

RECORD, CONSIDERATION OF...  
suspend, cancellation of...  
one well, prevent the pool, etc.

Case No.

1362

Application, Transcript,  
Small Exhibits, Etc.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

January 21, 1958

Mr. J. H. Moore  
Schermerhorn Oil Corporation  
P.O. Box 1537  
Hobbs, New Mexico

Dear Mr. Moore:

We enclose a copy of Order R-1113 issued January 20, 1958, by the Oil Conservation Commission in Case 1362, which was heard on January 7th at Santa Fe.

Very truly yours,

A. L. Porter, Jr.  
Secretary - Director

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Encl.

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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. 1362  
Order No. R-1113

APPLICATION OF SCHERNERHORN OIL  
CORPORATION FOR AN ORDER SUSPENDING  
THE CANCELLATION OF UNDERAGE ACCRUED  
TO ONE OF ITS WELLS IN THE EUMONT GAS  
POOL IN LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 7, 1958, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 20<sup>th</sup> day of January, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Daniel S. Nutter, 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 the applicant, Schernerhorn Oil Corporation, seeks by its application in the subject case to suspend the cancellation of underproduction which had accrued as of July 1, 1957 to its Gulf-State No. 1 Well, located in the SE/4 SW/4 Section 31, Township 18 South, Range 37 East, NMPM, Eumont Gas Pool, Lea County, New Mexico.
- (3) That the Commission by Order No. R-836, dated July 9, 1956, suspended the cancellation of underproduction in all prorate gas pools in Southeastern New Mexico from July 1, 1956, until July 1, 1957, and that all operators in said pools have had the additional opportunity to produce the underage which had accrued as of July 1, 1957, during the six-month proration period between July 1, 1957, and January 1, 1958.
- (4) That the applicant has failed to show justification for any further suspension of the cancellation of underproduction.

-2-  
Case No. 1382  
Order No. R-1113

IT IS THEREFORE ORDERED:

That the application of Schermerhorn Oil Corporation for the suspension of the cancellation of that portion of the underproduction accrued to the above-described well in the Rumont Gas Pool which was subject to cancellation on January 1, 1958, 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

*E. L. McQueen*

EDWIN L. MCQUEEN, Chairman

*Murray E. Morgan*

MURRAY E. MORGAN, Member

*A. L. Porter, Jr.*

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

ir/

**SCHERMERHORN OIL CORPORATION**  
P. O. BOX 1537  
HOBBS, NEW MEXICO

1958 JAN 15 AM 8:26

January 13, 1958

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

Attention: Mr. Dan Nutter  
Examiner

Re: Case No. 1362

Gentlemen:

Enclosed is original and one copy of tabulation showing well information you requested on the Schermerhorn, Gulf-State #1 gas well in the above numbered case which was heard January 7, 1958.

The information included shows the allowable, gas runs, days produced and allowable status by months for the years 1955 through 1957.

This information was compiled from records in the Hobbs office of the Permian Basin Pipeline Company.

Yours very truly,

SCHERMERHORN OIL CORPORATION

By J. H. Moore  
J. H. Moore

cj

Encls

SCHERMERHORN OIL CORPORATION

GULF STATE NO. 1

+ = Underproduction  
- = Overproduction

Year	Month	Allowable	Runs	Days Produced	Status
1955	January	5697	16365	24	+ 8231
	February	12287	19354	25	+ 1164
	March	11920	23121	31	- 10037
	April	10298	11842	18	- 11581
	May	9421	5395	6	- 7555
	June	6388	1836	2	- 3003
	July	3962	1794	3	- 835
	August	5704	723	1	+ 4146
	September	9978	3965	3	+ 10159
	October	7368	2384	4	+ 14545
	November	7674	6420	6	+ 15797
	December	9531	9260	12	+ 15878
1956	January	6930	22492	28	+ 316
	February	3153	3390	6	+ 79
	March	6884	0	0	+ 6963
	April	7101	0	0	+ 14064
	May	5123	2420	2	+ 16767
	June	3914	6340	9	+ 14341
	July	4108	2478	3	+ 15971
	August	6992	3697	6	+ 19266
	September	7497	2508	5	+ 24255
	October	5467	07	0	+ 29722
	November	5803	96	1	+ 35429
	December	6117	0	0	+ 41546
1957	January	5466	0	0	+ 47012
	February	4318	63	1	+ 51267
	March	4989	11928	22	+ 44328
	April	4989	7131	14	+ 42520
	May	2968	11238	31	+ 34250
	June	2883	9169	30	+ 24799
	July	1918	8759	31	+ 17958
	August	8984	8188	27	+ 18754
	September	4907	7307	30	+ 16354
	October	7506	7263	31	+ 16597
	November	10705	5502	24	+ 21800
	December	6801	4832	24	+ 23769

