearing, except as noted by Paragraph 2 (c) below.

(b) The application for such hearing shall be submitted in triplicate and shall include an exhibit showing the location of all wells in both pools and a diagrammatic sketch of the proposed dual completion and shall set forth all material facts on the common sources of supply involved, and the manner and method of completion proposed.

(c) The Secretary of the Commission shall have authority to grant administratively an exception to the requirements of Paragraph (a) above without notice and hearing where application for administrative approval has been filed in due form and includes an exhibit showing the location of all wells in the subject pools and a diagrammatic sketch of the proposed dual completion, and has set forth all material facts on the common sources of supply involved, and the manner and method of dual completion proposed, and

(1) applicant proposes to dually complete a well in the Dean-Devonian common source of supply and the Dean Permo-Pennsylvanian common source of supply and the well is located within the horizontal limits of both of the pools or is located within the horizontal limits of one of the pools and within one-half mile of the horizontal limits of the other pool, and

(2) applicant proposes to complete and equip the well in such a manner that the Dean-Devonian common source of supply and the Dean Permo-Pennsylvanian common source of supply shall

be completely segregated from each other by setting the production casing string at total depth and circulating cement from total depth to a point at least 500 feet above the uppermost perforation, and by utilizing parallel strings of tubing, one string to each of the common sources of supply, and a permanent retainer-type production packer.

Applicants shall also furnish all operators who own leases within the horizontal limits of either or both pools a copy of the application and a diagrammatic sketch of the proposed dual completion and a plat showing the location of all wells in the subject pools. Applicant shall include with his application to the Commission a written stipulation that all such operators have been properly notified. The Secretary of the Commission shall wait at least 20 days before approving any such dual completion, and shall approve such dual completion only in the absence of objection from any such operator owning acreage in either or both of the pools. In the event an operator objects to the dual completion, the Commission shall consider the matter only after proper notice and hearing.

The Commission may waive the 20-day waiting period requirements if the applicant furnishes the Commission with the written consent to the dual completion by all of the aforesaid operators involved.

PROVIDED HOWEVER, That any well so dually completed 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 FURTHER, That upon the actual dual completion of any such well, the operator shall submit to the District Office of the Commission at Hobbs, New Mexico, copies of Oil Conservation Commission Form C-103, Form C-104, and Form C-110 outlining the information required on those forms by existing Rules and Regulations, packer setting affidavit form, and two copies of the electric log of the well. Operator shall also submit in duplicate evidence indicating that the cement behind the production casing string was circulated from total depth to a point at least 500 feet above the uppermost perforation.

PROVIDED FURTHER, That any well so dually completed 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.

PROVIDED FURTHER, That the operator shall be required to make any and all tests, including segregation tests, 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 operator and all witnesses, and shall be filed with the Commission within ten days after completion of such test.

PROVIDED FURTHER, That upon the actual dual completion of any such well, operator 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.

PROVIDED FURTHER, That upon actual dual completion of any well, operator shall within 10 days commence a segregation test, and shall conduct and report the results of said test in accordance with the instructions pertaining to and a part of the Commission's "Packer Leakage Test" form. Such segregation tests shall also be conducted at six-months intervals from the date of initial dual completion and at such other times as may be deemed necessary by the Commission.

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 the protection of correlative rights; upon failure of any operator to comply with any requirement of this order, after proper notice and hearing the Commission may terminate the authority granted and require, in the interests of conservation, the operator or its successors and assigns to limit its activities to regular single-zone production insofar as the well wherein the failure to comply be concerned.

EXHIBIT "A"

Horizontal limits of the Dean-Devonian Pool

TOWNSHIP 15 SOUTH, RANGE 36 EAST, NMPM  
All Section 26;  
E/2 NE/4 and SE/4 Section 34;  
All Section 35;

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM  
Lots 1, 2, 3, 4, 5, 6, 7, & 8 of Section 5;  
Lots 1, 2, 7, & 8 of Section 6;

-13-  
Order No. R-892

EXHIBIT "B"

Horizontal limits of the Dean Permo-Pennsylvanian Pool

TOWNSHIP 15 SOUTH, RANGE 36 EAST, NMPM

SW/4 SW/4 Section 25;  
All Section 26;  
E/2 NE/4 and SE/4 Section 34;  
All Section 35;  
NW/4 Section 36;

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

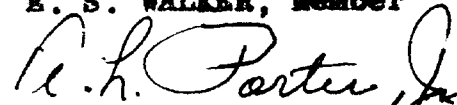
Lots 1, 2, 3, 4, 5, 6, 7, & 8 of Section 5;  
Lot 1 of Section 6;

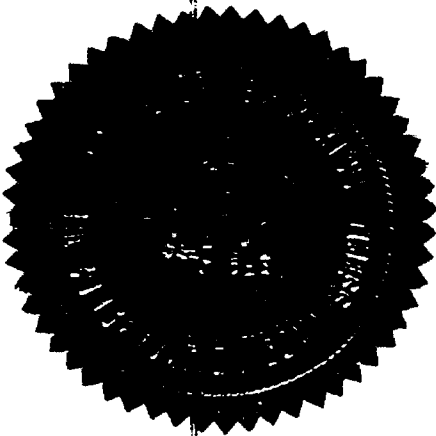
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
JOHN F. SIMMS, Chairman

  
E. S. WALKER, Member

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



OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

October 4, 1956

C  
Mr. J. W. House  
Humble Oil & Refining Company  
P.O. Box 1600  
Midland, Texas

O  
Dear Mr. House:

The allowable provisions of Commission Order R-392 which establishes 80-acre proration units in the Dean Permo-Pennsylvanian Pool become effective on December 1st, 1956.

P  
This order provides that all wells drilled or drilling as of October 4, 1956, are exempt from the 80-acre spacing requirements and that effective December 1st, 1956, they will be assigned an allowable which is in the same proportion to the standard 80-acre allowable that the well's dedicated acreage is to 80 acres. With a normal unit allowable of 39 barrels an 80-acre unit would receive 261 barrels, a 40-acre unit would receive 131 barrels, a 53-acre unit would receive 173 barrels, and a 93-acre unit would receive 304 barrels.

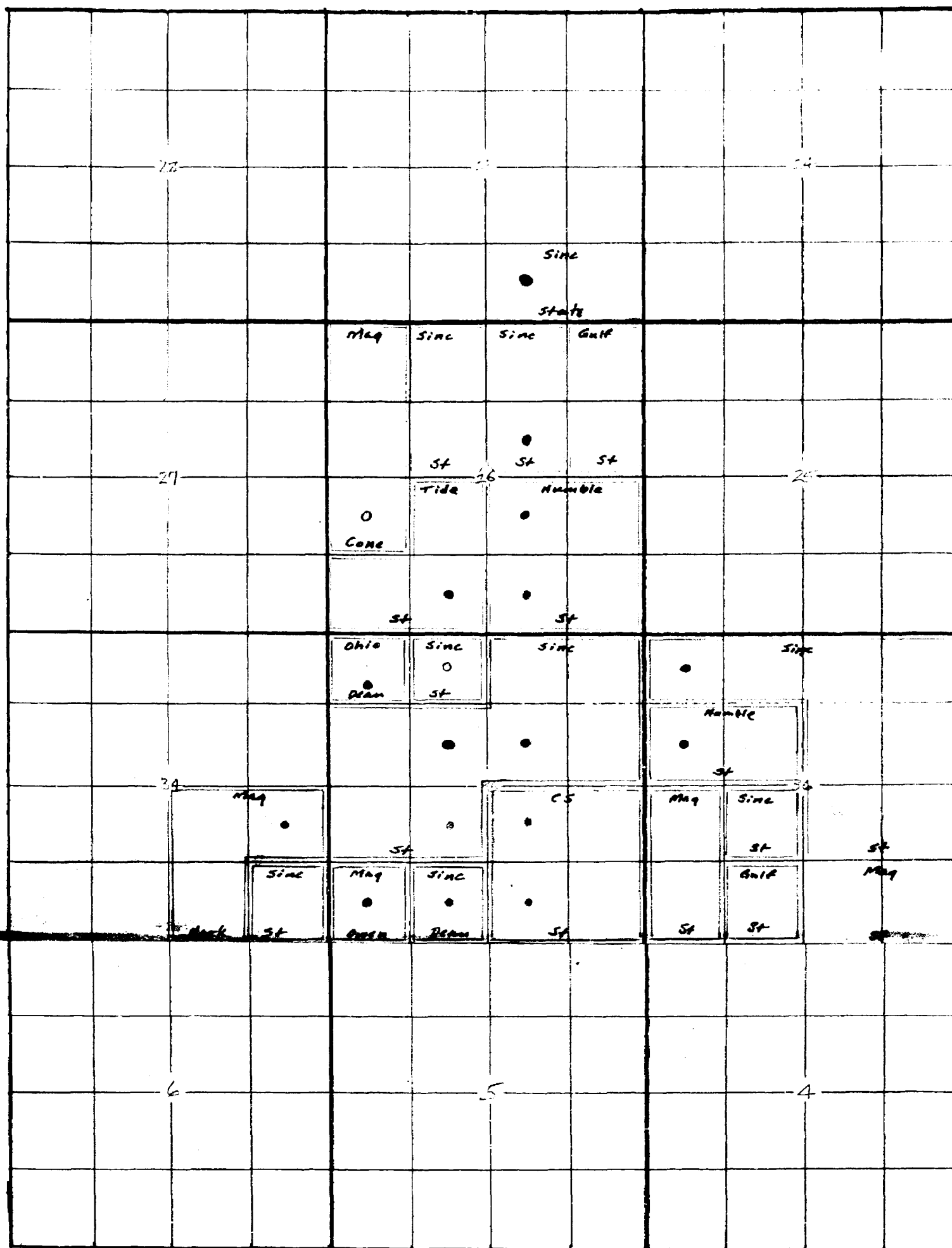
Y  
The order further provides, however, that the allowable of any of the excepted wells may be increased to the amount which is assignable to a standard unit of two adjacent quarter-quarter sections or lots within a single section when the necessary plat (Form C-128) has been filed showing that two governmental quarter-quarter sections or lots have been dedicated to the unit. In the event that communitization must be effected to form a standard unit, an affidavit of communitization must also be filed. The allowable provisions of this order are being made effective December 1st so that operators will have time to complete any communitization agreements which may be required.

Your prompt attention should be given to this matter so that two copies of Form C-128 and two copies of the communitization affidavit, if applicable, may be mailed so as to reach the Hobbs Office of the Commission prior to December 1st, 1956.

Yours very truly,

A. L. Porter, Jr.  
Secretary - Director

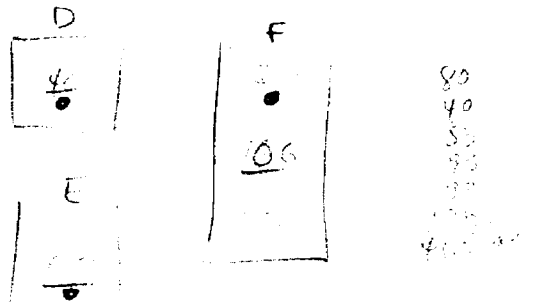
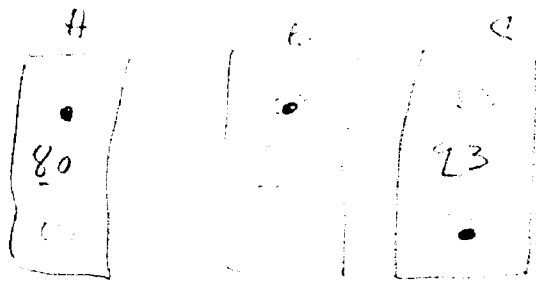
ALP:brp





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P.S.  
SANTA FE

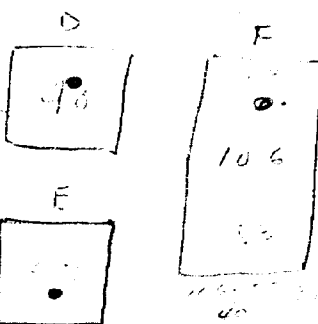
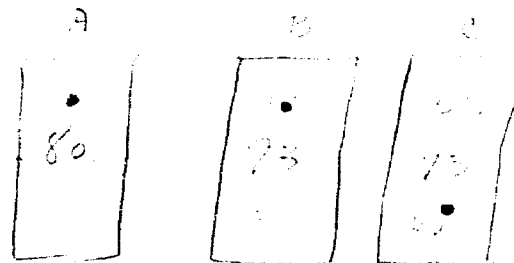


Allowance

$$A_c \times 667 \times 39$$

$$667 \times 39 = 260$$

		%	%
		Allow	Allow
A	$\frac{80}{80} \times 260 = 260$	17.2	17.2
B	$\frac{73}{80} \times 260 = 207$	20.0	20.0
C	$\frac{73}{80} \times 260 = 207$	20.0	20.0
D	$\frac{40}{80} \times 260 = 130$	9.6	8.6
E	$\frac{106}{80} \times 260 = 344$	11.4	11.4
F	$\frac{106}{80} \times 260 = 344$	22.8	22.8
			15.0



Allowance

$$\left( \frac{40}{40} \times 5.67 \times 39 \right) + \left( \frac{A_c - 40}{40} \right) 39$$

		%	%
		Percentage	Allow
A	$221 + 39 = 260$	17.2	16.8
B	$221 + 52 = 273$	20.0	17.65
C	$221 + 52 = 273$	20.0	17.65
D	$221 + 0 = 221$	8.6	11.3
E	$221 + 13 = 234$	11.4	15.1
F	$221 + 34 = 255$	22.8	19.4
			103.0

M E M O R A N D U M

Re: Dean Pennsylvania Pool,  
Lea County, New Mexico.

On the following dates I contacted by telephone the operators in the above mentioned pool to determine their attitude in respect to a 100% acreage allocation formula for the above mentioned pool. This was in respect to Mr. Dan Watter's (Oil Conservation Commission of New Mexico) request to be advised in this matter so that the allocation formula would be written into the order which will be written for 80 acre proration units. The telephone contacts were as follows:

- 9-7-56 Mr. I. B. Stitt (Magnolia, Midland) advised that proration on basis of 100% acreage satisfactory with Magnolia. Also mentioned this conversation to Mr. Ollie Boyd - Magnolia, Dallas on 9-10-56, he had no objection. Mr. Boyd had called to find out if the Commission order had been written. I advised that it had not and that we expected to start negotiations with Magnolia in regard to formation of 80 acre units as soon as the order is written.
- 9-10-56 Mr. Robert Dewey (Humble, Midland) advised that Humble wants the 100% acreage allocation formula.
- 9-10-56 Mr. Ray Howard (Atlantic, Midland) advised that Atlantic would not object to 100% acreage allocation.
- 9-10-56 Messrs. Shackelford & LaRoche (Tidewater, Hobbs) advised they have no objection to 100% acreage allocation. Mr. Coe (Tidewater, Midland) confirmed officially Tidewater will go along on 100% acreage allocation.
- 9-11-56 Mr. Don Walker (Gulf, Ft. Worth) advised Gulf wanted 100% acreage allocation.
- 9-11-56 Mr. Mills (Ohio, Midland) stated that their lawyer still wanted the order to provide an exception for their well. We agreed to discuss the matter again tomorrow after advising our management.

9-12-56 Mr Mills (Ohio, Midland) confirmed that Ohio still wants the order to provide an exception for their well.

2000

Case 102

**HUMBLE OIL & REFINING COMPANY**

MAIL OFFICE 600

MIDLAND, TEXAS

October 17, 1956

J. W. HOUSE

10:07 AM OCT 18 1956

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

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

Reference is made to Commission Order R-892 which establishes 80 acre proration units in the Dean Permo-Pennsylvanian Pool, and also to your letter of October 4, 1956. We are attaching 80 acre proration plats, Form C-128, as specified in this order.

Since we developed all of our leases in this field on a standard 80 acre unit it was not necessary to communitize any acreage to form units.

