

CASE 1290: Shell Oil Co. application for
200-acre NS gas proration unit, Eumont Gas
Pool, Lea County, State "C" #2 Well.

Case No.

1290

Application, Transcript,
Small Exhibits, Etc.

MAIN OFFICE UCL

BEFORE THE
OIL CONSERVATION COMMISSION : 31
HOBBS, NEW MEXICO

IN THE MATTER OF:

Case 1290

TRANSCRIPT OF PROCEEDINGS

August 7, 1957

DEARNLEY - MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
3-6691 5-9546

NEW MEXICO
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
August 1, 1957

IN THE MATTER OF:

CASE 1290: Application of Shell Oil Company for the establishment of a 200-acre non-standard gas proration unit in the Eumont Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing a 200-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the NE 1/4 and the NW 1/4 Section 24, Township 21 South, Range 55 East, Lea County, New Mexico, said unit to be dedicated to the applicant's State "C" No. 2 Well located 1650 feet from the North line and 350 feet from the East line of said Section 24.

Oil Conservation Commission
Office
1000 West Broadway
Hobbs, New Mexico

BEFORE:

WARREN W. MANKIN, Examiner

TRANSCRIPT OF HEARING

MR. MANKIN: Last case on the docket today is Case 1290.

Mr. COOLEY: Case 1290. Application of Shell Oil Company for the establishment of a 200-acre non-standard gas proration unit in the Eumont Gas Pool, Lea County, New Mexico.

Mr. Palmer, are you also going to present Shell's case, in Case 1290?

MR. PALMER: I am.

DEARNLEY-MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE - SANTA FE
3-6691 2-1869

(Witness sworn.)

A witness on behalf of the Shell Oil Company, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. COOLEY:

Q State your name and position for the record?

A A. K. Palmer, District Exploration Engineer, Shell Oil Company.

Q Mr. Palmer, have you previously had your qualifications as an expert witness accepted by the Oil Conservation Commission of New Mexico?

A I have.

MR. COOLEY: Are the witness's qualifications acceptable?

MR. MANKIN: They are, proceed.

A This is an application by Shell Oil Company for a non-standard gas proration unit in the Humont Gas Pool. The proposed non-standard gas proration unit will consist of the northeast quarter, and the northeast quarter of the southeast quarter of Section 24, Township 21 South, Range 15 East. The unit well is a Shell State "C" No. 2. Proposed non-standard gas proration unit consists of the one hundred and sixty acre Shell State "C" Lease, and the forty acre Shell State "N" Lease. The proposed unit well, Shell State "C" No. 2 was originally completed in 1953 as an oil well. In May, 1957, Shell drilled a replacement well for the Oil State "C" No. 2

4
Well. The replacement was the State Well No. 1. Upon completion
of State Well No. 1, the State Well No. 2 Well was shut in, sub-
sequently the State No. 2 Well was replaced by a single zone gas
well after the oil zone was abandoned. The well was completed
after perforating opposite the Eumont gas pay in the Yates and Seven
Rivers sections, and fracture treated, twenty thousands ^{million} of ~~gals~~,
although the official test had not been taken because the pipe line
connection has not been installed. But tests after the fracture
treatment indicated a capacity of approximately thirty-five hundred
MCF gas per day, through a twenty-four hour flow, and one thousand
PSI. These tests indicated the well will easily be able to produce
a two hundred acre allowable in the Eumont Gas Pool. This unit
is non-standard because of its shape. A standard unit in the
Eumont Gas Pool, I believe, consists of six hundred and forty acres,
and is within a section of essentially, in the form of a square.
All of the acreage to be included in the proposed unit is considered
to be proven gas productive by this and other wells; as Exhibit 1
I have a plat which shows the proposed gas unit, outlined in red.
The existing gas proration unit is outlined in yellow, the horizontal
limit of the Eumont Gas Pool is outlined in green. Exhibit 2 is the
radioactive log of the subject well, which shows the formation tops
and perforations and completion procedure. All of the off-set
operators were notified of Shell's application for this non-standard
gas proration unit by a copy of the official application to the
Commission.

P. 111: 11: Hear that is the point about testimony.

Yes, sir, that is.

MR. MANKIN: Do you desire to have Exhibits 1 and 2 go out with this report? Yes.

MR. MANKIN: Any objections to entering Exhibits 1 and 2 in this case?

(No response.)

MR. MANKIN: If not, they will be so received.

