

Case No.

1500

Application, Transcript,
Small Exhibits, Etc.

CONFIDENTIAL - ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 08-11-2001 BY 60322 UCBAW

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

September 29, 1958

Mr. Horace C. Burton
Sinclair Oil & Gas Company
P.O. Box 1470
Midland, Texas

Dear Mr. Burton:

We enclose two copies of Order R-1254 and Order R-1255 issued September 29, 1958, by the Oil Conservation Commission in Cases 1499 and 1500, respectively, which were heard on September 10th at Santa Fe before an examiner.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

bp
Encls.

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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 NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:**

**CASE NO. 1500
Order No. R-1255**

**APPLICATION OF SINCLAIR OIL & GAS
COMPANY FOR ESTABLISHMENT OF A
200-ACRE NON-STANDARD GAS PRORATION
UNIT IN THE ELINEBRY 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 September 10, 1958, at Santa Fe, New Mexico, before Daniel S. Nutter, 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 29th day of September, 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, Sinclair Oil & Gas Company, is the co-owner and operator of the SW/4 and the SW/4 SE/4 of Section 26, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant is the operator of the J. R. Cone "A" Well No. 2, located 1980 feet from the South line and 660 feet from the West line of said Section 26.

(4) That the applicant proposes the establishment of a 200-acre non-standard gas proration unit in the Elinebry Gas Pool for the said J. R. Cone "A" Well No. 2, to consist of the SW/4 and the SW/4 SE/4 of said Section 26.

(5) That a standard gas proration unit in the Elinebry Gas Pool is 160 acres, as established by Order No. R-610.

-2-

Case No. 1500
Order No. B-1255

(6) That two operators offsetting the proposed non-standard unit objected to the formation of such non-standard unit.

(7) That applicant failed to prove that the above-described J. R. Come "A" Well No. 2 can efficiently drain and develop 200 acres in the Blinshry Gas Pool.

(8) That the production of a 200-acre allowable from the Blinshry Gas Pool by the said J. R. Come "A" Well No. 2 would, impair the correlative rights of offset operators.

(9) That the subject application should be denied.

IT IS THEREFORE ORDERED:

That the application of Sinclair Oil & Gas Company for a 200-acre non-standard gas proration unit in the Blinshry Gas Pool, consisting of the SW/4 and the SW/4 SE/4 of Section 26, Township 21 South, Range 27 East, NHPM, Lea County, New Mexico, 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



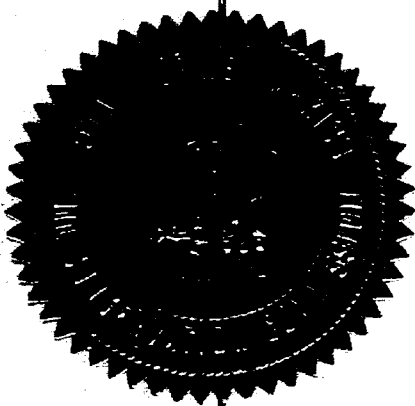
EDWIN L. MECHEM, Chairman



MURRAY E. MORGAN, Member



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



lr/

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

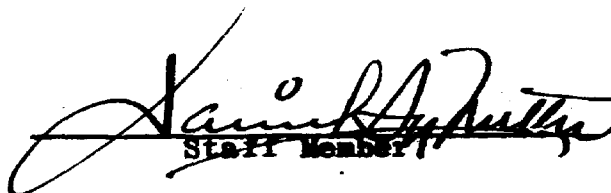
Date 9/19/58

CASE NO. 1500

HEARING DATE 9-10-58 9am
DSN @ SF

My recommendations for an order in the above numbered case(s) are as follows:

Enter an order denying the application of Sinclair Oil & Gas Co. for a 200 acre non std gas proration unit in the Blinkey. All reasons for denying this are the same as in the Tubbs Case (1499)


Staff Member

BEFORE THE OIL CONSERVATION COMMISSION OF THE
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
SINCLAIR OIL & GAS COMPANY FOR AN
EXCEPTION TO ORDER NO. R-610 AND
APPROVAL OF A 200-ACRE NON-STANDARD
PRORATION UNIT IN THE BLINEBRY GAS
POOL COMPRISED OF THE SW $\frac{1}{4}$ and SW $\frac{1}{4}$ SE $\frac{1}{4}$,
SECTION 26, T-21-S, R-37-E, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

CASE NO. 1500

ORDER NO. _____

A P P L I C A T I O N

SINCLAIR OIL & GAS COMPANY, a Maine corporation with
offices at Midland, Texas, hereby files application for an ex-
ception to Order No. R-610 and approval of a 200-acre non-standard
proration unit in the Blinebry Gas Pool comprised of the SW $\frac{1}{4}$ and
SW $\frac{1}{4}$ SE $\frac{1}{4}$, Section 26, T-21-S, R-37-E, N.M.P.M., Lea County, New
Mexico, and in support thereof shows:

1.

That Sinclair Oil & Gas Company is the co-owner and
operator of the proposed 200-acre proration unit under operating
agreement with Gulf Oil Corporation and J. R. Cone, as non-
operators.

2.

That applicant proposes to assign the 200-acre proration
unit to its J. R. Cone "A" Well No. 2, located 660 feet from the
West line and 1980 feet from the South line of said Section 26,
which is dually completed in the Blinebry Gas Pool and the Drinkard
Oil Pool and is now producing from within the vertical limits of
the Blinebry Gas Pool.

3.