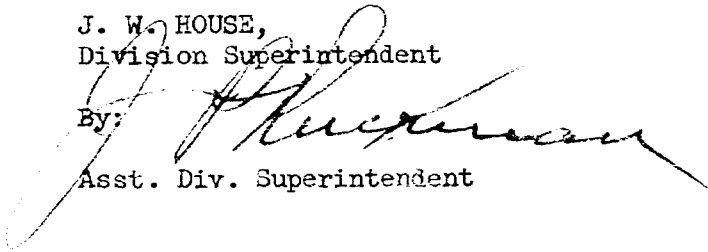
By copies of this letter we are transmitting the required two copies of our Form C-128 to the Hobbs Commission Office.

Yours very truly,

HUMBLE OIL & REFINING COMPANY

J. W. HOUSE,  
Division Superintendent

By:

  
Asst. Div. Superintendent

JEP/se  
Attachment

*file*

STANDARD OIL  
OCT 17 1956

# SINGLAIR OIL & GAS COMPANY

FAIR BUILDING

**FORT WORTH, TEXAS**

LEGAL DEPARTMENT

October 15, 1956

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

Dear Mr. Porter:

Re: Case No. 1102  
Order No. E-892

I want to thank you for forwarding to me a copy of the order entered in the above entitled case. It seems to me that this was worked out in excellent shape and should be completely satisfactory to all operators. We will take immediate steps to comply with the order.

Yours very truly,

*Nat. J. Harden*

Nat. J. Harden,  
Division Attorney

NJH-ms

MAIN OFFICE 800

1956 JUL 19 PM 1:20

*The Chic Oil Co.*

*Legal Department*

*W. Hume Everett*

July 20, 1956

*Thomas R. McCloy*

*P.O. Box 3122  
Houston, Texas*

*J. O. Terrell Couch*

*Attorneys*

Re: Case 1102

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

Dear Sir:

I would appreciate it very much if you would request the reporter in Case 1102 to furnish me a copy of the transcript of the testimony. I do not desire any of the exhibits in the case.

I am sorry that it is necessary for me to burden you with this request, but I do not know the young man who was acting as reporter in the case.

I enjoyed seeing you in Santa Fe and look forward to visiting with you again on my next trip.

Very truly yours,

*J. O. Terrell Couch*  
J. O. Terrell Couch

TC:MK

MAIN OFFICE  
**SINCLAIR OIL & GAS COMPANY**  
1956 JUN 14 AM 8:18 PETROLEUM LIFE BUILDING  
**MIDLAND, TEXAS**

LEGAL DEPARTMENT

June 12, 1956

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

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

Enclosed are original and two copies of original amended application of Sinclair Oil & Gas Company. This application is intended to amend Sinclair's application for an order establishing 80-acre spacing in the Dean-Pennsylvanian Pool which was filed on May 25, 1956.

Yours very truly,

*Rayton A. Webb*

Rayton A. Webb  
Attorney

LAW:ID  
Encls.

*Rayton*  
*6/14/56*

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
SINCLAIR OIL & GAS COMPANY TO AMEND  
ORDER NO. R-757, CASE NO. 1017 TO  
CREATE THE DEAN-PERMO-PENNSYLVANIAN  
POOL IN LEA COUNTY, NEW MEXICO, TO  
DEFINE THE LIMITS OF SAID POOL; FOR  
AN ORDER ESTABLISHING 80-ACRE SPACING  
UNITS IN THE DEAN-PERMO-PENNSYLVANIAN  
POOL, AND TO AMEND ORDER NO. R-799,  
CASE 1016, TO PERMIT DUAL COMPLETION  
IN DEAN-DEVONIAN POOL AND DEAN-PERMO-  
PENNSYLVANIAN POOL, ALL IN LEA COUNTY,  
NEW MEXICO.

CASE NO. \_\_\_\_\_

FILE NO. \_\_\_\_\_

HEARING \_\_\_\_\_

*Normal* *(amended R-799)*  
*& DC* *(amended)* ORIGINAL AMENDED APPLICATION

Sinclair Oil & Gas Company files this its original amended  
application amending its application filed on May 25, 1956 and will  
respectfully show to the Oil Conservation Commission of the State of  
New Mexico as follows, to-wit:

I.

On March 14, 1956, the Oil Conservation Commission of the State  
of New Mexico by its order R-757, Case No. 1017, created and established  
the Dean-Pennsylvanian Pool in Lea County, New Mexico and defined said  
pool as embracing the following described area:

TOWNSHIP 15 SOUTH, RANGE 36 EAST

SW/4 SW/4 Section 25;  
All of Section 26;  
E/2 NE/4 and SE/4, Section 34;  
All Section 35;  
NW/4 Section 36;

TOWNSHIP 16 SOUTH, RANGE 37 EAST

Lots 1, 2, 3, 4, 5, 6, 7 and 8 of Section 5;  
Lot 1 of Section 6;

all in Lea County, New Mexico and as outlined in red on the plat attached  
to the original application.

II.

Sinclair Oil & Gas Company heretofore and on May 25, 1956 filed  
an application requesting an order establishing 80-acre well spacing in the



aforesaid Dean-Pennsylvanian Pool in Lea County, New Mexico, but now desires to amend its application and requests the Commission to grant an order combining the Wolfcamp and Pennsylvanian formations underlying the above described land and designating same as the Dean-Permo-Pennsylvanian Pool, and that the order further define said pool as covering and embracing the land hereinabove described.

III.

Applicant Sinclair Oil & Gas Company further requests the Commission to enter an order establishing a spacing pattern for wells to be completed in the Dean-Permo-Pennsylvanian Pool embracing the area hereinabove described, and that the order provide that the wells be drilled on 80-acre units embracing two adjacent governmental quarter-quarter sections or lots within a single governmental section, which units may run either North and South or East and West, and that such wells to be drilled thereon shall be located on either quarter-quarter section or lot comprising the 80-acre units, but not closer than 330 feet from the lines of such quarter-quarter section.

IV.

Available geological and engineering data indicates that one well will adequately drain 80 acres of land in the Dean-Permo-Pennsylvanian Pool and the spacing of wells as herein requested will insure orderly development of the Dean-Permo-Pennsylvanian Pool, will protect correlative rights and will tend to promote conservation and prevent possible waste.

V.

All wells drilled or drilling at the time of the filing of this application which are not in compliance with the spacing herein referred to should be exempt from the spacing order for the Dean-Permo-Pennsylvanian Pool herein applied for.

VI.

The Oil Conservation Commission of the State of New Mexico heretofore and on April 27, 1956, entered Order R-799 in Case 1016,

authorizing and permitting the dual completion of wells in the Dean-Devonian Pool and the Dean-Pennsylvanian Pool. Applicant requests that said order be amended so as to authorize and permit the dual completion of wells in the Dean-Devonian Pool and in the Dean-Permo-Pennsylvanian Pool in Lea County, New Mexico.

VII.

In order to give interested operators advance notice of this application, a copy hereof has been mailed to the following:

Magnolia Petroleum Company Kermit, Texas	Tidewater Associated Oil Company Houston, Texas
Humble Oil & Refining Company Midland, Texas	Cities Service Oil Company Bartlesville, Oklahoma
Atlantic Refining Company Midland, Texas	J. L. Hamon Dallas, Texas
Sunray Mid-Continent Oil Company Tulsa, Oklahoma	Dan Auld Kerrville, Texas
Gulf Oil Corporation Hobbs, New Mexico	The Ohio Oil Company Midland, Texas

VIII.

It is intended that this amended application supersede and be in lieu of the application filed by applicant on May 25, 1956, which original application is hereinabove referred to.

IX.

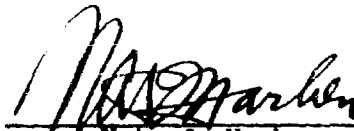
Sinclair Oil & Gas Company therefore requests that a public hearing be called for the purpose of considering this application.

WHEREFORE, applicant prays that this matter be set for hearing, that notice thereof be given as required by law, and that upon final hearing this Commission enter an order amending order No. R-757, Case 1017, and to describe, combine and designate the Wolfcamp and Pennsylvanian formations in the aforesaid area as the Dean-Permo-Pennsylvanian Pool; an order establishing 80-acre drilling units for wells completed in the Dean-Permo-Pennsylvanian Pool, and an order amending order No. R-799

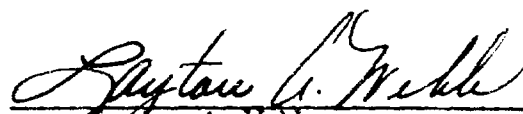
entered in Case 1016 to permit the dual completion of wells in the Dean-Devonian Pool and in the Dean-Permo-Pennsylvanian Pool, all in Lea County, New Mexico, and all as herein requested.

SINCLAIR OIL & GAS COMPANY

By



Nat. J. Harben,  
1103 Fair Building  
Fort Worth, Texas



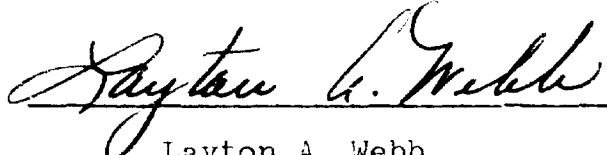
Layton A. Webb  
Midland, Texas

ATTORNEYS FOR APPLICANT


THE STATE OF TEXAS     )  
                              (  
COUNTY OF MIDLAND     )

LAYTON A. WEBB, of lawful age, being first duly sworn,  
deposes and says:

That on the 12th day of June, 1956, I mailed a copy of  
this application to all parties appearing of record to own any  
leasehold interest within the area covered hereby.

  
Layton A. Webb

Subscribed and sworn to before me this 12th day of  
June, 1956.

  
Notary Public in and for  
Midland County, Texas

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION  
OF SINCLAIR OIL & GAS COMPANY  
(FOR AN ORDER ESTABLISHING AN  
80-ACRE SPACING PATTERN IN THE  
DEAN-PENNSYLVANIAN POOL IN  
LEA COUNTY, NEW MEXICO)

) CASE NO. \_\_\_\_\_  
) FILE \_\_\_\_\_  
) HEARING \_\_\_\_\_

A P P L I C A T I O N

Sinclair Oil & Gas Company, for its application herein,  
respectfully shows to the Oil Conservation Commission of the  
State of New Mexico as follows, to-wit:

I.

On March 14, 1956 the Oil Conservation Commission of the  
State of New Mexico, by its Order B-757 in Case No. 1017, created  
and established the Dean-Pennsylvanian Pool in Lea County, New  
Mexico, and defined said pool as consisting of the following  
described area:

TOWNSHIP 15 SOUTH, RANGE 36 EAST

SW/4 SW/4 Section 25;  
All of Section 26;  
E/2 NE/4 and SE/4 Section 34;  
All Section 35;  
NW/4 Section 36;

TOWNSHIP 16 SOUTH, RANGE 37 EAST

Lots 1, 2, 3, 4, 5, 6, 7 and 8 of Section 5;  
Lot 1 of Section 6;

as outlined in red on the attached plat.

II.

The applicant herein, Sinclair Oil & Gas Company,  
respectfully requests the Commission to enter an order establish-  
ing a spacing of wells to be completed in the Dean-Pennsylvanian  
Pool, embracing the area hereinabove described, and that the  
order provide that the wells be drilled on 80-acre units  
embracing two adjacent Governmental Quarter-Quarter sections  
or lots within a single governmental section, which units may

run either North and South or East and West, and that such wells to be drilled thereon shall be located on either quarter-quarter section or lot comprising the 80-acre units, but not closer than 330 feet from the lines of such quarter-quarter section or lot.

III.

Available geological and engineering data indicates that one well will adequately drain 80 acres and the spacing of wells as herein requested will insure orderly development of the Pennsylvanian formation in said Dean-Pennsylvanian Pool, will protect correlative rights and will tend to promote conservation and prevent possible waste.

IV.

All wells drilled, or drilling, at the time of the filing of this application which are not in compliance with the spacing herein referred to should be excepted from the order herein applied for.

V.

In order to give interested operators advance notice of this application, a copy hereof has been mailed to the following:

Magnolia Petroleum Company  
P. O. Box 727  
Kermit, Texas

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

Ohio Oil Company  
P. O. Box 552  
Midland, Texas

Atlantic Refining Company  
P. O. Box 871  
Midland, Texas

Sunray-DX Oil Company  
Tulsa, Oklahoma

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

Tide Water Associated Oil Company  
P. O. Box 1404  
Houston, Texas

Cities Service Oil Company  
P. O. Box 97  
Hobbs, New Mexico

Mr. Dan Auld  
P. O. Box 512  
Kerrville, Texas

Mr. J. L. Hamon  
First National Bank Building  
Dallas, Texas

VI.

Sinclair Oil & Gas Company, therefore, requests that a public hearing be called for the purpose of considering the granting of this application.

WHEREFORE, applicant prays that this matter be set down for hearing; that notice thereof be given as required by law and that upon final hearing this Commission enter its order establishing an 80-acre drilling pattern for wells completed in the Pennsylvanian formation in the Dean-Pennsylvanian Pool of Lea County, New Mexico, all as herein requested.

SINCLAIR OIL & GAS COMPANY

By Layton A. Webb  
Layton A. Webb  
P. O. Box 1470  
Midland, Texas

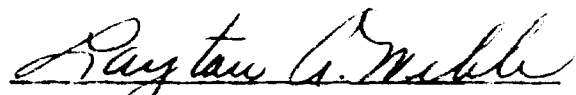
Nat. J. Harben  
Nat. J. Harben  
1103 Fair Building  
Fort Worth 2, Texas

ITS ATTORNEYS.


THE STATE OF TEXAS     )  
                                  (  
COUNTY OF MIDLAND     )

LAYTON A. WEBB, of lawful age, being first duly sworn,  
deposes and says:

That on the 23<sup>rd</sup> day of May, 1956, I mailed a copy of  
this application to all parties appearing of record to own  
any leasehold interest within the area covered hereby.

  
Layton A. Webb

Subscribed and sworn to before me this 23<sup>rd</sup> day of  
May, 1956.