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. 1082  
Order No. R-836

THE APPLICATION OF THE OIL CONSERVATION  
COMMISSION UPON ITS OWN MOTION TO  
CONSIDER AN EXCEPTION TO OR TEMPORARY  
SUSPENSION OF THE RULES PERTAINING TO  
OVER PRODUCTION AND UNDER PRODUCTION IN  
ALL PRORATED GAS POOLS IN LEA COUNTY,  
NEW MEXICO, AS PROVIDED BY RULES 9 AND  
10 OF ORDER NO. R-520, RULES 9 AND 10  
OF ORDER NO. R-586, AND RULES 13 AND 14  
OF ORDER NO. R-610, INsofar AS SAID  
RULES PERTAIN TO OVER PRODUCTION AND  
UNDER PRODUCTION IN ALL PRORATED GAS  
POOLS IN LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 14, 1956, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 9th., day of July 1956, the Commission, a quorum being present, having considered all the evidence and testimony submitted, 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 under the provisions of Rule 9 and Rule 10 of the Special Pool Rules for the Jalmat and Eumont Gas Pools, as set forth in Order R-520, and Rule 9 and Rule 10 of the Special Pool Rules for the Tubb, Byers-Queen, and Justis Gas Pools, as set forth in Order No. R-586, and Rule 13 and Rule 14 of the Special Pool Rules for the Blinbry Gas Pool, as set forth in Order No. R-610, accumulated underproduction of allowables assigned to the wells in the respective pools which has been carried forward, and not made up during the next succeeding proration period, shall be cancelled; and wells overproduced during one proration period and still overproduced and never brought in balance during the next succeeding proration period shall be shut-in and their current monthly allowable charged against said overproduction until the wells are in balance.



(3) That wells to which Permian Basin Pipeline Company is connected in the Eumont, Jalmat, Blinebry and Tubb Gas Pools have accumulated large volumes of gas allowables which have remained unproduced, and are subject to cancellation July 1, 1956.

(4) That the accumulation of underproduction has been due to a rapid increase in the number of gas wells on acreage under contract to Permian Basin Pipeline Company, and resultant lack of facilities for the processing of gas from the additional wells, which lack of facilities is now being remedied.

(5) That Permian Basin Pipeline Company has a need for this unproduced gas, allowables for which are subject to cancellation July 1, 1956, and it appears will be able to produce such gas in addition to normal current allowables during the next two ensuing proration periods commencing July 1, 1956.

(6) That unless the cancellation of underproduction is suspended for a period of one year from July 1, 1956, producers to whose wells Permian Basin Pipeline Company is connected will be denied the opportunity of producing their fair share of the gas reserves underlying the Eumont, Jalmat, Blinebry and Tubb Gas Pools.

(7) That all other operators in the prorated gas pools of Lea County, New Mexico, should have the same opportunity to produce gas for which allowables have heretofore been granted, and which remains unproduced and subject to cancellation July 1, 1956.

(8) That Southern Union Gas Company is connected to wells in the Eumont and Jalmat Gas Pools, Lea County, New Mexico, which are currently overproduced, and have not been brought in balance during the proration period commencing January 1, 1956, and that such wells are subject to being shut-in and their current monthly allowable charged against said wells until they are in balance.

(9) That there are wells overproduced in an amount equal to or exceeding six times the current monthly allowable assigned to such wells and are subject to being immediately shut-in until in balance.

(10) That Southern Union Gas Company has a present and continued need for gas which need cannot be met if such wells are not allowed to continue producing, and that a prolonged shut-in of said wells could affect their productive capacity adversely, resulting in waste.

(11) That Southern Union Gas Company will apparently have available increased supply of gas by interchange with other pipe lines, which should enable them to bring wells to which they are presently connected into balance during the next two proration periods commencing July 1, 1956.

