

CASE 1172: Magnolia Petroleum
Company application for exception to,
paragraph 2, Order R-892

Case No.

1172

Application, Transcript,
Small Exhibits, Etc.

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1172

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
NOVEMBER 13, 1956

IN THE MATTER OF:

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 exten- :
sion of the horizontal limits of the Dean Permo-Penn- :
sylvanian Pool. Applicant, in the above-styled cause, : Case
seeks an order granting the establishment of an 80- : No.
acre non-standard proration unit comprising the NE/4 : 1172
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. :

BEFORE:

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

TRANSCRIPT OF PROCEEDINGS

MR. PORTER: We will consider next Case Number 1172.

MR. MADOLE: Magnolia at this time wishes to dismiss this
application, without prejudice, of course.

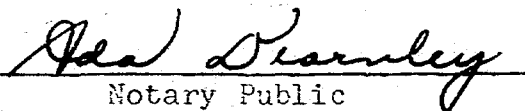
MR. PORTER: Is there objection to the counsel's motion
for the dismissal of Case 1172? The case will be dismissed.

CERTIFICATE

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 by me and/or 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 22nd day of November, 1956, in the City of Albuquerque, County of Bernalillo, State of New Mexico.


Notary Public

My commission expires:

June 19, 1959.

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

November 29, 1956

Mr. Ross Madole
Magnolia Petroleum Company
Legal Department
P. O. Box 900
Dallas 21, Texas

Dear Sir:

We enclose a copy of Order R-924, issued on November 27, 1956, by the Oil Conservation Commission in Case 1172, which was heard on November 13, 1956.

Very truly yours,

A. L. Porter, Jr.
Secretary-Director

jh
encl.

C
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Y

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. 1172
Order No. R-924

APPLICATION OF MAGNOLIA PETROLEUM
COMPANY FOR AN ORDER GRANTING AN
EXCEPTION TO PARAGRAPH 2 OF ORDER
R-892 AND FOR DELINEATION OF THE
HORIZONTAL LIMITS OF THE DEAN
PERMO-PENNSYLVANIAN POOL TO INCLUDE
THE SE/4 SECTION 27, TOWNSHIP 15
SOUTH, RANGE 36 EAST, NMPM, 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, at Santa Fe, New Mexico, before the Oil Con-
servation Commission of New Mexico, hereinafter referred to as
the "Commission".

NOW, on this 27th day of November, 1956, the Commission,
a quorum being present, having considered the testimony presented
and the exhibits received at said hearing 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 cause
and the subject matter thereof.

(2) That applicant by its attorney appeared before the
Commission and moved for dismissal and that the application should
therefore be dismissed.

IT IS THEREFORE ORDERED:

That the application of Magnolia Petroleum Company for
an order granting an exception to Paragraph 2 of Order R-892 and
for delineation of the horizontal limits of the Dean Permo-Pennsyl-
vanian Pool to include the SE/4 Section 27, Township 15 South,
Range 36 East, NMPM, Lea County, New Mexico, be and the same is
hereby dismissed.

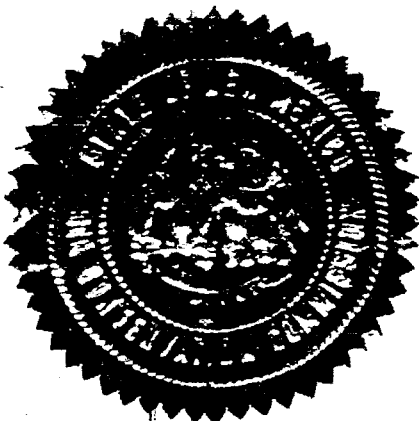
DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John F. Simms
JOHN F. SIMMS, Chairman

E. S. Walker
E. S. WALKER, Member

A. H. Porter, Jr.
A. H. PORTER, Jr., Member & Secy.



OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 11/15/12

CASE 1172

Hearing Date 9 AM 11/13/12 @ SF

My recommendations for an order in the above numbered cases are as follows:

OK. to write order of Dismissal
without prejudice

Waverly Marken
Staff Member

MAGNOLIA PETROLEUM COMPANY

A SOCONY MOBIL COMPANY

LEGAL DEPARTMENT

P. O. BOX 900

DALLAS 21, TEXAS

October 24, 1956

Case # 1172

CHARLES B. WALLACE
GENERAL COUNSEL
R. T. WILKINSON, JR.
ASSOCIATE GENERAL COUNSEL
FRANK C. BOLTON, JR.
WENDELL J. DOGGETT
JACK E. EARNEST
SAM H. FIELD
ROY C. LEDBETTER
ROSS MADOLE
ROY L. MERRILL
RAYMOND M. MYERS
FLOYD B. PITTS
WILLIAM S. RICHARDSON
WILLIAM H. TABB
JACK VICKREY
ASSISTANTS

Re: Application of Magnolia Petroleum Company
for an Exception to Order No. R-892 in
Case No. 1102 and for Delineation of the
Horizontal Limits of the Dean Permo-
Pennsylvanian Pool to Include the South-
east Quarter of Sec. 27, Twp 15 S, Rg 36
E., Lea County, New Mexico

Mr. A. L. Porter
Oil Conservation Commission
Mabry Hall
Santa Fe, New Mexico

Dear Mr. Porter:

In line with my telegram of October 23, 1956, I am
enclosing herewith application of Magnolia Petroleum Company
in the above matter.

I appreciate very much your making every effort to
have this application set for hearing for November 13.

Thanking you for the courtesy shown me in this
matter, I am,

Yours very truly,

Ross Madole
Ross Madole

RM:u
encls.

VIA AIRMAIL

*Sent copy?
Docketed
to Ross Madole
on 10/29/56*

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-Blaine Oil Pool the following:

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

- (u) Extension of the Blaine 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 Blaine 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

-2-
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
OF THE STATE OF NEW MEXICO

In the Matter of the Application of
Magnolia Petroleum Company for an
Exception to Order No. R-892 in Case
No. 1102 and for Delineation 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.

Case No. _____

NOW COMES Magnolia Petroleum Company and respectfully petitions the Oil Conservation Commission of New Mexico for an exception to Order No. R-892, entered in Case No. 1102, and for further delineation of the horizontal limits of the Dean Permo-Pennsylvanian Pool to include the Southeast Quarter of Section 27, Township 15 South, Range 36 East, and in support thereof would show:

Magnolia Petroleum Company is the owner of an oil and gas lease covering the West Half of the Northwest Quarter, Northwest Quarter of the Southwest Quarter, of Section 26; and the Northeast Quarter of the Southeast Quarter of Section 27, Township 15 South, Range 36 East.

That Magnolia Petroleum Company has drilled two wells which are completed in the Dean Permo-Pennsylvanian Pool on said lease. Well No. 1 is located on the Northwest Quarter of the Southwest Quarter of Section 26, and Well No. 2 is located on the Southwest Quarter of the Northwest Quarter of Section 26 in the aforesaid Township and Range. Each of said wells were drilled prior to October 4, 1956.

That under Paragraph 2 of Order No. R-892, entered in Case No. 1102, setting up the special pool rules applicable to the Dean Permo-Pennsylvanian Pool, 80-acre proration units

are established and it requires that such 80-acre proration units shall embrace two adjacent governmental quarter-quarter sections within a single governmental section, and further provides that the said 80-acre proration units shall run either north and south or east and west.

Under the provisions of said special rules governing the Dean Permo-Pennsylvanian Pool, as aforesaid, Magnolia Petroleum Company may designate and dedicate in compliance therewith the West Half of the Northwest Quarter of said Section 26 to Well No. 2 and be in compliance with the terms of said special rules. Magnolia Petroleum Company cannot designate the remaining eighty acres of its lease, consisting of the Northwest Quarter of the Southwest Quarter of Section 26 and the Northeast Quarter of the Southeast Quarter of Section 27, without a special exception to said Paragraph 2 inasmuch as such designation will not be within a single governmental section, but will embrace forty acres in Section 26 and forty acres in Section 27. In order that Magnolia Petroleum Company may utilize the entire 160 acres covered by its lease in two proration units of eighty acres each, it is requested that an exception be made, after hearing, to permit the designation of a proration unit of eighty acres consisting of the Northwest Quarter of the Southwest Quarter of Section 26 and the Northeast Quarter of the Southeast Quarter of Section 27 to Well No. 1. A copy of Form C-128 setting out such designation is attached hereto, marked "Exhibit A", and made a part hereof for all purposes.