BY MR. COOLEY:

Q Mr. Palmer, your testimony indicates that the proposed non-standard gas production unit consists of two basic State of New Mexico Leases--

A (Intercepting) That is correct.

Q (Continuing) --and you claim thereof?

A Yes, sir.

Q Has a declaration for a revision for a declaration regarding the common dedication of these two State of New Mexico leases been filed with the State of New Mexico Land Office?

A Not at this date.

Q You are aware that it is required to do so in order to have the Land Office recognize the dedication of the two leases?

A Yes, sir.

Q Do you anticipate taking immediate action to have the dual dedication of these two leases filed with the Land Office in the event this unit were approved by the Oil Conservation Commission?

Q Yes, sir, that is correct.

Q Mr. Palmer, what is the location of the No. 1 well with respect to the eastern most boundary of Section 24.

A It is three hundred and thirty feet from the east line of Section 24.

Q This well was drilled initially to what formation?

A It was drilled initially as a Eunice, an old Eunice Pool in 1908.

Q This constitutes a re-completion?

A It constitutes a re-completion, yes, sir. The oil zone was recompleted to a single flow gas well.

Q None of the wells which are shown on the proposed proration unit are producing from the Eumont?

A Yes, sir, they are all producing from the Eumont.

Q Does Shell Oil Company own the working interest of the State "C" and "N" Leases?

A Yes, sir, that is correct.

MR. COOLEY: I believe that is all.

BY MR. MANKIN:

Q Mr. Palmer, to carry it further, a question that was started a moment ago by Mr. Cooley, on this Exhibit No. 1, showing the two hundred acres, dedicated acreage, is it not true that there are presently completed five oil wells within the vertical limits of the Eumont Gas Pool?

A Yes, I think so. The vertical limits of the Eumont Gas

and I think most of those wells, probably all of them are completed from the Queen Formation there.

Q That was in the next quotation. Do you know so far if these are completed from the Queen or Seven Rivers?

A I don't know for certain, I would have to check the logs on them, which I haven't looked at them.

Q Is it not possible the oil production might be coming from the lower Seven Rivers or the Queen, or both?

A Of course, it is possible. I think most of them wells in that particular area or field are producing from the Queen and Seven Rivers.

Q And the gas well which is herein proposed to be dedicated is completed from the Yates and possibly the upper portion of the Seven Rivers?

A It is completed from the Yates and upper portion of--upper hundred feet of the Seven Rivers.

Q As shown by your Exhibit 1, there is gas production to the northeast and southeast of the proposed unit, is that correct?

A Yes, there is a gas well in Section 19, east and southeast of the unit, and up in Section 18 there are two gas wells, shown on this plat, and in Section 15, directly north and northwest there are three gas wells in that section.

Q So, the area is productive predominantly for gas, and the other one is in the northeast and south which is predominantly oil

A. Oil that is completed to the west, or oil west, I don't know if anyone has attempted to complete a gas well directly west of our unit. Of course, you will note by the contours, that the proposed acreage is on structure from acreage dedicated to gas units in the Amerada W.S.B. and W.E.E. leases to the northwest.

Q. This is an area of rather steep roofing of the Yates and Seven Rivers, is that not correct. A. That is correct.

Q. So, it could be reasonably presumed that the entire two hundred acres would be gas productive?

A. In our opinion, yes, sir.

Q. Has the test, the last test that has been taken on this well shown this particular well to be predominantly dry of gas production?

A. Yes, sir, it is dry gas production.

Q. The well has not been producing until this time?

A. No, because again there is not a pipe line connection in, to date.

MR. MANKIN: Any further questions of the witness?

(No response.) If there are no further questions of the witness, the witness may be excused. Any statements to be made in this case?

(No response.)

MR. MANKIN: If there is nothing further, we will take the case under advisement, and this hearing is adjourned.

STATE OF NEW MEXICO)
)
COUNTY OF BERNALILLO) SS

I, ROBERT V. MAES, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify the foregoing and attached Transcript of Proceedings before the Oil Conservation Commission Examiner, for the State of New Mexico 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 21st day of August, 1957.

Notary Public - Court Reporter

My Commission Expires

February 7, 1961

I do hereby certify that the foregoing is a complete and true copy of the proceedings in the Examination of Case No. 1746 heard by me on August 7 1957.