  
Notary Public in and for  
Midland County, Texas

My commission expires:

June 1, 1957



[illegible]

Sumray W.E. Sumruld	Sunray-Mid-Cont. T-10-57 State	Tide water 11-10-58 State	Gulf 2-10-59 State	Sunray-Mid-Cont. 7-10-57 State	J. Hamilton Sur. Skelly 7-25-56 W.R. Dean	E.M. Byers Chal. Min J.O. Gillham	397-X Sinclair 11-12-56
Wif 7-56	Western Gas 9-10-58	Ohio 6-10-56 Barber-Downen Sun 1/4 M. J.R. Dean	Ohio A.C. Dean 2-10-58 Sinclair 396-X 11-12-56	Humble 9-10-58 Sinclair 750 1/4 Dan Auld Ohio 1/2	Skelly 7-29-56 Shelly 7-23-59	Vingina Egerton 7-1-56 062AC2	
W.E. Dean (Min)	F. Nymer, E. J. Spence (Sun) J.P. Dean etal (Min)	Magnolia C-11-61	Magnolia Atlantic 10-10-61	Magnolia Atlantic 10-10-61	Sunray-Mid-Cont. 7-30-56 W.R. Dean	W.R. Dean Lovington	37 State
0 0 40.00	5-51-77	6-40.00	7-40.00	8-40.00	9-40.00	10-40.00	11-40.00
10.00	12-51.71	13-40.00	14-40.00	15-40.00	16-40.00	17-40.00	18-40.00
16	19-51.59	20-40.00	21-40.00	22-40.00	23-40.00	24-40.00	25-40.00
S	26-51.53	27-40.00	28-40.00	29-40.00	30-40.00	31-40.00	32-40.00
(5)	33-51.53	34-40.00	35-40.00	36-40.00	37-40.00	38-40.00	39-40.00
307	40-51.53	41-40.00	42-40.00	43-40.00	44-40.00	45-40.00	46-40.00
	47-51.53	48-40.00	49-40.00	50-40.00	51-40.00	52-40.00	53-40.00
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	117-51.53	118-40.00	119-40.00	120-40.00	121-40.00	122-40.00	123-40.00
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	145-51.53	146-40.00	147-40.00	148-40.00	149-40.00	150-40.00	151-40.00
	152-51.53	153-40.00	154-40.00	155-40.00	156-40.00	157-40.00	158-40.00
	159-51.53	160-40.00	161-40.00	162-40.00	163-40.00	164-40.00	165-40.00
	166-51.53	167-40.00	168-40.00	169-40.00	170-40.00	171-40.00	172-40.00
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	194-51.53	195-40.00	196-40.00	197-40.00	198-40.00	199-40.00	200-40.00
	201-51.53	202-40.00	203-40.00	204-40.00	205-40.00	206-40.00	207-40.00
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	229-51.53	230-40.00	231-40.00	232-40.00	233-40.00	234-40.00	235-40.00
	236-51.53	237-40.00	238-40.00	239-40.00	240-40.00	241-40.00	242-40.00
	243-51.53	244-40.00	245-40.00	246-40.00	247-40.00	248-40.00	249-40.00
	250-51.53	251-40.00	252-40.00	253-40.00	254-40.00	255-40.00	256-40.00
	257-51.53	258-40.00	259-40.00	260-40.00	261-40.00	262-40.00	263-40.00
	264-51.53	265-40.00	266-40.00	267-40.00	268-40.00	269-40.00	270-40.00
	271-51.53	272-40.00	273-40.00	274-40.00	275-40.00	276-40.00	277-40.00
	278-51.53	279-40.00	280-40.00	281-40.00	282-40.00	283-40.00	284-40.00
	285-51.53	286-40.00	287-40.00	288-40.00	289-40.00	290-40.00	291-40.00
	292-51.53	293-40.00	294-40.00	295-40.00	296-40.00	297-40.00	298-40.00
	299-51.53	300-40.00	301-40.00	302-40.00	303-40.00	304-40.00	305-40.00
	306-51.53	307-40.00	308-40.00	309-40.00	310-40.00	311-40.00	312-40.00
	313-51.53	314-40.00	315-40.00	316-40.00	317-40.00	318-40.00	319-40.00
	320-51.53	321-40.00	322-40.00	323-40.00	324-40.00	325-40.00	326-40.00
	327-51.53	328-40.00	329-40.00	330-40.00	331-40.00	332-40.00	333-40.00
	334-51.53	335-40.00	336-40.00	337-40.00	338-40.00	339-40.00	340-40.00
	341-51.53	342-40.00	343-40.00	344-40.00	345-40.00	346-40.00	347-40.00
	348-51.53	349-40.00	350-40.00	351-40.00	352-40.00	353-40.00	354-40.00
	355-51.53	356-40.00	357-40.00	358-40.00	359-40.00	360-40.00	361-40.00
	362-51.53	363-40.00	364-40.00	365-40.00	366-40.00	367-40.00	368-40.00
	369-51.53	370-40.00	371-40.00	372-40.00	373-40.00	374-40.00	375-40.00
	376-51.53	377-40.00	378-40.00	379-40.00	380-40.00	381-40.00	382-40.00
	383-51.53	384-40.00	385-40.00	386-40.00	387-40.00	388-40.00	389-40.00
	390-51.53	391-40.00	392-40.00	393-40.00	394-40.00	395-40.00	396-40.00
	397-51.53	398-40.00	399-40.00	400-40.00	401-40.00	402-40.00	403-40.00
	404-51.53	405-40.00	406-40.00	407-40.00	408-40.00	409-40.00	410-40.00
	411-51.53	412-40.00	413-40.00	414-40.00	415-40.00	416-40.00	417-40.00
	418-51.53	419-40.00	420-40.00	421-40.00	422-40.00	423-40.00	424-40.00
	425-51.53	426-40.00	427-40.00	428-40.00	429-40.00	430-40.00	431-40.00
	432-51.53	433-40.00	434-40.00	435-40.00	436-40.00	437-40.00	438-40.00
	439-51.53	440-40.00	441-40.00	442-40.00	443-40.00	444-40.00	445-40.00
	446-51.53	447-40.00	448-40.00	449-40.00	450-40.00	451-40.00	452-40.00
	453-51.53	454-40.00	455-40.00	456-40.00	457-40.00	458-40.00	459-40.00
	460-51.53	461-40.00	462-40.00	463-40.00	464-40.00	465-40.00	466-40.00
	467-51.53	468-40.00	469-40.00	470-40.00	471-40.00	472-40.00	473-40.00
	474-51.53	475-40.00	476-40.00	477-40.00	478-40.00	479-40.00	480-40.00
	481-51.53	482-40.00	483-40.00	484-40.00	485-40.00	486-40.00	487-40.00
	488-51.53	489-40.00	490-40.00	491-40.00	492-40.00	493-40.00	494-40.00
	495-51.53	496-40.00	497-40.00	498-40.00	499-40.00	500-40.00	501-40.00
	502-51.53	503-40.00	504-40.00	505-40.00	506-40.00	507-40.00	508-40.00
	509-51.53	510-40.00	511-40.00	512-40.00	513-40.00	514-40.00	515-40.00
	516-51.53	517-40.00	518-40.00	519-40.00	520-40.00	521-40.00	522-40.00
	523-51.53	524-40.00	525-40.00	526-40.00	527-40.00	528-40.00	529-40.00
	530-51.53	531-40.00	532-40.00	533-40.00	534-40.00	535-40.00	536-40.00
	537-51.53	538-40.00	539-40.00	540-40.00	541-40.00	542-40.00	543-40.00
	544-51.53	545-40.00	546-40.00	547-40.00	548-40.00	549-40.00	550-40.00
	551-51.53	552-40.00	553-40.00	554-40.00	555-40.00	556-40.00	557-40.00
	558-51.53	559-40.00	560-40.00	561-40.00	562-40.00	563-40.00	564-40.00
	565-51.53	566-40.00	567-40.00	568-40.00	569-40.00	570-40.00	571-40.00
	572-51.53	573-40.00	574-40.00	575-40.00	576-40.00	577-40.00	578-40.00
	579-51.53	580-40.00	581-40.00	582-40.00	583-40.00	584-40.00	585-40.00
	586-51.53	587-40.00	588-40.00	589-40.00	590-40.00	591-40.00	592-40.00
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	607-51.53	608-40.00	609-40.00	610-40.00	611-40.00	612-40.00	613-40.00
	614-51.53	615-40.00	616-40.00	617-40.00	618-40.00	619-40.00	620-40.00
	621-51.53	622-40.00	623-40.00	624-40.00	625-40.00	626-40.00	627-40.00
	628-51.53	629-40.00	630-40.00	631-40.00	632-40.00	633-40.00	634-40.00
	635-51.53	636-40.00	637-40.00	638-40.00	639-40.00	640-40.00	641-40.00
	642-51.53	643-40.00	644-40.00	645-40.00	646-40.00	647-40.00	648-40.00
	649-51.53	650-40.00	651-40.00	652-40.00	653-40.00	654-40.00	655-40.00
	656-51.53	657-40.00	658-40.00	659-40.00	660-40.00	661-40.00	662-40.00
	663-51.53	664-40.00	665-40.00	666-40.00	667-40.00	668-40.00	669-40.00
	670-51.53	671-40.00	672-40.00	673-40.00	674-40.00	675-40.00	676-40.00
	677-51.53	678-40.00	679-40.00	680-40.00	681-40.00	682-40.00	683-40.00
	684-51.53	685-40.00	686-40.00	687-40.00	688-40.00	689-40.00	690-40.00
	691-51.53	692-40.00	693-40.00	694-40.00	695-40.00	696-40.00	697-40.00
	698-51.53	699-40.00	700-40.00	701-40.00	702-40.00	703-40.00	704-40.00
	705-51.53	706-40.00	707-40.00	708-40.00	709-40.00	710-40.00	711-40.00
	712-51.53	713-40.00	714-40.00	715-40.00	716-40.00	717-40.00	718-40.00
	719-51.53	720-40.00	721-40.00	722-40.00	723-40.00	724-40.00	725-40.00
	726-51.53	727-40.00	728-40.00	729-40.00	730-40.00	731-40.00	732-40.00
	733-51.53	734-40.00	735-40.00	736-40.00	737-40.00	738-40.00	739-40.00
	740-51.53	741-40.00	742-40.00	743-40.00	744-40.00	745-40.00	746-40.00
	747-51.53	748-40.00	749-40.00	750-40.00	751-40.00	752-40.00	753-40.00
	754-51.53	755-40.00	756-40.00	757-40.00	758-40.00	759-40.00	760-40.00
	761-51.53	762-40.00	763-40.00	764-40.00	765-40.00	766-40.00	767-40.00
	768-51.53	769-40.00	770-40.00	771-40.00	772-40.00	773-40.00	774-40.00
	775-51.53	776-40.00	777-40.00	778-40.00	779-40.00	780-40.00	781-40.00
	782-51.53	783-40.00	784-40.00	785-40.00	786-40.00	787-40.00	788-40.00
	789-51.53	790-40.00	791				

BEFORE THE  
**Oil Conservation Commission**  
SANTA FE, NEW MEXICO  
July 18, 1956

IN THE MATTER OF:

CASE NO. 1102

TRANSCRIPT OF PROCEEDINGS

DEARNLEY-MEIER AND ASSOCIATES  
COURT REPORTERS  
605 SIMMS BUILDING  
TELEPHONE 3-6691  
ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
July 18, 1956

IN THE MATTER OF:

Application of Sinclair Oil and Gas Company for an order establishing 80 acre spacing in the Dean-Permo Pennsylvanian Pool; for an order amending Order R-757 which created the Dean-Pennsylvanian Pool and in which applicant proposes to rename it as the Dean-Permo-Pennsylvanian Pool and to amend Order R-799 which permitted dual completions in the Dean-Pennsylvanian Pool and Dean-Devonian Pool to allow dual completions in the Dean-Permo-Pennsylvanian and the Dean-Devonian Pool, all in Lea County, New Mexico.

Applicant in the above-styled cause, seeks an order establishing 80 acre spacing for the area presently known as the Dean-Pennsylvanian Pool and which they desire to establish as the Dean-Permo-Pennsylvanian. Applicant further seeks an order to add the Wolfcamp formation to the presently designated Dean-Pennsylvanian Pool and to be known as the Dean-Permo-Pennsylvanian Pool. Applicant desires that the pool area now presently defined as the Dean-Pennsylvanian be further defined as the Dean-Permo-Pennsylvanian. Applicant seeks an order to allow the Wolfcamp formation to be included with the Pennsylvanian formation and dualled with the Devonian formation for oil-oil dual completions in what would be known as the Dean-Permo-Pennsylvanian Pool and Dean-Devonian Pool.

Case  
No. 1102

BEFORE:

Honorable John F. Simms  
Mr. E. S. (Johnny) Walker  
Mr. A. L. Porter, Jr.

TRANSCRIPT OF HEARING

MR. PORTER: The meeting will come to order, please. Mr. Gurley, are you ready to proceed?

(Mr. John Gurley, Attorney for the Oil Conservation Commission read the title of the within case.)

MR. PORTER: Is the applicant ready?

MR. HARBEN: Sinclair is ready.

GOVERNOR SIMMS: Ask your witnesses to stand and be sworn.

(The witnesses in the case were then sworn by Mr. Walker.)

MR. HARBEN: I would like to enter appearance of the attorneys; our names are: Nat J. Harben and Layton Webb, attorneys for Sinclair Oil and Gas Company. If the Commission please, before we start our testimony, I would like to make this statement.. The Commission will recall that on March 14, 1956 in Case No. 1017, Order R-757 was entered wherein the Commission defined the Dean-Pennsylvania field in Lea County, New Mexico. On April 27, 1956, in Case No. 1016, the Commission entered Order 799 authorizing and permitting dual completion in the Devonian formation and the Pennsylvanian pool as the Commission had theretofore defined. Now, we are here today asking the Commission for three things: First, we are asking that the Commission enter an order combining the Dean-Pennsylvanian Pool and the Wolfcamp formation and designating such combination as the Permo-Pennsylvanian Pool. We are asking that as our evidence will show because it appears that the probable productive zones of the Wolfcamp would be **uneconomical** to develop as a separate pool.

Number 2, we are asking for an order establishing the spacing pattern of 80 acres for wells completed in the Dean-Permo-Pennsylvanian pool, and that the 80 acres units embrace center Government quarter sections of the lots within a single governmental

section; that the units run north and south or east and west, but that any well which may be drilled on the unit shall not be drilled closer than 300 feet from the line at the quarter-quarter section.

And three, we are asking for an order amending order No. 799, that is the dual completion order, so as to authorize or permit dual completion of wells in the Dean-Devonian Pool and in the Dean-Permian-Pennsylvanian Pool. I would like to call as our first witness, Mr. Merrill.

H. A. MERRILL,

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

DIRECT EXAMINATION

BY MR. HARBEN:

Q What is your name, please?

A H. A. Merrill.

Q Where do you reside? A Roswell, New Mexico.

Q By whom are you employed?

A Sinclair Oil and Gas Company.

Q In what capacity are you employed?

A As District Geologist.

Q How long have you been District Geologist, Mr. Merrill?

A Three years.

Q Are you acquainted with the area around the Dean-Devonian and Dean-Pennsylvanian Pools?

A I am

Q --in Lea County? A Yes.

Q Have you heretofore qualified and testified before this

Commission?

DEARNLEY-MEIER AND ASSOCIATES  
STENOGRAPHIC REPORTERS  
ALBUQUERQUE, NEW MEXICO  
TELEPHONE 3-6691

A I have.

Q --as an expert witness. Are the qualifications of the witness satisfactory?

MR. WALKER: They are.

Q Have you made a study of the geological formations in and around the Dean-Pennsylvanian Pool?

A Yes, I have.

Q Are you acquainted with the Wolfcamp formation in that area?

A Yes.

Q I hand you an exhibit No. 1, and Exhibit No. 2. Are you familiar with Exhibits 1 and 2, Mr. Merrill?

A Yes, I am

Q Were those exhibits prepared by you or under your supervision?

A That is correct.

Q And is the information which the Exhibits purport to reflect true and correct information?

A I believe it is.

Q Will you tell the Commission just what information is reflected by Exhibit 1?

A Exhibit 1--

Q (Int.) Just a minute, let me ask you this question before you go to the board. You will notice on the board some cross-sections. Are those the same, do they reflect the same information as Exhibits 1 and 2--they are just enlarged exhibits, is that correct?

A They are enlarged copies of Exhibits 1 and 2.

Q All right. Now go ahead with your explanation of Exhibits 1 and 2.

A All right. Exhibit 1 is a south to north electrical log cross-section. It commences on the south with the Atlantic Federal Dow #1 on one end and terminates on the north with Sinclair at State #735; the cross-section exhibits the presence of the Wolfcamp throughout the pool. Exhibit 2 is the west to east cross-section through the Dean pool commencing on the west with Magnolia Harkrider #1 and ending on the east with Sinclair's State 758 #1.

Q Let's take Exhibit 1--I notice Exhibit 1 has four lines on it running from left to right. Will you state what those lines represent?

A These lines indicate the top of the various formations we have outlined. The uppermost line is the top of the Wolfcamp; the second line from the top is the top of the Pennsylvanian line, and the third horizontal line is the top of the Strawn line. The lower line here is the top of the Mississippi line and the base of the Pennsylvanian.

Q Will you point out on that exhibit the vertical limits of the Dean-Pennsylvanian Pool as it is now defined?

A The very top of the Pennsylvanian formation occurs at the approximate depth here of 10,658 feet, the second horizontal line from the top; and the lowermost point of the Pennsylvanian occurs at a depth of approximately 12,700 feet at the lowermost line.

Q Does that include the Strawn line?



A It includes the entire Pennsylvanian of which the Strawn is a part.

Q How many feet are in that section?

A Approximately 21,000.

Q Did you test the depth of the Mississippi formation?

A Yes, it's approximately 12,700 feet.

Q Now, will you point out on that cross-section the Wolfcamp formation?

A The Wolfcamp is the uppermost line, which occurs at a depth of approximately 9650 feet. The base of the Wolfcamp is the same as the top of the Pennsylvania which is the second line from the top, with a gross thickness of approximately 1,000 feet.

Q Now, will you point out to the Commission the productive zones in the Pennsylvanian formation?

A At the present time the Pennsylvanian produces only from the Strawn line zone; it is designated by the third line from the top, and I believe there are twelve producers.

Q The 12 wells that are producing are in the Strawn formation?

A Yes, sir.

Q And what is the gross thickness of that productive zone?