(12) That in order to protect correlative rights, prevent waste, promote conservation, and allow each producer in the prorated gas pools of Lea County, New Mexico, the opportunity to produce his just and equitable share of the reserves underlying said gas pools, the provisions of Rules 9 and 10 of Order No. R-520, Rules 9 and 10 of Order No. R-586, and Rules 13 and 14 of Order No. R-610 should be suspended, in part, for a period of one year commencing July 1, 1956, and ending June 30, 1957.

IT IS THEREFORE ORDERED:

1. That Rule 9 of the Special Rules and Regulations for the Eumont and Jalmat Gas Pools as contained in Order No. R-520, Rule 9 of the Special Rules and Regulations for the Tubb, Byers-Queen, and Justis Gas Pools as contained in Order No. R-586, and Rule 13 of the Special Rules and Regulations for the Blinebry Gas Pool as contained in Order No. R-610, be and the same hereby are suspended until June 30, 1957, insofar and only insofar as said rules require the cancellation of gas allowables remaining unproduced and carried forward which are subject to cancellation July 1, 1956, and January 1, 1957.

2. That Rule 10 of the Special Rules and Regulations for the Eumont and Jalmat Gas Pools as contained in Order No. R-520, Rule 10 of the Special Rules and Regulations for the Tubb, Byers-Queen, and Justis Gas Pools as contained in Order No. R-586, and Rule 14 of the Special Rules and Regulations for the Blinebry Gas Pool as contained in Order No. R-610, be and the same hereby are suspended until June 30, 1957, insofar and only insofar as said rules require that over-produced wells be shut-in until said wells are in balance.

IT IS FURTHER ORDERED:

1. That the suspension granted herein shall be for a period terminating June 30, 1957. All gas allowables remaining unproduced at that date which would be subject to cancellation July 1, 1957, shall be subject to cancellation under the appropriate rules and regulations. All wells overproduced on June 30, 1957, which would be subject to being shut-in in the absence of this suspension on July 1, 1957, shall be subject to the shut-in provisions of the applicable rules and regulations.

2. That in order to prevent the accumulation of excessive overproduction, and to assure that every effort is being made to bring underproduced wells in balance, the Commission hereby retains jurisdiction of this case for the purpose of modifying or rescinding this 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

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OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Date 1-9-58

CASE 1360, 1361, 1362

Hearing Date 1-7-58

DSN Ogan @ SF

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

Enter an order in each of the subject cases denying the extensions of time sought in which to make up the underproduction prior to cancellation.

It is my opinion that the effectiveness of the entire gas prorating system <sup>in SF New Mexico</sup> hinges on these cases because:

It has not been shown that the underproduced condition of the wells is due to any market condition.

It is ~~clear~~ <sup>apparent</sup> that the wells have accrued the underage as a result of failure of the wells to back the pressure of the gathering and/or trunk lines.

That this is a situation ~~to~~ which should be met and solved by the operators and the purchasers and that the normal period of balancing should provide

Staff Member

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Date \_\_\_\_\_

CASE \_\_\_\_\_

Hearing Date \_\_\_\_\_

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

ample time in which to solve said problems.

That an unusual extension of time in which to get the wells back in balance has just now in fact expired, and little if any headway has been made to correct the underproduced condition of the wells in this period of time. This despite the fact that assurance was given that the extension of time just concluded would be ample to correct the underproduced status of the wells.

That there is insufficient evidence that ~~there was~~ a ~~any~~ reasonable and diligent effort was made to correct the situation within the time previously granted by the Commission to do so.

Sam Hutton

Staff Member

Examiner

DOCKET: EXAMINER HEARING JANUARY 7, 1958

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

The following cases will be heard before Daniel S. Nutter, Examiner:

CASE 1356: Application of Cities Service Oil Company for permission to institute a pilot water flood project in Township 14 South, Range 31 East, Caprock-Queen Pool, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks permission to institute a pilot water flood project in the Caprock-Queen Pool, Chaves County, New Mexico, by injecting water into the Queen formation through the following intake wells:

Government "B" No. 5, NW/4 NE/4 Section 10;  
Government "B" No. 6, SE/4 SE/4 Section 3;  
Government "B" No. 10, NE/4 SE/4 Section 3;  
Government "B" No. 14, SE/4 SW/4 Section 3,

all in Township 14 South, Range 31 East.