New Mexico Oil Conservation Commission



SHELL OIL COMPANY

P. O. Box 1957
Hobbs, New Mexico

July 9, 1957

Subject: Application for Approval of a 200-acre Non-Standard Gas Proration Unit for Shell State C No. 2, Eumont Gas Pool, Lea County, New Mexico

New Mexico Oil Conservation Commission
P. O. Box 371
Santa Fe, New Mexico

Gentlemen:

Shell Oil Company respectfully submits application for a 200-acre Non-Standard Gas Proration Unit to include the NE/4 and the NE/4 of the SE/4 of Section 24, T-21-S, R-35-E, to be assigned to the Shell State C No. 2 well which was recently recompleted as a single zone gas well in the Eumont Gas Pool. It is requested that the Commission set this matter for an examiner hearing at an early date.

The following facts are offered in support of this application:

1. Shell Oil Company is the owner and operator of the 160-acre oil and gas lease known as the Shell State C Lease and also is the owner and operator of the 40-acre oil and gas lease known as the Shell State N Lease. Both leases are in Section 24, T-21-S, R-35-E, Lea County, New Mexico as shown on the attached plat.

2. Shell State C No. 2, proposed unit well, is located 1650 feet from the north line and 330 feet from the east line of Section 24, T-21-S, R-35-E, Lea County, New Mexico. This well was originally completed on July 1, 1938, to produce from the open hole interval 3786 to 3926 feet in the Eunice Oil Pool. On May 15, 1957, Shell Oil Company completed State C No. 2-A as a replacement well for the old State C No. 2 well and State C No. 2 subsequently was shut in.

3. On May 21, 1957 operations were initiated to abandon the oil zone and recomplete State C No. 2 as a single zone gas well. A bridge plug was set in the casing at 3650 feet and capped with cement to a plug back depth of 3642 feet. The Eumont gas pay was perforated in the gross interval 3306 feet to 3610 feet and the gas pay was treated through these casing perforations with 20,000 gallons of gelled lease crude carrying 20,000 pounds of sand. Although the official absolute open flow potential test has not been taken, production testing indicates the well has a capacity of approximately 3500 MCFGPD through a 28/64-inch choke with a flowing tubing pressure of 1000 psi. Shell Oil Company proposes to use this well as the unit well. Shell Oil Company further proposes that the Shell State C lease and the Shell State N lease, consisting of the NE/4 and the NE/4 of the SE/4 of Section 24, T-21-S, R-35-E be established as a non-standard 200-acre gas proration unit in exception to New Mexico Oil Conservation Commission Order R-520.

4. By copy of this letter of application all operators owning interest in the section in which the proposed unit is located and all operators within 1500 feet of the proposed unit will be notified of the intent of Shell Oil Company to form the proposed non-standard gas promotion unit.

Approved and submitted:

WILLIAM C. CANN

W. C. Cann
Vice President, Shell Oil Company

Attachment

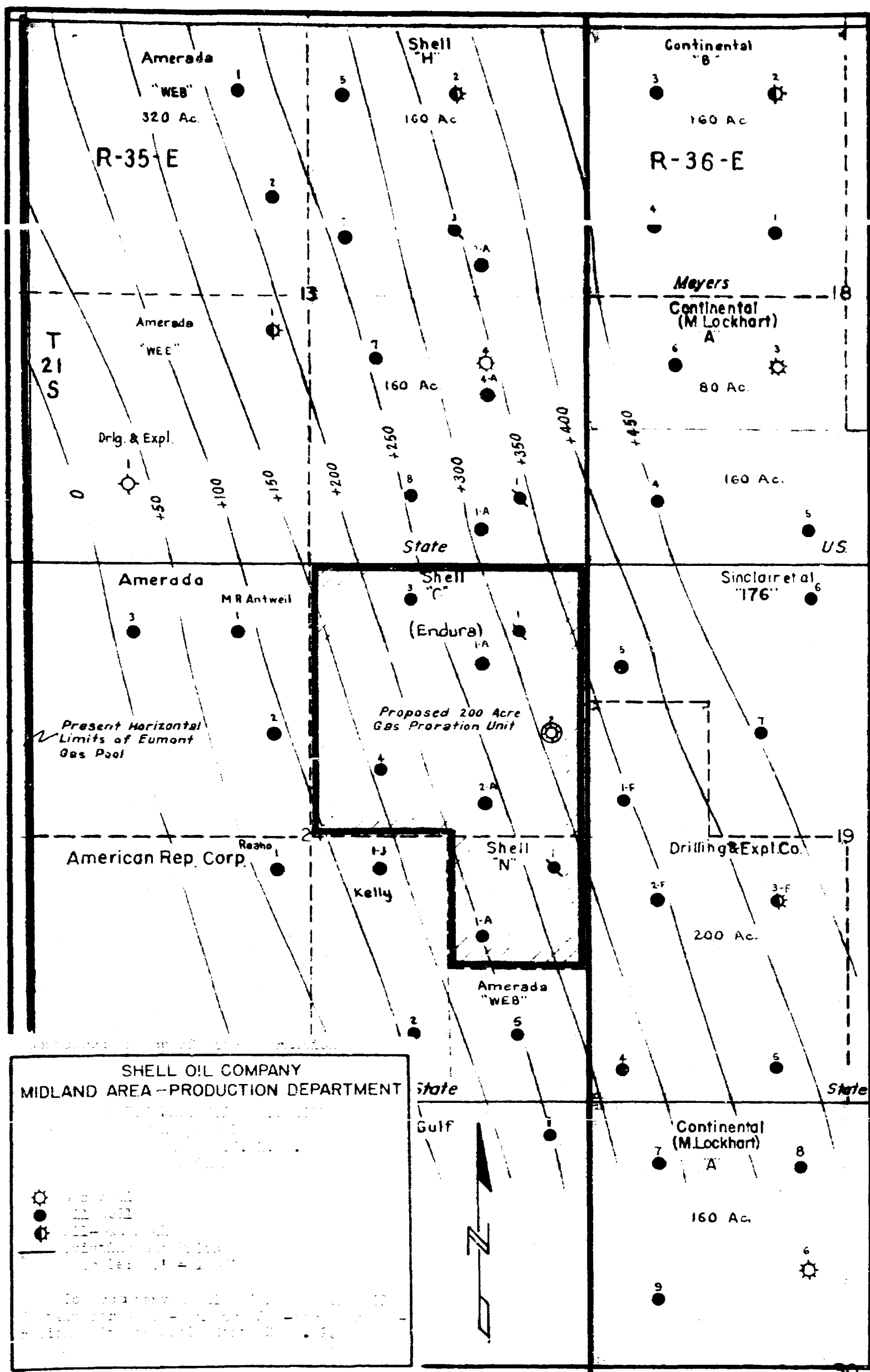
cc: Oil Conservation Commission
Box 2045
Hobbs, New Mexico

Sinclair Oil and Gas Company
Box 1470
Midland, Texas

Drilling and Exploration Company
300 San Jacinto Building
Houston 2, Texas

Amerada Petroleum Corporation
Box 2040
Tulsa, Oklahoma

Reaho Oil Corporation
1316 Mercantile Building
Dallas, Texas



DOCKET: EXAMINER HEARING AUGUST 7, 1957

NEW MEXICO OIL CONSERVATION COMMISSION 9:00 a.m., HOBBS, NEW MEXICO

Oil Conservation Commission Office, 1900 W. Broadway, Hobbs, New Mexico

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

CASE 1286: Application of Slick Oil Corporation for approval of the Slick Unit Agreement embracing 1,596 acres, more or less, in Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Slick Unit Agreement embracing 1,596 acres, more or less, of State of New Mexico Lands described as:

Township 12 South, Range 34 East
Section 36: All

Township 13 South, Range 34 East
Section 1: Lots 1, 2, 3, & 4,
S/2 N/2, S/2

Section 2: Lots 1 & 2, S/2 NE/4,
SE/4

all in Lea County, New Mexico.