A The productive zone gross thickness is approximately 100 feet across the field.

Q What is the approximate depth of that formation?

A Well, the formation is defined at approximately, 11,500 feet throughout the field.

Q Would you point out in this first well shown on the Exhibit

the productive formation in the Strawn line.

A The producing interval is immediately below the top of the Strawn line throughout the field.

Q And is that shown on all those exhibits?

A I believe it is.

Q I mean is it shown on all the logs shown on the exhibit?

A Yes, it is.

Q Now, will you point out the productive formation at the top of the Pennsylvanian formation?

A At the present time there are no producers in the upper Pennsylvania, but the uppermost approximately 40 feet of the formation has indicated possible production in several ways.

Q Can you point those wells out?

A The Sinclair Oil and Gas Company No. 3, State 396, developed flowing oil in the uppermost Pennsylvanian, as did Cities Service No. 2, State AW.

Q And that flow is based on a drill stem test?

A Both of them.

Q What is the gross thickness of the upper Pennsylvanian Zone which appears to indicate production?

A It appears to be approximately 40 feet thick.

Q I believe you stated that no wells have been completed in that formation?

A At the present time that is correct.

Q Now, will you point out on the Exhibit the productive zones or apparently productive zones of the Wolfcamp formation?

A At the present time I believe the only indication of

probable production would be the lower Wolfcamp in the zone occurring at approximately 10,400 feet throughout the field. We haven't indicated the zone, but it is signified by a horizontal line roughly 200 feet above the top of the Pennsylvanian line.

Q Have any wells been completed in that formation?

A No, there have been none.

Q You have testified about three possible productive zones in the Pennsylvania and Wolfcamp formations. Are there any other zones or sections which would appear to be productive of oil or gas?

A At the present time I don't believe any drill stem tests or interpretation of these electrical logs would indicate probable oil production.

Q Did you testify as to the approximate depth of the Wolfcamp formation which appears to be productive?

A It has an approximate depth of 10,400 feet.

Q Now, that is from the producing zone. All right. Now I hand you Exhibits 3, 4 and 5. Are you familiar with Exhibits 3, 4 and 5?

A Yes, I am.

Q And will you state whether or not those Exhibits were prepared by you or under your supervision?

A They were prepared under my supervision.

Q Will you state whether or not the information the Exhibits purport to reflect is true and correct?

A I believe they are true.

Q All right. Now, will you tell the Commission just what Exhibit 3 reflects and exhibit it to them, please sir?

A Exhibit 3 is a structural map of the Dean Pool contoured on the top of the Strawn line. Indicated in green are the present horizontal limits of the Dean-Pennsylvanian Pool.

Q Do you have water-oil contact indicated on that Exhibit?

A Our estimated oil-water contact is indicated by dashed red lines surrounding the pool.

Q Does it indicate there might be probable production over an area greater than the filed as has been defined?

A I believe it indicates probable production where sufficient porosity and permeability are indicated.

Q Are the wells which are producing from the Devonian and Pennsylvanian formations indicated on the exhibit?

A We have colored the individual wells with yellow indicating the Pennsylvanian production, blue indicating Devonian production, and where the two are producing they are colored half yellow and half blue.

Q Point these out, will you please?

A State 396 No. 2 and 396 No. 3 on the Sinclair lease.

Q Would you point to that exhibit and point to the wells which have been completed and which are producing from the Pennsylvania formation or the Strawn line?

A At the present time there are 12 producers from the Strawn line, and the yellow indicates the present Strawn production.

Q All right. Now, will you go over to Exhibit 4 and tell the Commission just what that exhibit reflects?

A This is also a structural map of the Dean Pool contoured on the top of the Pennsylvanian formation itself. The green area

indicates the present horizontal limits of the Pennsylvania Pool.

Q Do you have indicated on that map or Exhibit the wells which are producing from the Strawn line formation?

A Those are also indicated, designated by the yellow color surrounding each well.

Q Now, will you step over to Exhibit 5 and explain that Exhibit to the Commission?

A Exhibit 5 is a structural map of the Dean Pool contoured on the lower Wolfcamp zone which is possibly productive.

Q And how is the Wolfcamp shown on that map there, the possible producing area?

A We have oil-water contact indicated by a dashed red line; it is believed that will be the limits of production in the lower Wolfcamp.

Q Has there any well completed in the Wolfcamp formation?

A No, there has not.

Q Will you point to Exhibit 1 there--or did you point out the productive zone of the Wolfcamp?

A The 10,400-foot zone has indicated production, yes.

Q And how thick is that production zone?

A Approximately 30 feet.

Q That is gross thickness? A Yes, sir.

Q Are there any other sections in the Wolfcamp formation which appear to be productive of oil or gas?

A At the present time I don't believe that the drill stem testing throughout the field, and also the electric logs, have indicated any other zones of probable production.

Q You have testified that the gross thickness of the zone in the Strawn formation which appears to be productive of oil is approximately 100 feet. What is the average net pay thickness of the Strawn zone?

A It is essentially 30 feet throughout the field.

Q Is that the average thickness over the field?

A Yes, it is.

Q And the Upper Penn--what is the approximate thickness of that zone which appears to be productive?

A It is considerably less, approximately seven feet throughout the field.

Q What is the net thickness of the net pay zone in the Wolfcamp formations which appears to be productive?

A Approximately eleven feet throughout the field.

Q All right. Will you tell us what, would you describe those various formations, how are they made up, what kind of rocks or--.

A The Strawn, the Upper Pennsylvanian and the lower Wolfcamp are very similar, brown to gray in color, with fine and medium crystalline and limestone; there is considerable fracturing and most of the porosity is developed in reservoirs, and the porosity as a whole is rather erratic throughout the field.

Q What kind of reservoirs are those, are they good, or bad, or what kind?

A Of the three I believe the Strawn is by far the best due to its greater thickness, but I would have to classify both the Upper Penn and the Lower Wolfcamp as salvage primarily.

MR. HARBEN: That's all.

MR. PORTER: Does anyone else have any questions to ask of Mr. Merrill?

BY MR. NUTTER:

Q Did I understand you to say that the top of the Wolfcamp has an average depth of approximately 9650 feet?

A I believe that is correct, as shown in the well electrical log cross-section.

Q And the top of the Pennsylvanian occurs at about 10,600 feet, I believe?

A That is correct.

Q And the top of the Strawn?

A At approximately 11,500 feet.

Q And this lower Wolfcamp pay is the only pay that drill stem tests have indicated to be present in the Wolfcamp formation?

A I don't understand the question.

Q I say this lower Wolfcamp, the one you are speaking of at 10,400 feet, is the only pay that drill stem tests indicated to be in the Wolfcamp?

A Correct.

Q And it occurs only 200 feet above the top of the pay?

A Correct.

Q Which is the top of the defined limits of the Pennsylvania Pool at the present time?

A Yes.

Q In other words, we would have to increase the vertical limits by 200 feet to take in that pay, is that right?

A That would get the only pay indicated at the present time.

Q And yet your application is to take in the Wolfcamp formation with the Dean-Pennsylvanian Pool and define all that as one pay section, from 9650 to 11,500 feet, is that correct?

A That is correct.

Q Is there any kind of marker in the Wolfcamp formation that is pretty well defined?

A I believe the top of the Wolfcamp is accepted generally by most of the oil companies in that area.

Q Is there any mark below the top of the Wolfcamp?

A None that is consistent.

Q There is not a consistent marker?

A No.

MR. NUTTER: I believe that is all I have.

BY MR. MANKIN:

Q Mr. Merrill, you have referred many times to the Upper Pennsylvanian which appeared to be productive by drill stem tests, is that correct?

A Yes.

Q Is that same area also called the Cisco portion of the Pennsylvanian?

A I believe that is correct.

Q And that could be correlated as the Cisco?

A I believe that's right.

BY MR. NUTTER:

Q Here in the Wolfcamp you have estimated oil-water contact at 9650, is that correct?

A That is correct.



Q How was that established?

A By evaluation of the drill stem tests we have made throughout that zone. Several of the tests encountered water.

MR. MANKIN: I see, I believe that is all.

BY MR. HARBEN:

Q What is the total of the thickness from the top of the Wolfcamp to the top of the Mississippian?

A It would be approximately 3100 feet.

Q And that is the section which we are asking be defined as the Dean-Permo-Pennsylvanian Pool?

A That is correct.

MR. HARBEN: All right.

MR. PORTER: Does anyone else have some questions? If not, the witness will be excused. Do you intend to introduce the exhibits?

MR. HARBEN: Yes, we offer in evidence Exhibits 1, 2, 3, 4 and 5.

MR. PORTER: Without objection they will be admitted.

W. J. ROGERS,

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

DIRECT EXAMINATION

BY MR. HARBEN:

Q What is your name?

A W. J. Rogers.

Q Where do you reside, Mr. Rogers?

A Midland, Texas

Q By whom are you employed?

A Sinclair Oil and Gas Company.

Q How long have you been employed by Sinclair Oil and Gas Company?

A Nineteen years.

Q What is your official position at the present time?

A Division Petroleum Engineer.

Q And as such did you have <sup>under</sup> your supervision the engineering work in Lea County?

A Yes, sir.

GOVERNOR SIMMS: The Commission considers him qualified as an expert.

Q Thank you. Mr. Rogers, have you made a study of the Pennsylvanian Formation as it has heretofore been defined, and of the Wolfcamp formation?

A Yes, sir.

Q And what kind of study did you make and for what purpose?

A Well, first we studied the oil reserves and the economics of the Pennsylvanian Zone and we have prepared a tabulation which would--

Q (Int.) Would you speak up a little louder, please, so everyone can hear you.

A We first prepared a tabulation showing the oil reserves and economics of the Pennsylvanian zone and that, I think, we are prepared to introduce as an Exhibit.

Q All right. Have you prepared some data which, I believe, is labelled "Oil Reserves & Economics of the Pennsylvanian Pool?"

A Yes, sir, that is the tabulation to which I was referring.

Q And that is marked Exhibit 6?

A Yes, sir.

Q Before we get into Exhibit 6, have you also prepared an Exhibit No. 7 which shows the oil reserves and economics of the Wolfcamp zone?

A Yes, sir.

Q And did you also prepare some data and information marked Exhibit 8 which reflects the economics of the proposed Permian-Pennsylvanian pool?

A Yes, sir.

Q Were those exhibits prepared by you or under your supervision?

A Yes, sir.

Q And do those exhibits correctly reflect the information which they purport to reflect?

A Yes, sir.

Q All right. Now, let's take Exhibit 6, Mr. Rogers. Will you explain that exhibit to the Commission, please sir?

A Exhibit 6 shows the oil reserves and economics of the Pennsylvanian zone. I might mention here that in case No. 1016 which was heard on February 15th of this year, that Sinclair's Mr. C. L. Wilson presented an economic summary of the Pennsylvanian zone. And the summary which we are presenting heretoday confirms or is essentially the same as the one Mr. Wilson presented back in February. However, we do have additional data that has been obtained, and for that reason I thought it would be well to go

ahead and go through the same sort of economic calculations to show the picture as it is today. For example, under Item 1 of Exhibit 6, we show the factors used in computing the Pennsylvanian Reserves. The first item A, which is porosity, we find now, using the weighted average of core analysis on eight wells that the average porosity is 5.03%. I believe Mr. Wells testified at the time that the average porosity was 6.47% based on two wells, and we now have an analysis based on eight wells. The second item, 1-B, is effective pay thickness. We find now from an analysis of electric-micro-radio-active logs on 15 wells in the field that the effective pay thickness is 37.7 feet. I believe Mr. Wilson testified at the time that the average pay thickness was 33 feet based on an analysis of seven wells--

Q (Int.) Excuse me--that 37.7 figure includes the productive zone known as the Strawn line and also the Upper Pennsylvania, does it not?

A That's right. Item 1-c is the formation volume factor of 2.315 barrels of reservoir oil per barrel of stock tank oil. That is the same factor used previously by Mr. Wilson. Also the connate value of 16% used today is the same one used by Mr. Wilson. And Item 1-e, the oil recovery of 20%, is the same figure used previously. Now, using those figures we come to Item II by which we show the Pennsylvanian oil in place, and that equals 5.350 stock tank barrels per acre. Now the recoverable Pennsylvanian Stock Tank reserves amount to 1,070 barrels per acre. I believe Mr. Wilson's testimony indicated at the time that there were 1200 barrels per acre. We figure now under Item 3-b (III-b)

that the gross barrels of recoverable oil for 40 acres amounts to 42,800 barrels, and on 80 acres that figure is 85,600 barrels. We have used, in computing the economics, a price of \$2.83 per barrel; that is the same figure used previously. Then summing up the economics of the Pennsylvanian well, we find that the net loss to the operator with one well on 40 acres would amount to \$149,948.00, whereas the reserves under 80 acres in the Pennsylvanian would result in a loss of \$51,220.00.

Q In other words, if a well was drilled into the Pennsylvanian formation and the oil was produced from the Strawn Line and the Upper Pennsylvania, an operator could expect to end up with a loss of \$51,220, where he was drilling one well to 80 acres, is that right?

A That's right. In other words, the 80 acre reserves in the Dean-Pennsylvanian are insufficient for a paying well.

Q Do you have anything further to say about that exhibit?

A No, sir.

Q All right. Let's go to Exhibit No. 7. Will you explain that, please sir?

A Exhibit 7 is a tabulation showing the oil reserves and economics of the Wolfcamp Zone. Under Item I-a we have used a porosity of 5.3%; we obtained that value from a core analysis on one well in the field, the Magnolia Owens #1. By core analysis and by analysis of electric-micro-radio active logs on 13 wells in the field, we estimate the effective pay thickness to be 11.4 feet. Under Item I-c we used a formation volume factor of 1,880 barrels reservoir oil per barrel of stock tank oil. That figure was ob-

tained from a reservoir fluid analysis obtained in the Gladiola Wolfcamp fluid. We believe the fluid there is similar to what we have in the Dean-Wolfcamp zone, and it is also similar to the reservoir fluid we have in the Strawn line. We have used a connate water factor of 27% and, again, we have used an estimated oil recovery of 20% for the Wolfcamp formation. Putting those factors together, we calculate under Item II that the Wolfcamp oil-in-place equals 1820 barrels per acre, and that the recoverable reserves then amount to 364 gross barrels per acre which would give 14,560 barrels per 40 acres, and 29,120 barrels per 80 acres. Skipping on down to the economics, we have calculated those on the basis of 80 acres and find that a single well drilled to the Wolfcamp formation and using the 80 acre reserves would result in a loss to the operation of \$152,125.00. Now, if it were possible to dually complete a well in the Wolfcamp and Pennsylvanian formations, we have calculated the economics of the Wolfcamp section itself and find that based on the reserves for 40 acres, it would be possible to show a profit of \$284.00.

Q Do you mean on a 40 acres or 80 acres?

A On 80 acres,--this would show a profit of \$284.00. Now this \$284.00 profit is in the Wolfcamp only and it doesn't begin to offset the \$51,220.00 loss which would result in the drilling of a well and the completion and operation in the Pennsylvanian formation, of the same well.

Q What would that reduce the loss to?

A Well, approximately \$51,000.00.

Q Now, of course, if you drill one well to each 40 acres,

the losses would be much greater than that?

A That's right.

Q Do you have anything else to say in connection with Exhibit 7?

A No, sir.

Q All right. Let's go to Exhibit 8, and will you explain that exhibit to the Commission, please?

A Exhibit 8 shows the economics of the proposed Permo-Pennsylvanian pool. Under Item I we have added the recoverable reserves in stock tank barrels per acre for the Pennsylvanian Zone and the Wolfcamp Zone. The sum of those two amounts to 1434 barrels per acre. And skipping on down to the economics, we find that a single Permo-Pennsylvanian well on 40 acres would result in a loss of \$120,954.00. Whereas the reserves on 80 acres would result in a very small profit, being \$11,768.00.

Q And that small profit of \$11,768.00 would only result after an investment of some \$300,000.00, isn't that right?

A Yes, sir, that's right.

Q Or approximately so. All right. Do you have anything further to say in connection with Exhibit 8?

A No, sir.

(OFF RECORD to enable commission and witness to check Sinclair Exhibits to be sure all copies distributed were identical.)