CASE 1357: Application of Standard Oil Company of Texas for an order authorizing the production into a common tank battery of all oil produced from five leases in the Atoka Pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing the production into a common tank battery of all oil produced from the Atoka Pool from the following described leases: SW/4 SE/4, NW/4 NW/4, NW/4 SE/4, SE/4 NW/4, and SW/4 NE/4 of Section 12, Township 18 South, Range 26 East, Eddy County, New Mexico.

CASE 1358: Application of Magnolia Petroleum Company for an order cancelling Order R-984, and granting authority to commingle the liquid hydrocarbons produced from the Pictured Cliffs and Mesaverde formations into central tank batteries located on certain leases in the Blanco Mesaverde Gas Pool, Tapacito-Pictured Cliffs Gas Pool and certain undesignated Pictured Cliffs and Mesaverde gas pools in Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order cancelling Order No. R-984, and granting authority to commingle the liquid hydrocarbon production from the Pictured Cliffs and Mesaverde formations into central tank batteries located on certain of the applicant's leases in Township 26 North, Range 2 West; Township 26 North, Range 3 West; Township 27 North, Range 2 West, and Township 27 North, Range 3 West, in Rio Arriba County, New Mexico.

CASE 1359: Application of El Paso Natural Gas Company for an order extending the time allowed for making annual deliverability and shut-in pressure tests, and requesting allowables for 237 gas wells in certain prorated, non-prorated, and undesignated gas pools in San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks an

CASE 1359 continued

order extending the time allowed for making annual deliverability and shut-in pressure tests, and requesting allowables for 237 gas wells in the Blanco Mesaverde, Fulcher Kutz-Pictured Cliffs, West Kutz-Pictured Cliffs, Aztec-Pictured Cliffs, South Blanco-Pictured Cliffs, Ballard-Pictured Cliffs, Otero, Canyon Largo, East Companero Dakota, Tapacito, West Kutz-Fruitland, North Los Pinos-Fruitland, and South Los Pinos-Fruitland Gas Pools and in undesignated Fruitland, Pictured Cliffs, and La Ventana gas pools in San Juan and Rio Arriba Counties, New Mexico.

CASE 1360:

Application of Gulf Oil Corporation for an order suspending the cancellation of underage accrued to eight gas wells in the Eumont, Jalmat, Tubb, and Blinebry Gas Pools, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order suspending the cancellation on January 1, 1958, of the underage accrued to the following gas wells in the Eumont, Jalmat, Tubb, and Blinebry Gas Pools:

Eumont Pool

Bell-Ramsay St. "C" No. 1, NW/4 SE/4 Section 34,  
Township 20 South, Range 37 East

Jalmat Pool

Arnott-Ramsay "E" No. 2, SW/4 SE/4 Section 16,  
Township 25 South, Range 37 East

Arnott-Ramsay "E" No. 5, SW/4 NW/4 Section 16,  
Township 25 South, Range 37 East

J. R. Holt "A" No. 2, SE/4 SW/4 Section 16,  
Township 24 South, Range 37 East

Tubb Pool

Hugh No. 7, NE/4 NW/4 Section 14, Township 22  
South, Range 37 East

Harry Leonard "E" No. 4, NE/4 NE/4 Section 16,  
Township 21 South, Range 37 East

Blinebry Pool

J. N. Carson "A" No. 4, SW/4 SE/4 Section 28,  
Township 21 South, Range 37 East

H. Leonard "E" No. 4, NE/4 NE/4 Section 16,  
Township 21 South, Range 37 East

all in Lea County, New Mexico.

CASE 1361: Application of The Texas Company for an order suspending the cancellation of underage accrued to two gas wells in the Eumont Gas Pool and Jalmat Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order suspending the cancellation on January 1, 1958, of the underage accrued to the following gas wells in the Eumont and Jalmat Gas Pools:

Texas Company Riddel Well No. 2, NE/4 NE/4  
Section 12, Township 21 South, Range 36 East;

Texas Company State of New Mexico "E" (NCT-2)  
Well No. 3, NW/4 NW/4 Section 16, Township 23  
South, Range 36 East;

all in Lea County, New Mexico.

CASE 1362: Application of Schermerhorn Oil Corporation for an order suspending the cancellation of underage accrued to one well in the Eumont Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order suspending the cancellation on January 1, 1958, of the underage accrued to the following named gas well in the Eumont Gas Pool:

Schermerhorn Oil Corporation Gulf-State  
No. 1 Well, SE/4 SW/4 Section 31, Township  
18 South, Range 37 East,

Lea County, New Mexico.