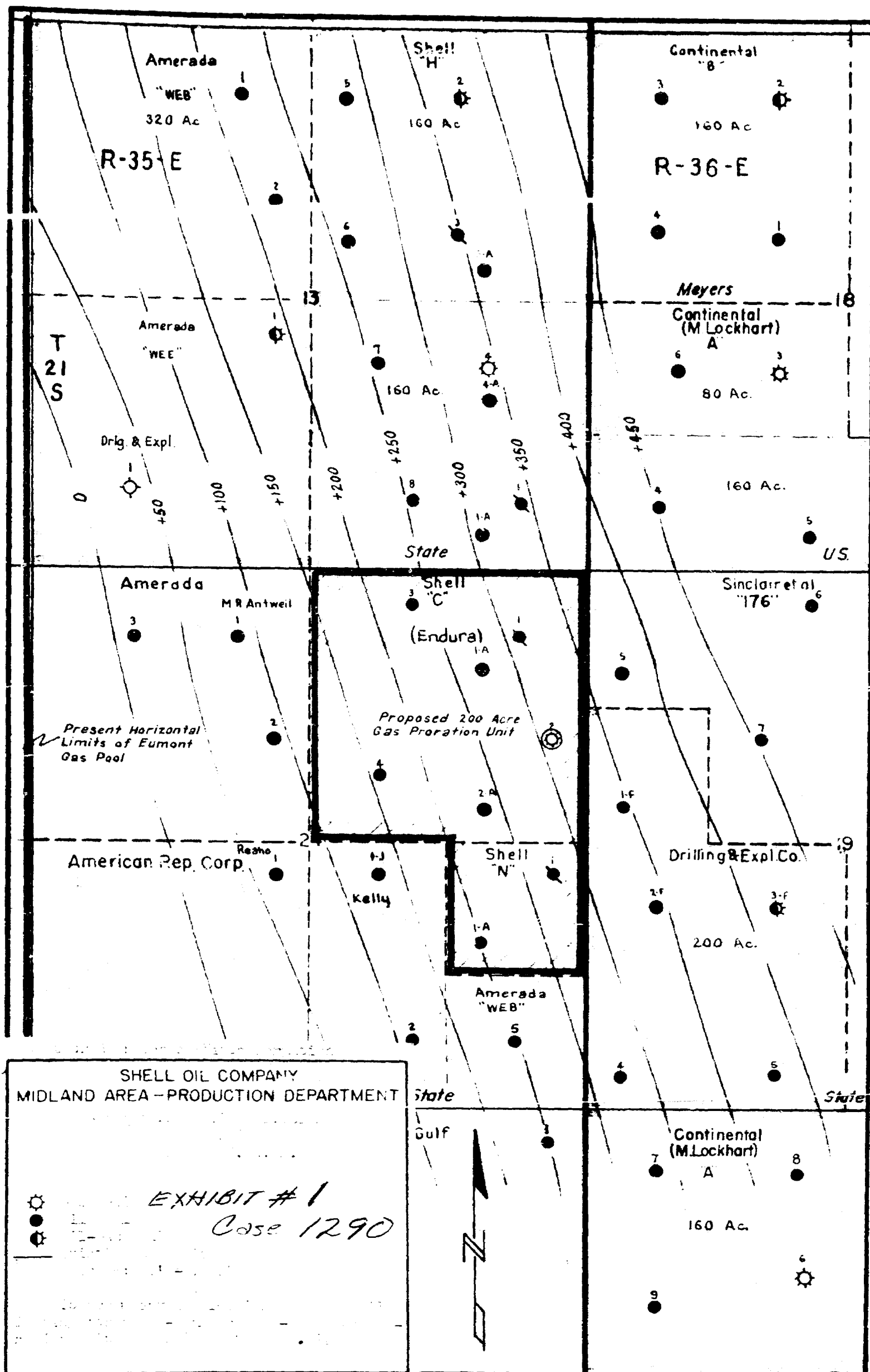
CASE 1287: Application of Continental Oil Company for an order authorizing the production of more than eight oil wells into a common tank battery on its Reed "A-3" Lease in the Eumont Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing it to produce all oil wells presently drilled, or hereafter completed, in the Eumont Gas Pool within the boundaries of its Reed "A-3" Lease into a common tank battery located in the NW/4 of Section 3, Township 20 South, Range 36 East, Lea County, New Mexico. The said Reed "A-3" Lease consists of the S/2, NW/4, S/2 NE/4, and NE/4 NE/4 of said Section 3.

CASE 1288: Application of Continental Oil Company for an order authorizing the production of more than eight oil wells into a common tank battery in the Southeast Monument Unit, Warren-McKee Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing it to produce all wells presently drilled, or hereafter completed, in the Warren-McKee Pool within the boundaries of the Southeast Monument Unit into a common tank battery located in the SW/4 of Section 20, Township 20 South, Range 38 East, Lea County, New Mexico. The said Southeast Monument Unit covers lands located in Sections 13, 14, 15, 22, 23, 24, 25, 26, and 27, Township 20 South, Range 37 East, and Sections 19, 20, 29, and 30, Township 20 South, Range 38 East, Lea County, New Mexico.