Q Mr. Rogers, I hand you Sinclair's Exhibit No. 9, and ask you if you are familiar with that Exhibit?

A Yes, sir.

Q Was that prepared by you or under your direction?

A Yes, sir.

Q And is the information reflected on that exhibit true and correct?

A Yes, sir, it is.

Q Now, I hand you Exhibit 10 and ask you if you are familiar with that exhibit?

A Yes, sir.

Q Was that prepared by you or under your supervision?

A That is correct.

Q And is the information reflected thereon true and correct information?

A Yes, sir.

Q I hand you Exhibit 11 and Exhibit 12. Were those two exhibits, 11 and 12, prepared by you or under your supervision?

A Yes, sir.

Q And is the information reflected on those exhibits true and correct?

A Yes, sir.

Q All right, will you take Exhibit 9 and explain that to the Commission, please, sir?

A Exhibit 9 is a chart showing the reservoir performance of the Dean-Pennsylvanian pool. In this chart the bottom hole pressure, the monthly oil-gas production, the gas-oil ration, and the number of hours completed in the field are all plotted against time.

Q Now, what do you mean by 'plotted against time', Mr. Rogers--I wonder if you would explain that a little further?



A Well, the horizontal scale at the bottom of the chart is plotted in months. Shall I explain Exhibit 10?

Q Yes, please.

A Exhibit 10 is the same data plotted against cumulative oil production. In other words, the bottom scale is cumulated oil production for the Dean-Pennsylvanian pool.

Q Now as to those exhibits, will you explain the line across the top of the exhibits?

A The line across the top shows the bottom hole pressure history of the Dean-Pennsylvanian pool up to date.

Q All right. Now, will you go to Exhibit 11?

A Exhibit 11 is a chronological summary of, or tabulation of the bottom hole pressures that were used in plotting the bottom hole pressure curves on the charts.

Q All right--and Exhibit 12?

A Exhibit 12 is a tabulation showing the production data for each well in the Dean-Pennsylvanian pool, and that data was plotted on the two charts, exhibits 9 and 10.

Q All right. Now going back to Exhibit 12--no, Exhibit 11, will you comment upon the bottom hole pressures as shown on that exhibit, please sir?

A Yes, sir. I would like to point out, first, from these exhibits that up until July the first, 1956, there had been some ten wells completed. Of course, all of these completions were in the Strawn zone. Now, the cumulative oil production up to the same time, that is July 1, 1956, was approximately 246,000 barrels. As can be noted from the chart, Exhibit 9, the first production

from the pool was obtained in December, 1955. The production for the month of June, 1956, was approximately 50,000 barrels of oil and 100,000 m.c.f. of gas, and you will note, too, from Exhibits 9 and 10, that the gas ratio has increased from approximately 1600 cubic feet per barrel to 2,000 cubic feet per barrel. You will the bottom hole pressure decrease from an initial pressure of 4,056 p.s.i. to 3,620 p.s.i. as of June, 1956, which represents a drop in pressure of about 436 p.s.i. Now, in respect to that bottom hole pressure history, our two charts, Exhibits 9 and 10, we have used a symbol which is used to denote the initial bottom hole pressure or newly completed wells, and from that chart--

Q (Int.) Which exhibit are you referring to now?

A On both 9 and 10, we used the same symbol, of course, on both charts.

Q Yes, all right.

A We note from this that the bottom hole pressure on newly completed wells, regardless of location, are approximately the same as average reservoir pressures at the time, and we state and feel that this is very good evidence that there is excellent communication throughout the field, and that a well can effectively drain in excess of 80 acres. I believe that summarizes our bottom hole pressure history.

Q Now, the bottom hole pressure as shown on Exhibit 11, that is the pressure taken in the wells producing from the Strawn line, is it not?

A Yes, sir, that's right.

Q And that does not take into consideration the pressures

which might be found in the top of the Pennsylvanian or in the Wolfcamp zone?

A No, the only wells completed were completed on the Strawn line, section, and that is the section on which we have the bottom hole pressure history.

Q Now, Mr. Rogers, from the information which you have been able to gather, from your study of the Pennsylvanian formation, and the Wolfcamp formation, and from the testimony which you have given here before this Commission, do you have a recommendation to make to the Commission as to the combining of the Wolfcamp formation with the Pennsylvanian pool?

A Well, yes. I think that they should be combined as a matter of economics and drainage efficiency. I think that since the lower Wolfcamp and the Upper Penn sections appear to be very similar geologically, and also by oil stem tests and oil gravities, since those are similar to the Strawn section, we would also expect a well completed in those formations could drain in excess of 80 acres, so by reason of the economics and drainage efficiency, we can certainly justify the 80 acres being added to the Pennsylvanian and designated as the Permo-Pennsylvanian pool.

Q In your opinion would the Wolfcamp as a separate pool be developed by operators and the oil produced therefrom if it remains a separate pool?

A Well, the reserves in the Wolfcamp are not sufficient to show a pay-out.

Q And an operator would not be justified to drill a well

to the Wolfcamp zone to recover oil from that formation?

A No, sir; I think it will be recovered only as salvage.

Q In your opinion would it prevent waste if the Wolfcamp formation is combined with the Pennsylvanian Pool and designated as one pool, the Dean-Permo-Pennsylvania Pool?

A Yes, sir.

Q All right. Now, would you state your recommendations as to the drilling pattern or drilling units?

A Well, I would suggest that the 80's could run in either a north-south or east-west direction, and that the well could be located on either forty of the 80-acre tract so long as the well is drilled no closer than 330 feet to the boundaries of the 40-acre tracts.

Q Of the quarter-quarter section?

A Yes, sir.

Q And the units to run either north and south or east and west as may be elected by the operator?

A Yes, sir.

Q Now, what is your recommendation, Mr. Rogers, with respect to the dual completion of the Devonian and Permo-Pennsylvanian pools?

A Well, the order as it is written now permits dual completions between the Dean-Devonian and Dean-Pennsylvanian pools. I think it should be amended or a new order be entered permitting completion of the Wolfcamp with the Devonian formation in the Dean-Permo-Pennsylvanian and Dean-Devonian pool.

Q And would you recommend using parallel strings of tubing?

A Yes, sir.

Q And to be dually completed in the same manner as required under the present order?

A Yes, sir.

Q Do you have any other comments you wish to make, Mr. Rogers?

A No, sir.

MR. HARBEN: I believe that is all of this witness.

GOVERNOR SIMMS: Bill, I would like to ask a question. Is the cumulative effect of these last four exhibits in layman's or psuedo-layman's language to the effect that there is good communication both from the point of conservation and economics on this lease?

A Those exhibits show good communication in the Strawn line section. All of our Pennsylvanian wells are completed at the present time in this Strawn lease and those exhibits show that there is excellent communication horizontally in that particular section.

GOVERNOR SIMMS: But not vertically?

A Not vertically with respect to the Wolfcamp or Upper Penn, no, sir. There is no communication vertically. However, I do think since these formations are similar geologically to the Strawn section that we would have good horizontal communication in these sections above.

GOVERNOR SIMMS: Thanks, Bill.

BY MR. HARBIN:

Q I have one question: In your opinion, a well to every 80 acres would recover all the oil in the Pennsylvanian and Wolfcamp

formations?

A Yes, sir.

Q And you would eventually recover as much oil with one well to every 80 acres as to every 40 acres?

A Yes, sir, the performance to date indicates very good communication and very good drainage throughout.

Q And it would not be economically profitable to drill a well and produce the Pennsylvanian formation by itself and drill another and produce the Wolfcamp formation by itself?

A No, sir; they are both marginal sections and we are fortunate, I think, in having this Wolfcamp stringer there to help pay for the development in the field. It is very marginal, even with all three formations lumped together.

BY MR. PORTER:

Q Mr. Rogers, to complete a well in the Wolfcamp there, approximately where would the perforations be?

A Approximately at 10,400 feet.

Q 10,400--and the Pennsylvania, I believe, is presently producing from below 11,000?

A 11,500.

Q Do you realize that to extend the vertical limits of that pool, it would automatically lower the depth range and also the allowable?

A No, sir, I hadn't given that consideration. I can see--

Q (Int.) Well, of course, your discovery of a well in the pool establishes the depth range in that pool and in this case if the limits are extended and the well is perforated at a lesser depth, you would lower the--

A (Int.) We would have a smaller allowable as a result. I think in looking at the overall picture that it would be desirable to have that in spite of the reduction in the allowable, however.

BY MR. NUTTER:

Q Mr. Rogers, turning first to your Exhibit 6, do you have the individual porosities on those eight wells?

A Yes, sir.

Q The eight that you have the core analyses on?

A Yes, sir.

Q What is the range of those, please?

A I see a low of 3.4% and a high of 7.3; our average of 5.03 per cent is a weighted average.

Q Now, on this--if you do have a tabulation of those, I would like to have the tabulations rather than your reading it out and cluttering up the record with the figures.

A I would be happy to give them to you.

Q Now, the economics of the Pennsylvania well shown on Exhibit 6 are purely for a single completion well, are they not?

A Yes, sir.

Q And a dual completion is not shown?

A No, sir.

Q The economic picture would be changed, however, if it were a dual completion, would it not?

A Well, I can give you several tabulations; Exhibit 7 shows the result of dually completing between the Wolfcamp and the Pennsylvanian, and the result of that as shown on Exhibit 7, we could gain \$284.00 from the Wolfcamp reserves by dual completion. How-

ever, the Pennsylvania section in the same well would lose \$51,220.00.

Q But on Exhibits 6, 7 nor 8 have you shown the economics of dually completing a well in the Pennsylvanian or Permo-Penn and Devonian--was there no consideration for the Devonian development?

A No, sir. I have estimated, however, the amount of money that could be realized by dually completing in an existing Pennsylvania well equipped with 7"--in other words, if you already had a Pennsylvanian well drilled and completed with 7", it would be possible to show a profit there of \$21,769.00.

Q And on Exhibit 7 in paragraph I, sub-section (c), your formation volume factor should be 1.880 rather than 1,880, should it not?

A That's right, this is a missprint.

Q Where was that volume factor obtained?

A From the reservoir fluid analysis from the Gladiola Wolfcamp. You will note the factor being 1.88 as compared to a formation volume factor in the Pennsylvanian being 2.3. We think the formation volume factor would be somewhere in the range of that one we got from the Gladiola Wolfcamp analysis.

Q You suspect the communication across the Wolfcamp would be favorable--I think you stated a while ago that you have had good communication across the Strawn as evidenced by Exhibit 11, and you stated you expected the communication across the Wolfcamp would be good because the formations were similar?

A Yes, sir.

Q And I think you said the formation volume factor is comparable too?



A Yes, it is different but it is still a comparatively higher formation volume factor. In other words, there should be a lot of gas in solution there, and we expect that fluid to be very mobile as it is in the Strawn section.

Q Do the electro and radio-active logs on the Gladiola resemble the ones in the Dean-Wolfcamp?

A When we computed the formation volume factor, we were concerned mostly with the similarity of the reservoir fluids. I don't recall checking the electric log characteristics especially.

Q What was the source of your connate water figure of 27%, on Exhibit 7?

A I believe we estimated that as a result of core analysis in the Gladiola-Wolfcamp.

Q That came from the Gladiola-Wolfcamp too. And why did you use a recovery factor of 20% there?

A Because we expect the performance to be similar to that in the Pennsylvania-Strawn.

Q You expect it will be pretty much the same insofar as that is concerned?

A Yes, sir.

Q I think we pretty well established at the last hearing that 20% is a reasonable figure for the Strawn.

A I think so too.

Q Mr. Rogers, I have one question on Exhibit 9: During the month of April, gas production zoomed up quite a bit from previous production. What was the cause of that?

A The actual figures are shown on Exhibit 12. And you are comparing April with March, is that--?

Q Well, I was concerned, comparing April with March and May, the two months on either side of it.

A I believe that would be due--if you will refer to Exhibit 12 and look at the production on Magnolia-Anderson's Estate No. 1, we note in the month of March that well produced 8,166 barrels of oil and 11, 939 cubic feet of gas, whereas in the month of April, it produced 6,866 barrels of oil and 30,569 cubic feet of gas or m.c.f. of gas. In other words, apparently there was a sharp increase on the gas-oil ratio in that well in April--I believe that is the only well through the month of May that had what we call--what we considered a high gas-oil ratio. The others all showed oh, fifteen and seventeen hundred.

Q Is that the well in the Northwest corner, Section 5, 16 something--16, 36--?

A Referring to Exhibit 3, it is the well in the Southwest corner of the field, being lot 4 in Section 5, range 37 east, township 16 south.

Q From the drill stem tests, are you able to determine what the actual flowing pressures of this Wolfcamp formation would be?

A We compared the shut-in bottom hole pressures obtained on drill stem tests in the Wolfcamp with those in the Upper Pennsylvania and the Strawn, and those structures correlated to common data are almost identical when you compare the original pressures in each zone. As for flowing bottom hole pressure, as recorded on drill stem tests, I believe it varied quite a bit in the Wolfcamp and also in the Pennsylvanian.

Q Did they vary on the flowing pressure or just on drill stem testing?

A Well, I mean the flowing, due to the erratic nature of the three formations from one location to another, the flowing pressure, drill stem tests and recovery might vary.

Q But they compare favorably?

A Almost exactly when referred to common data.

Q How about fluid analysis in the Wolfcamp as compared with the Strawn section?

A We don't have one in either the Wolfcamp or the Pennsylvanian. The only one we have is on the Strawn section. However, the oil gravities are similar. I believe in the upper Wolfcamp they are 38 or 39 as compared to 43 and 44 in the Strawn line.

Q Mr. Rogers, in essence, what this application is for, if you take all three parts of the application, is to set a spacing pattern for a pool that has never had a well completed, is that correct?

A Not if we combine three strings, we already have some 12 wells completed in the Pennsylvanian pool--we are just asking that the Wolfcamp stringer be added so that we may produce it as salvage--we already have 12 wells completed in the Wolfcamp.

Q But if we set an 80-acre spacing pattern for the entire pool and then through the Wolfcamp, we would be setting a spacing pattern for a pool that has never had a completed well in it, isn't that correct?

A That is correct.

(MR. NUTTER indicated that he had no further questions.)

BY MR. MANKIN:

Q Referring again, Mr. Rogers, to this Magnolia-Anderson well, which has had a very large, very rapid, increase in gas-oil ratio, would you say that possibly the reason for this was that this well was completed on the edge of the pool and had a small oil column---had--mostly a gas column?

A Yes, I think it is due in part to the fact that the net oil effective pay in that area is very thin, and not that there was a gas cap there, but the bottom hole pressure in that particular well has decreased to a point below the saturation pressure.

Q There was only about a 17-foot perforation in that particular well, wasn't there?

A A very small amount, yes, sir.

Q Smaller than most of the other net pay zones in the other 11 wells?

A That's right, less than the others.

Q Another question in regard to dual completions--I believe you recommended continuing the parallel strings for the Permo-Pennsylvanian and the Dean-Devonian, is that right?

A Yes, sir.

Q That is your recommendation? A Yes, sir.

Q You would not favor a single string completion of one tubing string in the Permo-Pennsylvanian and Devonian because it might leave a lot of liquid underground?

A I would not favor it personally.

Q Do you think because of the waste--

A (Int.) It would depend on which formation was depleted

first. It is possible you would get the same oil but it might take a long time to do it and it would depend on which zone was depleted first.

Q Then you think a better reservoir performance would be had by continuing with parallel stringing as you have done in the past?

A Yes.

Q There have been some 40-acre completions, and the Ohio Dean which is a possible completion, and the Magnolia L. What provisions did you make for 80-acre spacing for those wells?

A I believe the operators of the tracts off-setting could be pooled and form 80-acre units in those cases. For instance, the Atlantic Dow 40, actually that is about a 50-acre governmental lot, could be combined with the governmental lot to the south, being Magnolia's State L lease.

Q It would be to the south or to the east as well, couldn't it?

A This plat doesn't show it, but the Magnolia K well to the east shows on your exhibit as a location; actually it has been completed recently so it could not be formed with the governmental lot to the east, it would have to be to the south.

Q You say it has been completed?

A Yes, sir.

Q So it would have to be with the Magnolia's 40 acres to the south of the Atlantic Dow?