CASE 1363: Application of J. C. Watson Drilling Company for an order authorizing the use of vacuum pumps on certain wells in the Roberts Pool in Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing the use of vacuum pumps on its Trimble No. 1 Well located in the NE/4 NE/4 Section 11, Township 17 South, Range 32 East, and its Trimble No. 2 Well located in the SE/4 NE/4 of said Section 11, in the Roberts Pool, Lea County, New Mexico.

CASE 1364: Application of Cities Service Oil Company for an oil-oil dual completion in the Vacuum Pool and Vacuum-Seven Rivers Pool in Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its State "K" No. 2 Well located 1980 feet from the North line and 660 feet from the East line of Section 27, Township 17 South, Range 35 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Vacuum Pool through one inch tubing and oil from the Vacuum-Seven Rivers Pool through two inch tubing.

- CASE 1365: Application of Cabot Carbon Company for an oil-oil dual completion in the King-Devonian Pool and King-Wolfcamp Pool in Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its H. L. Love "B" Well No. 1, located 487 feet from the South line and 850 feet from the East line of Section 26, Township 13 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from both the King-Devonian Pool and King-Wolfcamp Pool through parallel strings of  $1\frac{1}{2}$  inch tubing.
- CASE 1366: Application of Signal Oil and Gas Company for an oil-gas dual completion in the Skaggs Pool and an undesignated Drinkard gas pool in Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Fred Turner No. 1 Well located 660 feet from the South line and 560 feet from the East line of Section 6, Township 20 South, Range 38 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Skaggs Pool and gas from an undesignated Drinkard gas pool through parallel strings of tubing.
- CASE 1367: Application of Felmont Oil Corporation for approval of its Etcheverry Unit Agreement in Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order approving its Etcheverry Unit Agreement embracing 1,920 acres, more or less, of State of New Mexico lands consisting of S/2 Section 32, S/2 Section 33, Township 14 South, Range 34 East, and all of Sections 4 and 5, Township 15 South, Range 34 East, Lea County, New Mexico.
- CASE 1368: Application of Ambassador Oil Corporation for an order granting approval of applicant's proposed pilot water flood project in the Square Lake Pool in Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of its proposed pilot water flood project for the purpose of secondary recovery in which water will be injected into the Grayburg and San Andres formations through six injection wells located in the SW/4 NW/4, SW/4 SW/4, NE/4 SW/4, and SW/4 SE/4 of Section 29, and NE/4 SE/4 of Section 30, and the NE/4 NW/4 of Section 32, Township 16 South, Range 31 East, Square Lake Pool, Eddy County, New Mexico.

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Jan 7, 1958*

**SCHERMERHORN OIL CORPORATION**

P. O. BOX 1537  
HOBBS, NEW MEXICO

November 26, 1957

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

Re: Application of Schermerhorn Oil Corporation  
For Temporary Exception to the Provisions of  
Rule 9 of Orders R-520 and R-586 and Rule 13  
of Order R-610 as Amended, Pertaining to  
Cancellation of Unproduced Gas Allowables in  
the Eumont Gas Pool, Lea County, New Mexico.

Gentlemen:

Schermerhorn Oil Corporation herewith makes application for temporary exception to the provisions of Rule 9 of Orders R-520 and R-586 as amended and to Rule 13 of Order R-610 as amended, for a period of six months from January 1, 1958, insofar as said rules require cancellation of unproduced allowables accumulated prior to July 1, 1957. The following facts are offered in support of this application:

- (1) The Schermerhorn Oil Corporation gas well which is producing from the defined limits of the above named gas pool is connected to the transmission system of Permian Basin Pipe Line Company.
- (2) During the past several months, Permian Basin Pipe Line Company has been unable to produce the full allowable assigned to the gas well to which it is connected for the reasons that development of acreage under contract to that company proceeded at a rate in excess of that which had been anticipated and that Permian's facilities for processing gas have not been adequate to handle the volume allowed. These factors resulted in an accumulation of gas allowable subject to cancellation January 1, 1958.

November 26, 1957

- (3) Permian Basin Pipe Line Company by contract arrangement with another gas purchaser together with the expansion of processing facilities and installation of compressing equipment is now capable of taking in excess of current allowables and will be able to make up the under-production in the near future.
- (4) Applicant is asking that the requested exceptions to the applicable rules referred to above apply to the following Schermerhorn Oil Corporation owned and operated gas wells:

Eumont Pool

Gulf-State #1, SE SE Section 31, Twp. 18S,  
Rge. 37E.