CASE 1289: Application of Shell Oil Company for the establishment of a 160-acre non-standard gas proration unit in the Tubb Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order establishing a 160-acre non-standard gas proration unit in the Tubb Gas Pool consisting of the S/2 SW/4, NE/4 SW/4, and the SW/4 SE/4 Section 3, Township 21 South, Range 37 East, said unit to be dedicated to the applicant's Livingston No. 2 Well located 660 feet from the South line and 1980 feet from the East line of said Section 3.

CASE 1290: Application of Shell Oil Company for the establishment of a 200-acre non-standard gas proration unit in the Eumont Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing a 200-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the NE/4 and the NE/4 SE/4 Section 24, Township 21 South, Range 35 East, Lea County, New Mexico, said unit to be dedicated to the applicant's State "C" No. 2 Well located 1650 feet from the North line and 330 feet from the East line of said Section 24.

ir/



OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 8/8/57

CASE 1290

Hearing Date 9 AM @ Hotel on 8/7/57

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

- ① OK to approve 200 AS NSP
- ② ~~Is~~ Well is a recompletion of an abandoned oil well.
- ③ allow per Rule ¹² ~~2~~ order R-520

Harold Mankin
Staff Member
Examiner

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

August 22, 1957

C
O
P
Y

Mr. E. K. Palmer
Shell Oil Company
P.O. Box 1957
Hobbs, New Mexico

Dear Sir:

We enclose a copy of Order R-1035 and Order R-1036 issued August 20, 1957, by the Oil Conservation Commission in Cases 1289 and 1290, respectively, which were heard on August 7th at Hobbs before an Examiner.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

bp
Encls.

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. 1290
Order No. R-1036

APPLICATION OF SHELL OIL COMPANY
FOR THE ESTABLISHMENT OF A 200-
ACRE NON-STANDARD GAS PRORATION UNIT IN
THE EUMONT GAS POOL, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 7, 1957, at Hobbs, New Mexico, before Warren W. Mankin, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 20th day of August, 1957, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Warren W. Mankin, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Shell Oil Company, is the owner and operator of two State of New Mexico oil and gas leases, one of which consists of the NE/4 of Section 24 and the other consists of the NE/4 SE/4 of Section 24, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico.

(3) That the applicant is the owner and operator of the State "C" No. 2 Well located 1650 feet from the North line and 330 feet from the East line of said Section 24, which well was originally completed in the Eunice Oil Pool but recently recompleted in the Eumont Gas Pool.

(4) That the applicant proposes to dedicate the above-described acreage to the said State "C" No. 2 Well.

(5) That the establishment of the proposed non-standard gas proration unit will not cause waste nor impair correlative rights.

-2-

Case No. 1290
Order No. R-1036

IT IS THEREFORE ORDERED:

1. That the application of Shell Oil Company for the establishment of a 200-acre non-standard gas proration unit in the Eumont Gas Pool, consisting of the NE/4 and the NE/4 SE/4 of Section 24, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico, be and the same is hereby granted. Said unit to be dedicated to the applicant's State "C" No. 2 Well located in the SE/4 NE/4 of said Section 24.

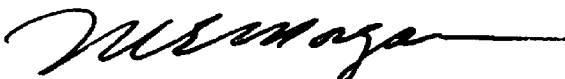
2. That the said State "C" No. 2 Well be designated as the unit well for said unit and that the same be granted an allowable in the proportion that the above-described acreage bears to the standard proration unit for the Eumont Gas Pool, subject to the provisions of Rule 12 of the Special Rules and Regulations for the Eumont Gas Pool as set forth in Order R-520.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



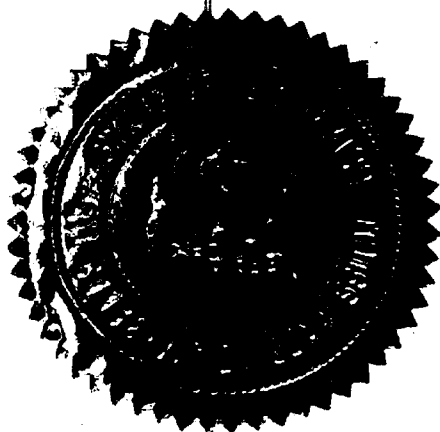
EDWIN L. MECHEM, Chairman



MURRAY E. MORGAN, Member



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



ir/