A Yes, sir.

Q Are there any other exceptions or problems that might arise other than the Ohio Dean? -- and the Magnolia L?

A No, sir, I don't recall any problems that would arise.

Q Then you have no particular solution for the 80 acres if the Ohio Dean was a Pennsylvanian completion?

A Well, yes, sir; that 40 acres could be added to the 40 to the east, the Sinclair Oil and Gas Company Lease 413.

Q If that was a producing Sinclair, it would be agreeable?

A I think we would certainly negotiate along those lines, yes, sir.

Q That's all.

BY MR. NUTTER:

Q On our order 799, which requires that cement be circulated to a point 500 feet above the top of the Pennsylvanian, if these areas were combined into the Pennsylvanian, would you recommend it at 500 feet above the top of the Wolfcamp?

A I would suggest 500 feet above the uppermost producing section.

Q So far we only have one section producing--is there a possibility there might be more later on?

A There is that possibility, yes; however, what I meant by that was that if an operator was circulating his cement and found it came 500 feet above that 10,400 stringer, and if for some reason he wanted to go higher in the Wolfcamp zone, he can perforate I believe, he would as a prudent operator, go in there and put up his cement high enough above the uppermost section he contemplates perforating. However, if the Commission should write that in the order, that it must be 500 feet above the top of the upper Wolfcamp, I am sure the operator can do that physically in the well.

MR. NUTTER: I believe that's all.

BY MR. MANKIN:

Q Mr. Rogers, order R-799, which you are seeking revision of here, indicated that the Devonian-Pennsylvanian zone would have pipes set on the bottom, 500 feet above the Pennsylvanian, and permeate two zones?

A Yes, sir.

Q Do you still recommend that?

A I think that the important thing there is to have the cement from the bottom of the oil stem come up high enough to protect the upper formations and whether you had an open hole in the Devonian below the oil formation I don't think is important; I think it would be satisfactory if the order were to indicate that the open hole in addition to the perforation could be utilized in the Devonian.

Q Then it is your recommendation that possibly the order should have an additional provision for administrative approval if the open hole completion was necessary, that it could be granted administratively rather than in another hearing?

A Yes, sir, I think that would certainly take care of it.

BY MR. TERRELL COUCH:

Q Mr. Rogers, I was interested in your statement that Ohio Oil Company's Ohio Dean could be added to the 40 acres to the east and Sinclair would be willing to negotiate with us on the pooling of our 40 acres to the east. I take it that you have no objection to the recognition of the Ohio Oil Company's exception to the spacing pattern insofar as what has been completed?

A No, sir. I believe that the application stated that the wells already completed previous to the order would be exceptions.

Q And Ohio was in that category? A Yes, sir.

MR. COUCH: Thank you.

MR. PORTER: Any other questions of this witness? If not, the witness will be excused.

MR. HARBEN: I would like to offer the exhibits identified by Mr. Rogers, exhibits 6, 7, 8, 9, 10, 11 and 12.

MR. PORTER: Without objection they will be received.

(RECESS.)

MR. PORTER: The meeting will come to order, please. Does anyone have anything further in this case?

MR. HARBEN: I would like at this time to offer in evidence the testimony which was given on February 15, 1956, in case 1016. That was the dual completion hearing which was had on that date and pursuant to such hearing, Order R-799 was issued on April 27, 1956, and I would like that testimony to be made a part of the record in this case.

MR. PORTER: Without any objection, it will be made a part of the record.

MR. HARBEN: That is all we have--I would like to make a short statement before the Commission.

MR. PORTER: Does anyone else have a statement?

MR. COUCH: Mr. Couch for Ohio Oil Company. The AC Dean No. 1 was drilled at the time this application was filed and, as shown by our application filed January, 1956, the well was projected to test the Pennsylvanian and Devonian formations. Now it



is drilled approximately 13,000 feet and located 660 feet from the west line and 990 from the north line of Section 35, township 15 S range 6 east. It is the opinion of the Ohio Oil Company that this should be recognized as an exception to any 80-acre spacing put into effect for the Dean-Pennsylvanian pool as it now exists or hereafter may be enlarged, and the well should be granted the same allowable as under the rules for 40-acre pattern and the depth at which a well is dually completed. And we request that this be considered in any order entered in this case.

MR. GRADY: Mr. Robert Grady of Columbian Carbon Company. We have a working interest in the Dean field and concur with Sinclair's recommendation.

MR. TOMLINSON: W. T. TOMLINSON for the Atlantic Refining Company. We operate one well in the Dean-Pennsylvanian pool. In the beginning of the development of the Dean pool, Atlantic delayed drilling of its well hoping that 80-acre spacing would be the spacing adopted. We continue our support of 80-acre spacing by concurring in Sinclair's application for it in this instance.

MR. PORTER: Thank you, Mr. Tomlinson.

MR. WALKER: Don Walker, representing Gulf Oil. We have no operations in the area at the time; however, we have leases which we expect may be productive in the future and would like to state that we are in accord with the request made in this application.

MR. PORTER: Anyone else?

MR. HARBEN: I would like to make a brief statement, if I may. If the Commission please, Sinclair and other operators

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are justified in asking the Commission to grant the orders which we have asked for in our application. We have a situation here where we have a small stringer or zone 11 feet in thickness, I believe, in the Wolfcamp. It has been testified to that there are approximately 364 barrels per acre recoverable oil from the presently known zone of the Wolfcamp formation which will probably produce oil. We believe that because of the economics involved, that the Commission should enter an order combining the Wolfcamp formation with the Dean-Pennsylvanian formation and designating it as the Permo-Dean-Pennsylvanian pool. Otherwise it seems to me that if the Wolfcamp formation is left as a separate pool, that the probabilities are that the oil would never be recovered which is now in the Wolfcamp formation; because of the economics, no one could afford to drill a well in the Wolfcamp formation in order to recover that small amount of oil. I believe the exhibit will show the Devonian formation does not cover the entire area covered by the Pennsylvanian Pool, and therefore, as to some of the Pennsylvanian formation and the Wolfcamp formation, there would be no possibility of a recovery of that by perforating Devonian wells, and in order to prevent waste, to protect correlative rights, and as a measure to further conservation, in order that the oil may be recovered from the Wolfcamp formation, we believe that the Commission should enter an order combining the Wolfcamp and the Dean-Pennsylvanian pools and designating it as the Dean-Permo-Pennsylvanian pool, and that the dual completion order be amended so as to permit dual completion in the Devonian and Dean-Permo-Pennsylvanian pool. We also believe we are justified

in asking for 80-acre spacing, for it is obvious that the economics do not permit the drilling of a well on every 40 acres to recover in the Pennsylvanian and Wolfcamp formations, and our Mr. Rogers testified that as much oil can be recovered by drilling one well to every 80 acres as can be recovered by drilling one to every 40 acres. We believe the unit should be run either north and south or east and west, according to the election of the operator. Thank you.

MR. PORTER: Anyone else have anything in this case? If not, we will take the case under advisement. We will take up next, case No. 1103.

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

I, DOROTHY B. MYERS, a Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the Oil Conservation Commission for the State of New Mexico, was reported by me in shorthand and reduced to typewritten transcript by me, and that the same is a true and complete record of said proceedings, to the best of my knowledge, skill and ability.

WITNESS my hand and seal this 9<sup>th</sup> day of August, 1956.

  
COURT REPORTER

Case No.

1102 rehearing

Application, Transcript,  
Small Exhibits, Etc.

CASE 1102 (Rehearing)

# SINCLAIR OIL & GAS COMPANY OFFICE OCC

P. O. Box 1470  
Midland, Texas  
July 21, 1956

1956 JUL 21 PM 1:20

*fill*

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

Attention: Mr. Dan Nutter

Re: Hearing of Case 1102, July 18, 1956,  
Dean Pool, ~~Lea~~ Lea County, New Mexico.

Gentlemen:

As requested by Mr. Nutter at the hearing of the above case on July 18, 1956, please find enclosed a tabulation of the individual average porosities as indicated by the eight core analysis that we used to obtain the average weighted porosity for the Strawn section of the Dean Pennsylvanian Pool Lea County, New Mexico. This is the value that we used in calculating the reserves and economics of the Pennsylvanian formation presented in the above mentioned Case 1102.

We will be happy to furnish any additional information that you might desire.

Yours very truly,

SINCLAIR OIL & GAS COMPANY

*W. J. Rogers*

W. J. Rogers  
Division Engineer  
Production Department

WJR:RAM:rs

Dean Pennsylvanian Pool  
Lea County, N.M.  
Core Analysis Summary  
Strawn Line

<u>Company</u>	<u>Lease &amp; Well No.</u>		<u>Cored Interval</u>	<u>1</u>	<u>2</u>	<u>Column</u>
				<u>Net Feet</u>	<u>Average Porosity</u>	<u>1 X 2</u>
Sinclair	State 396	2	11,497- 567	39.8	5.7	227
"	State 735	1	11,578- 594	13.9	5.5	76
Atlantic	Fed. Dow	1	11,520- 614	23.0	7.33	169
Tidewater	State AE	1	11,532- 615	15.0	4.0	60
Magnolia	Anderson Est	1	11,550- 725	9.7	5.6	54
Humble	State AP	1	11,553- 570			
			11,589- 594	17.0	4.94	84
			11,598- 616			
Humble	State AJ	2	11,520- 655	58.2	3.4	198
Humble	State AJ	1	11,520- 590	55.0	5.4	297
Totals				231.6		1165
Weighted Average					5.03%	

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

January 31, 1957

Mr. J. O. Terrell Couch  
Ohio Oil Company  
P.O. Box 3128  
Houston 1, Texas

Dear Sir:

We enclose a copy of Order R-892-B, Order of Dismissal, issued  
January 30, 1957, by the Oil Conservation Commission in Case 1102.

Yours very truly,

A. L. Porter, Jr.  
Secretary - Director

bp  
Encl.

C  
O  
P  
Y



**CLASS OF SERVICE**  
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# WESTERN UNION

W. P. MARSHALL, PRESIDENT

1220

SYMBOLS	
DL=	Day Letter
NL=	Night Letter
LT=	Int'l Letter Telegram
MT=	121 Vlt. Ltr.

1956 NOV 30

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LA108 PA233  
D HSE083 LONG PD=HOUSTON TEX 30 1151ALC=  
NEW MEXICO OIL CONSERVATION COMMISSION=  
MABRY HALL SANTA FE NMEX=

(58)

ATTN MR A L PORTER JR THE PROPOSED COMMUNITIZATION OF THE  
N/2 NW/4 SECTION 35, TOWNSHIP 15 SOUTH, RANGE 36 EAST, CANNOT  
BE COMPLETED BY DECEMBER 1, 1956. THE OHIO OIL COMPANY,  
SUBJECT TO ALL RIGHTS ARISING OUT OF OR IN CONNECTION WITH  
THE OHIO'S APPLICATION FOR REHEARING IN CASE 1102 AND FOR ALL  
OF THE REASONS STATED THEREIN, HEREBY RESPECTFULLY REQUESTS  
AN EMERGENCY ORDER EXTENDING FROM DECEMBER 1, 1956 TO DECEMBER  
15, 1956 THE DATE SPECIFIED IN ORDER R-892 FOR ALLOWABLE  
CHANGES IN THE DEAN-PERMO-PENNSYLVANIAN POOL. THE OHIO  
SUGGESTS THAT IF THE COMMISSION CONSIDERS IT PROPER THE  
EXTENSION OF THE SPECIFIED DATE SHOULD BE MADE APPLICABLE  
ONLY WITH REFERENCE TO WELLS WHICH OTHERWISE WOULD SUFFER  
REDUCTION OF ALLOWABLE UNDER THE TERMS OF ORDER R-892=  
THE OHIO OIL CO BY J O TERRELL COUCH=

CLASS OF SERVICE

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

# WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

SYMBOLS

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

1201

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LA058 DA206

(00)

D HSF074 PD=HOUSTON TEX 11 1033AMC=

1956 DEC 11 AM 10 26

A L PORTER JR=

NEW MEXICO OIL CONSERVATION COMMISSION MABRY HALL  
SANTA FE NMEX=

THE OHIO OIL COMPANY RESPECTFULLY REQUESTS A CONTINUANCE  
OF THE REHARING IN CASE NUMBER 1102 UNTIL THE REGULAR  
MONTHLY HEARING ON JANUARY 16 1957=

THE OHIO OIL CO BY J O TERRELL COUCH=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

CLASS OF SERVICE

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

# WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

SYMBOLS

DL = Day Letter

NL = Night Letter

LT = International Letter Telegram

1201

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

LA 118 RA 365

(00)

D MDA 156 PD=MIDLAND TEX 11 153PMC=

1956 DEC 11 PM 1 21

A L PORTER=

NEW MEXICO OIL CONSERVATION COMM SANTA FE NMEX=

WE HAVE RESERVED COPY OF WIRE TO YOU FROM OHIO REQUESTING  
A CONTINUANCE OF THE REHEARING IN CASE NUMBER 1102 UNTIL  
THE REGULAR MONTHLY HEARING ON JANUARY 16 1957.

SINCLAIR CONCURS IN OHIO'S REQUEST FOR CONTINUANCE=

SINCLAIR OIL AND GAS CO BY LAYTON A WEBB=

*W. P. Marshall*

1102 16 1957=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

CLASS OF SERVICE

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

# WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

SYMBOLS

DL=Day Letter  
NL=Night Letter  
2=International Letter Telegram

The filing time shown in the date line on a long distance telegram is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

LA 179 SSD 174

1956 NOV 13 PM 2:30

L HBA096 PD=LOVINGTON NMEX 13 15OPMM=

OIL CONVERSATION COMMISSION=

MABRY HALL SANTA FE NMEX=

AS REPRESENTATIVE OF ROYALTY OWNERS UNDER MAGNOLIAS  
LETTER PLEASE ACCEPT MY REQUEST FOR APPROVAL RE:  
APPLICATION FOR AN EXCEPTION TO RULES AND REGULATIONS  
FOR THE DEAN PERMO-PENNSYLVANIAN POOL, ORDER 892, CASE  
NO 1172 LETTER FOLLOWS=

GORDON M CONE=

(58)

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

October 4, 1956

C

Mr. J. O. Terrell Couch  
Ohio Oil Company  
P.O. Box 3128  
Houston, Texas

O

Dear Mr. Couch:

The allowable provisions of Commission Order R-892 which establishes 80-acre proration units in the Dean Permo-Pennsylvanian Pool become effective on December 1st, 1956.

P

This order provides that all wells drilled or drilling as of October 4, 1956, are exempt from the 80-acre spacing requirements and that effective December 1st, 1956, they will be assigned an allowable which is in the same proportion to the standard 80-acre allowable that the well's dedicated acreage is to 80 acres. With a normal unit allowable of 39 barrels an 80-acre unit would receive 261 barrels, a 40-acre unit would receive 131 barrels, a 53-acre unit would receive 173 barrels, and a 93-acre unit would receive 304 barrels.

Y

The order further provides, however, that the allowable of any of the excepted wells may be increased to the amount which is assignable to a standard unit of two adjacent quarter-quarter sections or lots within a single section when the necessary plat (Form C-128) has been filed showing that two governmental quarter-quarter sections or lots have been dedicated to the unit. In the event that communitization must be effected to form a standard unit, an affidavit of communitization must also be filed. The allowable provisions of this order are being made effective December 1st so that operators will have time to complete any communitization agreements which may be required.

Your prompt attention should be given to this matter so that two copies of Form C-128 and two copies of the communitization affidavit, if applicable, may be mailed so as to reach the Hobbs Office of the Commission prior to December 1st, 1956.