Magnolia Petroleum Company would further show that under Paragraph 4 of the General Order No. R-892 the horizontal limits of the said Dean Permo-Pennsylvanian Pool is delineated so as to include said Section 26 but does not include any portion of said Section 27. Based upon the geological and engineering data available, it would appear that the Southeast Quarter of Section 27, or at least the East Half of the Southeast Quarter

of said Section 27, is productive in the Wolf Camp Formation and the Pennsylvania Formation which is the defined vertical limits of the Dean Permo-Pennsylvanian Pool. Therefore, it is requested that the horizontal limits of the Dean Permo-Pennsylvanian Pool be delineated and extended to include the Southeast Quarter of said Section 27 or, in any event, the East Half of the Southeast Quarter of said Section 27.

The offset operators to said 80-acre tract for which an exception is herein requested to General Order No. R-892 are:

Sinclair Oil and Gas Company
901 Fair Building
Fort Worth, Texas

Tidewater Oil Company
Esperson Building
Houston, Texas

Sunray Mid-Continent Oil Company
Box 2039
Tulsa, Oklahoma

McAlester Fuel Company
McAlester Building
Magnolia, Arkansas

Ohio Oil Company
Midland Tower
Midland, Texas

to whom copies of this application have been mailed.

WHEREFORE, Magnolia Petroleum Company prays that this application for exception as aforesaid be set for hearing, that due notice thereof be given in the manner required by law and the rules and regulations of the Commission, and that upon a hearing thereon Magnolia Petroleum Company be permitted to designate as the eighty acres attributable to Well No. 1, as aforesaid, the Northwest Quarter of the Southwest Quarter of said Section 26 and the Northeast Quarter of the Southeast Quarter of Section 27, and that the horizontal limits of the Dean Permo-Pennsylvanian Pool be extended to include the Southeast Quarter of said Section 27, or at least the East Half of the Southeast Quarter of said Section 27, so that the Northeast

Quarter of the Southeast Quarter of said Section 27 may be included in the known limits of the Dean Permo-Pennsylvanian Pool and may be designated as part of the eighty acres attributable to its Cone No. 1 Well, as aforesaid.

Magnolia Petroleum Company further prays for such other and further relief to which it may be entitled.

Respectfully submitted,

MAGNOLIA PETROLEUM COMPANY

By Ross Madole
Ross Madole
2311 Magnolia Building
P. O. Box 900
Dallas, Texas
Attorney for Applicant