- (5) Unless the Commission grants the applicant's request, Schermerhorn Oil Corporation will be deprived of its proportionate share of the reserves underlying the Eumont Gas Pool.
- (6) The granting of the requested exceptions to the above reference rules will not result in waste but will protect correlative rights.

Respectfully submitted,

SCHERMERHORN OIL CORPORATION

By J. H. Moore  
J. H. Moore

cj

cc: Oil Conservation Commission  
State of New Mexico  
P. O. Box 2045  
Hobbs, New Mexico

Permian Basin Pipe Line Company  
2223 Dodge Street  
Omaha, Nebraska

NEW MEXICO  
OIL CONSERVATION COMMISSION  
P. O. Box 871  
Santa Fe, New Mexico

Date November 29, 1957

Mr. J. H. Moore  
Box 1537  
Hobbs, New Mexico

Gentlemen:

Your application for Schermerhorn Oil Corporation non-cancellation of  
underage on the Gulf State No. 1

dated November 26, 1957 has been received, and has been tentatively  
scheduled for hearing before an Examiner on  
January 7, 1958.

A copy of the docket will be forwarded to you as soon as the matter is  
advertised.

Very truly yours,

  
A. L. PORTER, Jr.,  
Secretary-Director

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Please furnish two more copies of application.

Form 1540  
(Revised 5-1-57)

**PERMIAN BASIN PIPELINE COMPANY**

Exhibit No. 1  
Case # 1362

BACK PRESSURE TEST

Company Scherhorn Oil Corporation Lease Gulf State Well No. 1  
Field Bumont Formation Queen County Lee Loc. P Sec. 31 Twp. 18S Rge. 37E  
Casing 5-1/2" Wt. 14.0# I.D. 5.012" Set at 3740' Perf.          to           
Tubing 2-3/8" Wt. 4.7# I.D. 1.995" Set at 3850' Perf. 3845' to 3849'  
Gas Pay: From 3745' to 3890' L 3845' G 0.685 GL 2634'  
Avg. S.I. Temp.          B.H. Temp.          Producing Thru: Casing          Tubing I  
Gas Liquid Ratio          Mcf/bbl. Gravity of Liquids          °API Bar. Press. 13.2  
Separator Gas Gravity          G Mix          Date of Completion           
Type Well Single Completion Acres 80 Date of Test 12-5/12-57  $P_c 2.936 (1-e^{-S}) 0.166$

$CO_2 - 1.38\%$   $H_2 - 4.25\%$

OBSERVED DATA

Run No.	Line and Orifice Size	Prover Pressures		Diff.	Flow Temp.	Wellhead Pressures				Duration of Flow Hours
						Casing		Tubing		
						Psig	Psia	Psig	Psia	
Shut-In								107.0	120.2	71-3/4
1	2 x 1/2"	98.7	111.9		60			102.5	115.7	168
2										
3										
4										
5										

FLOW CALCULATIONS

Run No.	Coeff. 24 Hr.	hwPm	$\sqrt{hwPm}$	Prover Press.-Psia	Gravity Factor	Temp. Factor	Compress. Factor	Flow Rate Mcf @ 15.025
1	5.923			111.9	0.9359	1.0000	1.010	504 ✓
2								
3								
4								16.000
5								

PRESSURE CALCULATIONS

Run No.	$P_t^2$	FcQ	$(FcQ)^2$	$(FcQ)^2 \times (1-e^{-S})$	$P_c^2 \& P_w^2$	Calc. $P_w$	$P_c^2 - P_w^2$	$\frac{P_w}{P_c}$	$P_c^2 - P_t^2$	$\frac{P_t}{P_c}$
Shut-In					518.7					
1	13.4	5.803	33.67	5.589	19.0	137.8	499.7	.19	505.3	.16
2										
3										
4										
5										

Remarks: Slope (n) taken from the four point back pressure test of 8-24-56. Good stabilization was obtained and the volume of gas above should be representative of what the well will actually produce at 100.0 psig.

Tested By: J. D. Horton & R. L. West (Permian) W.H. Potential 597 Slope (n) 0.76  
Witness: None Abs. Potential 601 Slope (n) 0.76