Yours very truly,

A. L. Porter, Jr.  
Secretary - Director

ALP:brp  
Encl. Order R-892

TELEPHONE 6-6491

*Wm 11/4/56*  
*11/11/56*  
*11/11/56*

**GORDON M. CONE**

P. O. BOX 597  
LOVINGTON, NEW MEX.

November 8, 1956

*Per 1-10*

Re: Magnolia Petroleum Company Application for an Exception to Rules and Regulations for the Dean Permo-Pennsylvanian Pool, Order 892, Case No. 1172

*1102*

Oil Conservation Commission  
Mabry Hall  
Santa Fe, New Mexico

Gentlemen:

In the above case Magnolia Petroleum Company has applied for an exception to paragraph 2 of the special rules and regulations of the Dean Permo-Pennsylvanian Pool as set forth in Order 892, and for an extension of the horizontal limits of the Dean Permo-Pennsylvanian Pool to include the Southeast Quarter of Section 27, Township 15 South, Range 36 East, Lea County, New Mexico. Magnolia seeks an order granting the establishment of an 80-acre non-standard proration unit comprising the NE/4 SE/4 of Section 27, the NW/4 SW/4 of Section 26, Twp 15 S., Rge 36 E., Lea County, New Mexico, said acreage to be dedicated to its Cone No. 1 Well located in the NW/4 SW/4 of said Section 26.

As the owner of this property I executed an oil and gas lease to Magnolia Petroleum Company covering in all 160 acres of land which, in addition to the above eighty acres, included the W/2 of the NW/4 of said Section 26. There is located on the SW/4 of the NW/4 the Cone Well No. 2. Thus the W/2 of the NW/4 of said Section 26 may be dedicated to the Cone No. 2 Well in strict compliance with your rules and regulations contained in Order 892; but in order for Magnolia Petroleum Company to utilize the remaining eighty acres as covered by the lease, it will be necessary to cross the survey line and place the additional forty acres in a non-standard 80-acre unit. Basically I am in agreement that the Dean Permo-Pennsylvanian Pool should be developed on 80-acre spacing, but I do not feel that the royalty owner under an existing well should be penalized and his allowable cut in half where he owns additional acreage adjacent to the 40-acre tract on

November 8, 1956  
Page 2.

which the well is located. I can see no reason for requiring Magnolia to combine the forty acres on which the existing well is located with additional acreage which it does not have under lease when it has under lease an adjacent forty acres to the west and it just happens that it is in another survey. Certainly the oil pool did not respect survey lines.

I want to urge the Commission to grant the application of Magnolia Petroleum Company in the above case.

Yours very truly,

*Ernest M. Cone*

cc: Magnolia Petroleum Company  
Box 900  
Dallas 21, 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. 1102  
Order No. R-892-B

APPLICATION OF THE OHIO OIL  
COMPANY FOR REHEARING IN CASE  
1102, ORDER R-892 WHICH  
ESTABLISHED POOL RULES FOR THE  
DEAN DEVONIAN AND DEAN PERMO-  
PENNSYLVANIAN POOLS, LEA COUNTY,  
NEW MEXICO.

ORDER OF DISMISSAL

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 13, 1956, and at 9 o'clock a.m. on December 13, 1956, and again at 9 o'clock a.m. on January 16, 1957, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 30<sup>th</sup> day of January, 1957, the Commission, a quorum being present, having considered the evidence adduced, and being fully advised in the premises,

FINDS:

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

(2) That applicant, by its attorney, entered an appearance and moved to dismiss the cause.

(3) That said cause should therefore be dismissed.

IT IS THEREFORE ORDERED:

That the application of the Ohio Oil Company for rehearing in Case 1102, Order R-892, which established pool rules for the Dean-Devonian and Dean Permo-Pennsylvanian Pools, Lea County, New Mexico, be and the same is hereby dismissed.

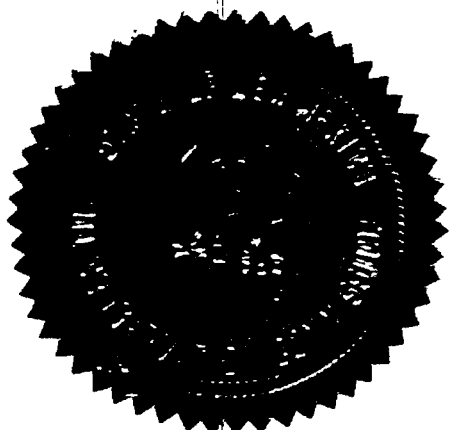
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
EDWIN L. MECHEM, Chairman

  
MURRAY E. MORGAN, Member

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





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. 1102  
Order No. R-892-A

THE APPLICATION OF SINCLAIR OIL AND  
GAS COMPANY FOR AN ORDER AMENDING  
ORDER NO. R-757 AND CREATING THE  
DEAN PERMO-PENNSYLVANIAN POOL, FOR  
AN ORDER ESTABLISHING 80-ACRE SPACING  
UNITS IN SAID DEAN PERMO-PENNSYLVANIAN  
POOL AND FOR AN ORDER AMENDING ORDER  
NO. R-799 AND PERMITTING THE DUAL  
COMPLETION OF WELLS IN THE DEAN-DEVONIAN  
AND DEAN PERMO-PENNSYLVANIAN POOLS, ALL  
IN LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for consideration upon the petition  
of Ohio Oil Company for rehearing on Order R-892 heretofore entered  
by the Commission on October 4, 1956.

NOW, on this 7<sup>th</sup> day of November, 1956, the Commission,  
a quorum being present, having considered the said petition of Ohio  
Oil Company and being fully advised in the premises,

HEREBY ORDERS:

That the above entitled cause be reopened and a rehearing  
be held at the regular monthly hearing on November 13, 1956 at  
9 o'clock a.m. in Mabry Hall at Santa Fe, New Mexico, at which time  
all interested parties may appear.

IT IS FURTHER ORDERED:

That the matter to be considered upon rehearing shall  
be limited to those issues raised in the petition for rehearing.

IT IS FURTHER ORDERED:


That Order R-892 shall remain in full force and effect  
pending the issuance of any further order.

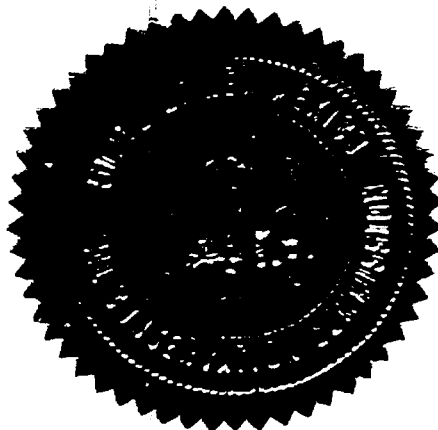
DONE at Santa Fe, New Mexico, on the day and year  
hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
JOHN F. SIMMS, Chairman

  
E. S. WALKER, Member

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



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

November 9, 1956

C

Mr. J. O. Terrell Couch  
The Ohio Oil Company  
P. O. Box 3128  
Houston 1, Texas

O

Dear Sir:

We enclose a copy of Order R-892-A (order of rehearing)  
issued on November 7, 1956, by the Oil Conservation Commission in  
Case 1102.

P

Very truly yours,

Y

A. L. Porter, Jr.  
Secretary-Director

jh  
encl.

cc: Sinclair Oil and Gas Company  
1103 Fair Building  
Fort Worth 2, Texas

DOCKET: REGULAR HEARING NOVEMBER 13, 1956

Oil Conservation Commission 9:00 a.m., Mabry Hall, State Capitol, Santa Fe

- ALLOWABLE: (1) Consideration of the oil allowable for December, 1956.
- (2) Consideration of the allowable production of gas from designated pools in Lea County, New Mexico, for December, 1956, and also presentation of purchasers' nominations for the 6-month period beginning January 1, 1957; also consideration of the gas allowable for December, 1956, for the prorated pools in San Juan and Rio Arriba Counties, New Mexico.

NEW CASES

CASE 727: (Readvertisement) Application of the Oil Conservation Commission upon its own motion as provided for in Order R-610-C, to hear testimony and receive evidence regarding the amending, revising or abrogating existing Rules and Regulations of the Oil Conservation Commission, and/or promulgating rules and regulations relating to gas pool delineation, gas proration and other related matters affecting or concerning the Blinebry Gas Pool, Blinebry Oil Pool and Terry-Blinebry Oil Pool.

CASE 861: (Readvertisement) Application of El Paso Natural Gas Company for an order amending the well spacing and drilling unit provisions of Commission Order R-639 and establishment of gas proration units and allocation of gas production in the Crosby-Devonian Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order amending the Special Rules and Regulations for the Crosby-Devonian Gas Pool as set forth in Order R-639 insofar as well spacing and drilling unit provisions and the wells to be excepted thereto. Applicant further seeks to establish standard gas proration units consisting of not less than 632 acres nor more than 648 acres and further seeks to establish the allocation of gas production in the proportion that the acreage assigned to each well multiplied by its well-head pressure after 72 hours shut-in bears to the sum of said product for all wells and proration units in the Crosby-Devonian Gas Pool or in accordance with such other method for allocating production as the Commission shall deem necessary and proper.

CASE 1102: (Rehearing) Application of the Ohio Oil Company for rehearing in Case 1102, Order R-892 which established pool rules for the Dean Permo-Pennsylvanian and Dean-Devonian Pools, Lea County, New Mexico. Applicant, in the above-styled cause, seeks reconsideration by the Commission of the spacing and allowable provisions for the Dean Permo-Pennsylvanian Pool with particular attention to the allowable for existing wells on 40-acre tracts. Applicant contends that such wells should retain the normal 40-acre allowable rather than one-half of the normal 80-acre allowable as established by Order R-892.

CASE 1172: Application of Magnolia Petroleum Company for an order granting exception to paragraph 2 of the Special Rules and Regulations of the Dean Permo-Pennsylvanian Pool as set forth in Order R-892 and further for an extension of the horizontal limits of the Dean Permo-Pennsylvanian Pool. Applicant, in the above-styled cause, seeks an order granting the establishment of an 80-acre non-standard proration unit comprising the NE/4 SE/4 of Section 27, and the NW/4 SW/4 of Section 26, Township 15 South, Range 36 East, NMPM, Lea County, New Mexico; said acreage to be dedicated to its Cone No. 1 Well, located in the NW/4 SW/4 of said Section 26 and further applicant requests the extension of the horizontal limits of the Dean Permo-Pennsylvanian Pool to include the SE/4 of said Section 27.

CASE 1173: Application of Skelly Oil Company for an order granting approval of its proposed Sombero Unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order granting approval of its proposed Sombero Unit containing 640 acres comprising the E/2 of Section 11 and the W/2 of Section 12, Township 16 South, Range 33 East, Lea County, New Mexico. The unit consists entirely of State of New Mexico lands.

CASE 1174: Application of the Oil Conservation Commission upon its own motion for an order granting exception to Rule 502 I (a) of the Commission Statewide Rules and Regulations for all wells in the Caprock-Queen Pool, Chaves and Lea Counties, New Mexico. Applicant, in the above-styled cause, seeks an order granting exception to Rule 502 I (a) in permitting production greater than 125% of the daily allowable for all wells in the Caprock-Queen Pool.

CASE 1175: Southeastern New Mexico nomenclature case calling for the creation of new pools and the extension of and deletion of certain areas from existing pools in Lea and Eddy Counties, New Mexico:

- (a) Create a new pool for Pennsylvanian production, designated as the Anderson-Pennsylvanian Gas Pool, and described as:

TOWNSHIP 17 SOUTH, RANGE 30 EAST  
Section 18: NW/4

- (b) Create a new pool for Pennsylvanian production, designated as the Duffield-Pennsylvanian Gas Pool, and described as:

TOWNSHIP 16 SOUTH, RANGE 27 EAST  
Section 21: SW/4

- (c) Create a new pool for Devonian production, designated as the Four Lakes-Devonian Pool, and described as:

TOWNSHIP 12 SOUTH, RANGE 34 EAST  
Section 1: NW/4  
Section 2: NE/4

- (d) Create a new pool for Wolfcamp production, designated as the Four Lakes-Wolfcamp Pool, and described as:

TOWNSHIP 12 SOUTH, RANGE 34 EAST  
Section 1: NW/4  
Section 2: NE/4

- (e) Create a new pool for Pennsylvanian production, designated as the Fren-Pennsylvanian Gas Pool, and described as:

TOWNSHIP 17 SOUTH, RANGE 31 EAST  
Section 15: SW/4  
Section 21: E/2  
Section 22: NW/4

- (f) Create a new pool for Seven Rivers production, designated as the High Lonesome-Seven Rivers Pool, and described as:

TOWNSHIP 16 SOUTH, RANGE 29 EAST  
Section 15: NW/4

- (g) Create a new pool for Pennsylvanian production, designated as the Ranger Lake-Pennsylvanian Pool, and described as:

TOWNSHIP 12 SOUTH, RANGE 34 EAST  
Section 23: SE/4

- (h) Create a new pool for Yates production, designated as the Saladar-Yates Pool, and described as:

TOWNSHIP 20 SOUTH, RANGE 28 EAST  
Section 33: SW/4

- (i) Create a new pool for Delaware production, designated as the Wye-Delaware Pool and described as:

TOWNSHIP 22 SOUTH, RANGE 27 EAST  
Section 29: NW/4

- (j) Extension of the Aid Pool to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST  
Section 19: SW/4

- (k) Extension of the Atoka Pool to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST

Section 10: E/2 and E/2 W/2

Section 11: S/2

Section 13: W/2 W/2

Section 21: NE/4

Section 22: NE/4

- (l) Extension of the Dean Permo-Pennsylvanian Pool to include therein:

TOWNSHIP 15 SOUTH, RANGE 36 EAST

Section 23: S/2 SE/4

- (m) Extension of the Dos Hermanos Yates-Seven Rivers Pool to include therein:

TOWNSHIP 20 SOUTH, RANGE 30 EAST

Section 32: E/2 NE/4

- (n) Extension of the North Gladiola-Devonian Pool to include therein:

TOWNSHIP 12 SOUTH, RANGE 38 EAST

Section 5: W/2

- (o) Extension of the High-Lonesome Pool to include therein:

TOWNSHIP 16 SOUTH, RANGE 29 EAST

Section 21: E/2 and SW/4

Section 28: All

- (p) Extension of the Hobbs Pool to include therein:

TOWNSHIP 18 SOUTH, RANGE 37 EAST

Section 26: E/2 NE/4

- (q) Extension of the Roberts Pool to include therein:

TOWNSHIP 17 SOUTH, RANGE 33 EAST

Section 8: NE/4

- (r) Extension of the Townsend-Wolfcamp Pool to include therein:

TOWNSHIP 16 SOUTH, RANGE 35 EAST

Section 1: Lots 9, 10, 15 & 16

Section 8: NE/4 SW/4

- (s) Extension of the Jalmat Gas Pool to include therein:

TOWNSHIP 22 SOUTH, RANGE 35 EAST

Section 11: SE/4

- (t) Deletion from the Terry-Blinebry Oil Pool the following:

TOWNSHIP 21 SOUTH, RANGE 37 EAST  
Section 3: Lots 6, 10, 11 & 12

- (u) Extension of the Blinebry Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST  
Section 3: Lots 6, 10, 11 & 12

- (v) Extension of the Blinebry Oil Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST  
Section 3: Lots 6, 10, 11 & 12

CASE 1176: Northwestern New Mexico nomenclature case calling for the extension of existing pools in San Juan and Rio Arriba Counties, New Mexico:

- (a) Extension of the Ballard-Pictured Cliffs Pool to include therein:

TOWNSHIP 26 NORTH, RANGE 7 WEST  
Section 30: SW/4

- (b) Extension of the Aztec-Pictured Cliffs Pool to include therein:

TOWNSHIP 29 NORTH, RANGE 10 WEST  
Section 2: W/2

- (c) Extension of the Otero-Pictured Cliffs Pool to include therein:

TOWNSHIP 24 NORTH, RANGE 6 WEST  
Section 36: S/2

- (d) Extension of the Tapcito-Pictured Cliffs Pool to include therein:

TOWNSHIP 26 NORTH, RANGE 3 WEST  
Section 33: E/2

TOWNSHIP 26 NORTH, RANGE 4 WEST  
Section 3: S/2  
Section 4: S/2  
Section 10: N/2

-6-

Docket No. 37-56

- (e) Extension of the West Kutz-Pictured Cliffs Pool to include therein:

TOWNSHIP 27 NORTH, RANGE 11 WEST  
Section 10: NE/4

- (f) Extension of the Bisti Lower Gallup Oil Pool to include therein:

TOWNSHIP 25 NORTH, RANGE 12 WEST  
Section 7: SE/4

ir/



BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
January 16, 1957

IN THE MATTER OF:

Case No. 1102

DEARNLEY - MEIER & ASSOCIATES  
INCORPORATED  
GENERAL LAW REPORTERS  
ALBUQUERQUE - SANTA FE  
3-6691 2-2211

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
January 16, 1957

IN THE MATTER OF:

(Rehearing) Application of the Ohio Oil  
Company for rehearing in Case 1102, Order  
R-892 which established pool rules for the  
Dean Permo-Pennsylvanian and Dean Devon-  
ian Pools, Lea County, New Mexico.