Exhibit A

NEW MEXICO
OIL CONSERVATION COMMISSION

Form C-128

Well Location and/or Gas Production Plat

Date October 23, 1956

Operator MAGNOLIA PETROLEUM COMPANY Lease CONE ESTATE

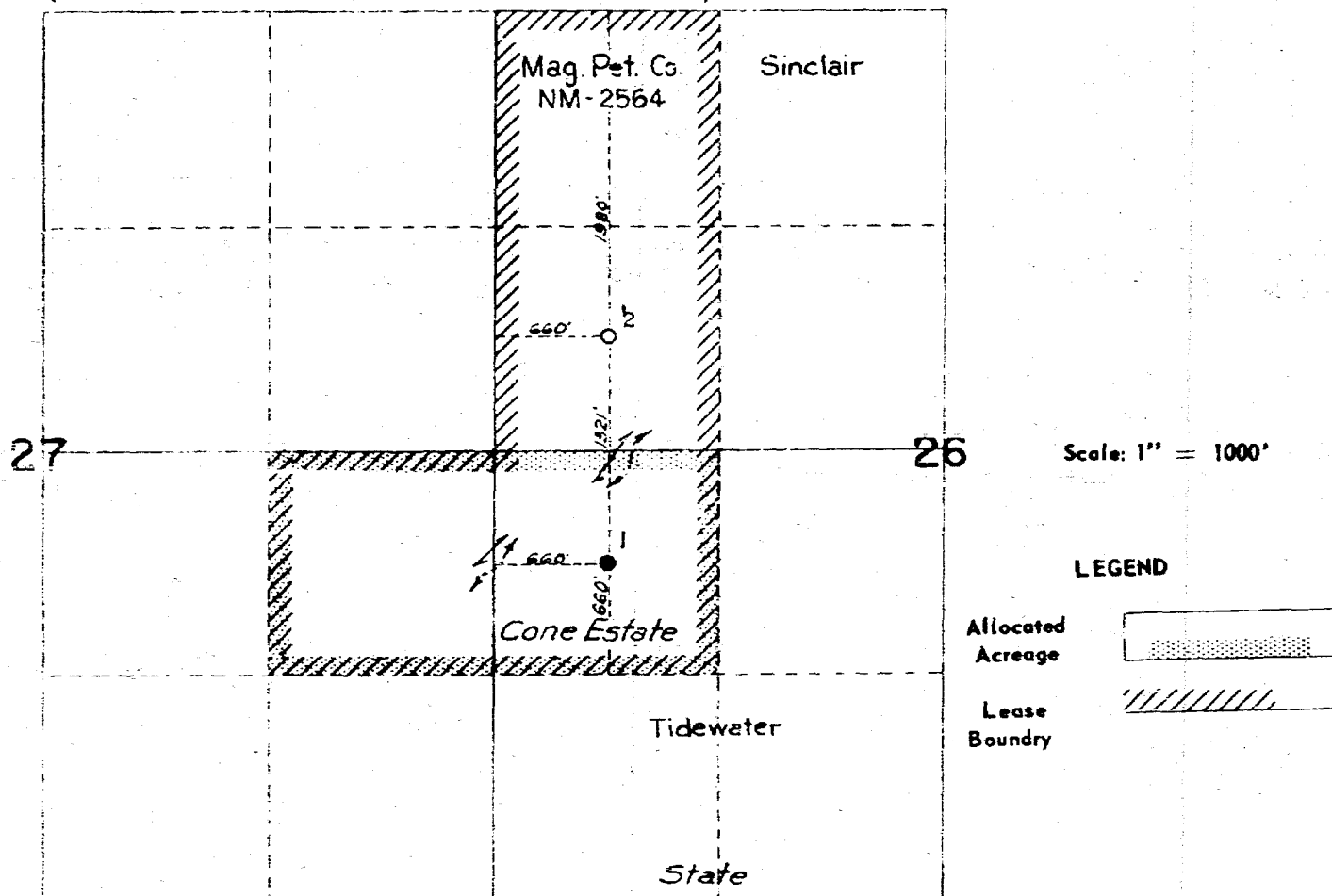
Well No. 1 Section 26 Township 15 South Range 36 East NMPM

Located 660 Feet From West Line, 2301 Feet From North Line,

11a County, New Mexico. G. L. Elevation _____

Name of Producing Formation _____ Pool Dean Dedicated Acreage 80

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



1. Is this Well a Dual Comp.? Yes _____ No _____

2. If the answer to Question 1 is yes, are there any other dually completed wells within the dedicated acreage? Yes _____ No _____

Name _____
Position _____
Representing _____
Address _____

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

Date Surveyed 5-2-56
W. J. Gice
Registered Professional Engineer and/or Land Surveyor

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

1220
(R 11-54)

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

The 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 167 DB 215
D LLG284 PD=WUX DALLAS TEX 23 453PMC=
A L PORTER, MABRY HALL=
CAPITAL BLDG SANTAFE NMEX=

=(31)•

1956 OCT 23 PM 4 53

MAGNOLIA PETROLEUM COMPANY MAKES APPLICATION FOR HEARING FOR EXCEPTION TO PARAGRAPH 2 OF THE SPECIAL RULES AND REGULATIONS OF THE DEAN PERMO-PENNSYLVANIAN POOL OF ORDER R-892 IN CASE NO. 1102 AND FOR AN EXTENSION OF THE HORIZONTAL LIMITS OF THE DEAN PERMO-PENNSYLVANIAN POOL TO INCLUDE THE SOUTHEAST QUARTER OF SEC. 27, TWP 15 SOUTH, RANGE 36 EAST. SAID APPLICANT DESIRES TO DEDICATE THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SEC. 27 AND THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SEC. 26, TWP 15S, RGE 36 E TO ITS CONE NO. 1 WELL LOCATED IN THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SEC. 26. FORMAL PETITION WILL BE FILED AND NOTICE GIVEN TO OFFSET OPERATORS=

MAGNOLIA PET CO BY ROSS MADOLE ATTY=

=2 R=892 1102 27 TWP. 15 36 27 26 TWP 15S RGE 36 E 1 26=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

B 8 L.P. 2
EXC 9 S D P 1001

CASE NO. 1102
Order No. R-892

ORDER OF 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."

FINDS:

(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 4th, 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 660 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 Harkrider 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 Permo-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, 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;

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;

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Order No. R-892

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

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