Applicant in the above-styled cause, seeks  
reconsideration by the Commission of the  
spacing and allowable provisions for the  
Dean Permo-Pennsylvanian Pool with parti-  
cular attention to the allowable for exist-  
ing wells on 40-acre tracts. Applicant  
contends that such wells should retain the  
normal 40-acre allowable rather than one-  
half of the normal 80-acre allowable as  
established by Order R-892.

Case No. 1102

BEFORE:

Honorable Edwin L. Meehan  
Mr. A. L. Porter  
Mr. Murray Morgan

TRANSCRIPT OF HEARING

MR. PORTER: The next case on the docket will be 1102.

MR. GURLEY: Case 1102 is the application of the Ohio Oil  
Company for rehearing of Order R-892 which established pool rules  
for the Dean Permo-Pennsylvanian and Dean Devonian Pools, Lea  
County, New Mexico

MR. PORTER: Mr. Couch?

MR. COUCH: Terrill Couch, for the Ohio Oil Company. The

This requests that its application for rehearing in Case 1102 be dismissed.

MR. PORTER: Is there objection to counsel's motion for the dismissal of Case 1102? The case will be dismissed.

STATE OF NEW MEXICO )  
:  
COUNTY OF BERNALILLO )

I, ADA DEARNLEY, Notary Public, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission in Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 18th day of January, 1937.

*Ada Dearnley*  
Notary Public - Court Reporter

My Commission Expires:  
June 19, 1939

DEARNLEY - MEIER & ASSOCIATES  
INCORPORATED  
GENERAL LAW REPORTERS  
ALBUQUERQUE - SANTE FE  
3-6691 2-2211

BEFORE THE  
**Oil Conservation Commission**  
SANTA FE, NEW MEXICO  
December 13, 1956.

IN THE MATTER OF:

CASE NO. 1102

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES  
COURT REPORTERS  
605 SIMMS BUILDING  
TELEPHONE 3-6691  
ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
December 13, 1956

IN THE MATTER OF:

REHEARING Application of the Ohio Oil Company  
for rehearing in Case 1102, Order R-892 which  
established pool rules for the Dean Permo-  
Pennsylvanian and Dean-Devonian Pools, Lea  
County, New Mexico. Applicant, in the above-  
styled cause, seeks reconsideration by the  
Commission of the spacing and allowable pro-  
visions for the Dean Permo-Pennsylvanian  
Pool with particular attention to the allow-  
able for existing wells on 40-acre tracts.  
Applicant contends that such wells should  
retain the normal 40-acre allowable rather  
than one-half of the normal 80-acre allowable  
as established by Order R-892.

No. 1102

BEFORE:

Mr. A. L. Porter  
Mr. E. S. (Johnny) Walker

TRANSCRIPT OF PROCEEDINGS

MR. PORTER: The meeting will come to order, please. The Commission has decided that the normal unit allowable for January will be 42 barrels per day. We also decided that with only a two-barrel increase, it will not be necessary to waive the clause in Rule 301 (d) to which Mr. Nutter referred, regarding the testing of wells. However, I would advise you to examine your own particular situation to see if any of your wells are going to be affected and submit new tests on those wells so you can get the full benefit of the increase.

We will take up now Case 1102.

MR. GURLEY: Case 1102: Rehearing. On the application of the Ohio Oil Company for rehearing in Case 1102, Order R-892 which

established pool rules for the Dean Permo-Pennsylvanian and Dean-Devonian Pools, Lea County, New Mexico.

If it please the Commission, we have telegrams from Sinclair Oil Company and Ohio Oil Company as follows:

"A. L. Porter, New Mexico Oil Conservation Commission, Santa Fe, New Mexico. The Ohio Oil Company respectfully requests continuance of the hearing in Case No. 1102 to the regular monthly hearing on January 16, 1957." Signed by J. Terrell Couch.

Also have a telegram to A. L. Porter, New Mexico Oil Conservation Commission, Santa Fe, New Mexico. "We have received copy of wire to you from Ohio requesting continuance in Case 1102 until the regular monthly hearing on January 16, 1957. Sinclair concurs in Ohio's request for continuance." Signed for Sinclair Oil Company by Laydon A. Wells.

In view of the telegrams, I would like to make a motion to continue the case.

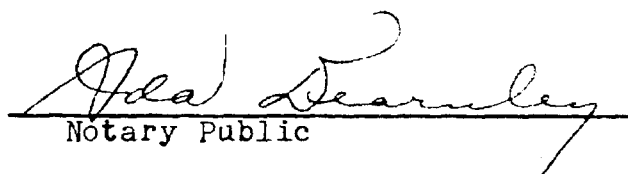
MR. PORTER: Anyone have an objection to continuing case 1102 to January 16th? The case will be continued to January 16th, regular hearing date in January.

C E R T I F I C A T E

STATE OF NEW MEXICO    )  
                              ) ss  
COUNTY OF BERNALILLO   )

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this 17th day of December, 1956, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

  
Notary Public

My commission expires:  
June 19, 1959.



NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico

ATTENTION: MR. A. L. PORTER, JR.  
Secretary-Director

*sent copy to  
Director's  
on 10/19/56* Case # 1102  
*(m)*

Re: The Ohio Oil Company's Application for  
Rehearing in Case No. 1102 and on the  
Decision of The Commission evidenced by  
those Provisions of Order R-892 pertain-  
ing to the Dean-Permo-Pennsylvanian Pool.

GENTLEMEN:

The Ohio Oil Company hereby applies for rehearing in Case No. 1102 on the decision of the Commission evidenced by those provisions of Order R-892, entered October 4, 1956, regarding the spacing of and allowables for wells located within the limits of the Dean-Permo-Pennsylvanian Pool as defined in the Order.

PRELIMINARY STATEMENT

The effect of the Order, if applied according to its terms, will be that commencing December 1, 1956, the allowable of The Ohio Oil Company's A. C. Dean Well No. 1 will be restricted to approximately one-half of the amount which the well is presently authorized to produce under the statewide rules with a normal 40-acre proportional factor applied. The well is capable of producing without waste an amount substantially in excess of the current normal 40-acre allowable for a well of the same depth.

Your Applicant's A. C. Dean Well No. 1 (located in the NW/4 of the NW/4 of Section 35, Township 15 South, Range 36 East, N.M.P.M.) was in good faith projected to test the Pennsylvanian and Devonian formations, as stated in Application dated January 25, 1956, filed with this Commission. Upon approval by your Order dated March 29, 1956, in Case No. 1021, the well was commenced on March 31, 1956. Drilling proceeded with due diligence and on or about May 25, 1956, a copy of the original Application of Sinclair Oil & Gas Company, in Case No. 1102, was furnished to The Ohio. That Application sought pool rules placing 80-acre spacing in effect in the then existing Dean-Pennsylvanian Pool. The pool rules sought by that Application would have invoked the statewide rules for determining allowables on the basis of the 80-acre spacing which was applied for. Paragraph IV of that Application stipulated that all wells drilled or drilling at the time of filing the Application "should be excepted from the Order herein applied for." The Application was subsequently amended to seek creation of the Dean-Permo-Pennsylvanian Pool with 80-acre spacing. The amended Application stipulated that wells

drilled or drilling should be excepted from the spacing provisions of the proposed rules. At the hearing in Case No. 1102 on July 18, 1956, Mr. Rogers, Division Engineer for the Applicant Sinclair Oil & Gas Company, testified on cross-examination that he recognized The Ohio's A. C. Dean Well No. 1 as entitled to be excepted from the provisions of the proposed rules. Such exception for the well was expressly requested on behalf of The Ohio at that hearing on July 18, 1956, and no objection was made. In calling for the exception, it was specifically requested that the well be recognized as being entitled to the same allowable it would receive under the statewide rules with normal 40-acre spacing.

Efforts for a successful completion of the well in the Devonian formation failed. The well was plugged back and on September 21, 1956 was completed in the Pennsylvanian formation. Order R-892 was issued October 4, 1956, and a copy of the Order was received by your Applicant on October 8, 1956. The Order grants an exception to the 80-acre spacing requirements for each well drilled or drilling on October 4, 1956, including, of course, The Ohio's A. C. Dean Well No. 1. However, the Order fails to provide that The Ohio's well is exempt from those provisions of the Order which reduce the allowable of each well to which a standard 80-acre pro-ration unit is not dedicated as of December 1, 1956.

Your Applicant believes and earnestly insists that on the basis of all of the pertinent facts and law those provisions of Order R-892 dealing with spacing of and allowables for wells theretofore completed in the Dean-Permo-Pennsylvanian Pool are erroneous and invalid in the respects hereinafter stated, particularly as applied to your Applicant's A. C. Dean Well No. 1.

1.

The Order is not authorized by the statutes of New Mexico and is actually contrary to the applicable statutes.

(a) The restriction of the production of The Ohio's A. C. Dean Well No. 1 below the amount which the well would be authorized to produce under the statewide rules with a normal 40-acre spacing pattern does not prevent waste.

(b) Waste will not result from continuing to produce the well at the rate permitted by the allowable determined for the well in accordance with the statewide rules applicable under normal 40-acre spacing.

(c) The Order destroys correlative rights of The Ohio and its royalty owners, affords offset operators an unfair opportunity to drain oil and gas from the lands held under lease by The Ohio and prevents The Ohio from adequately protecting against such drainage.

(d) The Order deprives The Ohio of a fair opportunity to produce its just and equitable share of the oil and gas in the Dean-Permo-Pennsylvanian Pool.

(e) The Order tends to force your Applicant to drill an unnecessary well (at an estimated cost of \$233,000.00) of very doubtful commercial value in order to recover the oil and gas in the Dean-Permo-Pennsylvanian Pool under lands covered by leases owned by The Ohio.

(f) The ultimate effect of the Order will be to force or compel the pooling or communitization of The Ohio's completed producing well and wellsite with adjoining undrilled acreage of another operator in Section 35, which result is not authorized or condoned by any statute of this State.

(g) The Order will not distribute the allowable production among the producers in the pool on a reasonable basis.

(h) The correlative rights of offset operators are adequately protected by those provisions of Order R-892 dealing with designation of standard proration units and selection of well locations. Restriction of production from previously completed wells as provided for in the Order is neither a necessary nor a permissible method for the protection of the correlative rights of other operators in the pool.

2.

Order R-892, as well as any statute purporting to authorize the Order, is void, because each is in violation of Sections 4 and 18 of Article II of the Constitution of the State of New Mexico and in violation of the Due Process Clause and the Equal Protection Clause of Section 1 of the 14th Amendment to the Constitution of the United States. The unconstitutionality of the Order and any such statute exists for each of the reasons stated under 1 above and for each of the following reasons:

(a) The restriction of production from The Ohio's well as provided by Order R-892 amounts to the taking of the property of The Ohio and its royalty owners for the benefit of the offset operators and royalty owners.

(b) There is no reasonable ground or basis for restricting production from The Ohio's well below the allowable determined by the statewide rules under 40-acre spacing.

(c) The restriction of the production from your Applicant's well as provided for in Order R-892 is arbitrary, unreasonable and confiscatory; deprives The Ohio and its royalty owners of their property without due process of law and denies them equal protection of the laws.

(d) The requirement of Order R-892 that all of the acreage dedicated to a well in the Dean-Permo-Pennsylvanian Pool must be in a single governmental section is arbitrary, unreasonable and confiscatory as applied to your Applicant; deprives The Ohio and its royalty owners of their property without due process of law and denies them equal protection of the laws.

3.

Regardless of questions of statutory authority and constitutionality, this Commission in its wisdom and discretion should not adopt any regulatory measure having the results demonstrated by the application of Order R-892 to The Ohio's A. C. Dean Well No. 1.

(a) So far as your Applicant has been able to determine, this Commission has never before entered an order restricting the production from an oil well to a volume smaller than the allowable determined by rules or orders existing at the time the well was drilled, unless such new restriction was necessary to prevent waste.

(b) The precedent of reducing the allowable of a nonwasteful completed well for the benefit of others who may thereafter drill and complete wells in the same pool will retard rather than encourage discovery and development. Such a precedent safeguards the operator who delays development and penalizes the diligent operator and his royalty owners.

(c) The effect of the Order will be to deprive The Ohio of any possible chance to recover out of the production from the well the cost of drilling and producing the well. The Order will in effect change the status of The Ohio's well from what appeared to be a commercial venture to what seems certain to be an economic loss. The only remaining way for The Ohio to avoid such loss under Order R-892 is to attempt to recoup a part of its investment by selling a one-half interest in the producing well to the offset operator in Section 35.

(d) The Commission properly recognized The Ohio's well as an exception to the spacing regulations imposed by the Order. To refuse to recognize that exception would have been an obviously unfair and unsound policy. It would have been the same as requiring an operator to shut his well in until and unless he could devise some means of dedicating a new and larger standard spacing unit to the well. To reduce the allowable of the well to a point at which the cost of drilling, equipping and operating the well cannot be recovered out of production actually accomplishes the same unfair and unwise result by indirection.

4.

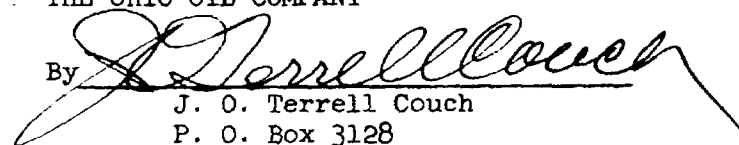
In conclusion, your Applicant says that the latitude permitted by the Order for the location of wells hereafter drilled on standard spacing units will afford to all affected operators a just and ample opportunity to protect themselves and their properties from any possible or fanciful advantage thought to exist as a result of exempting The Ohio's A. C. Dean Well No. 1 from those provisions of Order R-892 which would restrict the allowable of the well. However, if it is felt that other operators need further relief from previously completed wells, a reasonable increase in allowables for wells on standard 80-acre spacing units would be an appropriate and legal remedy, provided such wells can produce such increased allowables without waste.

WHEREFORE, your Applicant prays that, pending final determination of the questions raised by this Application, the Commission enter its order staying Order R-892 and specifying that the allowable of The Ohio's A. C. Dean Well No. 1 shall continue to be computed in accordance with the statewide rules applicable to a well of the same depth under normal 40-acre spacing. Your Applicant further prays that a rehearing be granted in respect to each and all of the matters set forth above, that the date and place of such rehearing be fixed by notice to your Applicant and other interested parties at the earliest practical date, and that on such rehearing this Commission revise its Order R-892 so as to expressly recognize that The Ohio Oil Company's A. C. Dean Well No. 1 is exempt from both the spacing and allowable provisions of the Order and so as to grant such other and further relief as is proper and just.

Respectfully submitted this 19th day of October, 1956.

THE OHIO OIL COMPANY

By

  
J. O. Terrell Couch  
P. O. Box 3128  
Houston 1, Texas

W. H. Everett  
P. O. Box 3128  
Houston 1, Texas

A copy of this motion has been mailed this date to each of the parties named below at the addresses shown. Those are the only parties to this Case known to Applicant.

Sinclair Oil & Gas Company  
1103 Fair Building  
Fort Worth 2, Texas

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

Sunray Mid-Continent Oil Company  
P. O. Box 2039  
Tulsa, Oklahoma

Tidewater Oil Company  
P. O. Box 1404  
Houston, Texas

Mr. Dan Auld  
P. O. Box 988  
Kerrville, Texas

Magnolia Petroleum Company  
P. O. Box 727  
Kermit, Texas

Atlantic Refining Company  
P. O. Box 871  
Midland, Texas

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

Cities Service Oil Company  
P. O. Box 97  
Hobbs, New Mexico

Mr. J. L. Hamon  
First National Bank Building  
Dallas, Texas