That there is now assigned to said J. R. Cone "A" Well
No. 2 a non-standard 160-acre proration unit for the Blinebry Gas
Pool, comprised of the W $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$ and SW $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section 26.

4.

That all interests, including the royalty interests,
under the proposed non-standard proration unit herein applied for
have been pooled and unitized, or the same are subject to pooling

Docket Mailed
8-28-58 BP

and unitizing contingent upon the granting of this application.

5.

That the granting of this application will be in the interest of prevention of waste and will not impair correlative rights.

WHEREFORE, applicant Sinclair Oil & Gas Company prays that this Commission set this application for a public hearing before an Examiner in Santa Fe, New Mexico, that notices be issued according to law, and that upon hearing the above described 200-acre non-standard proration unit be approved.

SINCLAIR OIL & GAS COMPANY

By Horace N. Burton

Horace N. Burton
Division Attorney

SINGAPORE OIL & GAS COMPANY

1956 AUG

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P. O. Box 1470
8 : ~~UNRECORDED~~

MEDLAND, TEXAS

LEGAL DEPARTMENT

August 1, 1958

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

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

Re: Application of Sinclair Oil & Gas Company for an exception to Order No. R-610 and approval of a 200-acre non-standard proration unit in the Blinebry Gas Pool comprised of the SW $\frac{1}{4}$ & SW $\frac{1}{4}$ SE $\frac{1}{4}$, Sec. 26, T-21-S, R-37-E, N.M.P.M., Lea County, New Mexico.

Application of Sinclair Oil & Gas Company for an exception to Order No. R-586 and approval of a 240-acre non-standard proration unit in the Tubb Gas Pool comprised of the SW $\frac{1}{4}$ & the S $\frac{1}{2}$ SE $\frac{1}{4}$, Sec. 26, T-21-S, R-37-E, N.M.P.M., Lea County, New Mexico.

Gentlemen:

Enclosed in triplicate are Sinclair Oil & Gas Company's applications for the two above captions for non-standard proration units in the Blinbry Gas Pool and Tubb Gas Pool, respectfully.

Very truly yours,

Horace N. Burton
Horace N. Burton
Division Attorney

HINDS: RAY

Encls. 2 (each in trip.)

DOCKET: EXAMINER HEARING SEPTEMBER 10, 1958

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

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

- CASE 1196: Application of The Ibex Company for permission to expand a pilot water flood project in the Artesia Pool, Eddy County, New Mexico, and for six unorthodox well locations. Applicant, in the above-styled cause, seeks an order permitting the expansion of its Artesia Pilot Water Flood project No. 2, authorized by Order No. R-966 in the Artesia Pool, Eddy County, New Mexico, to include eight additional water injection wells in Sections 21 and 28 of Township 18 South, Range 28 East, Eddy County, New Mexico. Applicant further seeks an order authorizing six unorthodox well locations in said Sections 21 and 28.
- CASE 1498: Application of El Paso Natural Gas Company for permission to conduct maximum pressure build-up tests and for the non-cancellation and/or transfer of allowables for test wells. Applicant, in the above-styled cause, seeks an order authorizing it to conduct maximum pressure build-up tests on seventeen gas wells in the Aztec-Pictured Cliffs, Ballard-Pictured Cliffs, Fulcher Kutz-Pictured Cliffs, South Blanco-Pictured Cliffs, and Blanco Mesaverde Gas Pools in San Juan and Rio Arriba Counties, New Mexico. Applicant further requests the non-cancellation of allowable accruing to test wells during the test period and for authority to transfer said allowables to other wells on the same basic lease, and for such other relief as is necessary to properly conduct said tests.
- CASE 1499: Application of Sinclair Oil and Gas Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order authorizing a 240-acre non-standard gas proration unit in the Tubb Gas Pool consisting of the SW/4 and the S/2 SE/4 of Section 26, Township 21 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to applicant's J. R. Cone "A" Well No. 1, located 660 feet from the South and West lines of said Section 26.
- CASE 1500: Application of Sinclair Oil and Gas Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order authorizing a 200-acre non-standard gas proration unit in the Blinebry Gas Pool consisting of the SW/4 and the SW/4 SE/4 of Section 26, Township 21 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the applicant's J. R. Cone "A" Well No. 2, located 1980 feet from the South line and 660 feet from the West line of said Section 26.

- CASE 1501: Application of Continental Oil Company for a dual completion and for permission to commingle the liquids produced from two separate pools. Applicant, in the above-styled cause, seeks an order authorizing a gas-gas dual completion for its Britt B-15 Well No. 9, located 1980 feet from the South and East lines of Section 15, Township 20 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from an undesignated Tubb Gas pool and the production of gas from an undesignated Blinebry gas pool. Applicant further seeks permission to commingle the liquids produced from said well from the two above-named pools.
- CASE 1502: Application of The Pure Oil Company for an order authorizing a salt water disposal well. Applicant, in the above-styled cause, seeks an order authorizing the disposal of salt water through its State Lea "E" No. 1 Well, located 1980 feet from the North and East lines of Section 21, Township 16 South, Range 34 East, Lea County, New Mexico. Said well is a producing oil well in the Kemnitz-Cisco Pool and the applicant proposes to inject salt water through the annulus between the 8 5/8" and 5 1/2" casing. The proposed injection zone is from 4,527 feet to 9,450 feet.
- CASE 1503: Application of The Pure Oil Company for permission to commingle the production from two separate oil pools. Applicant, in the above-styled cause, seeks an order authorizing the commingling of oil produced from the Kemnitz-Cisco Pool and the Kemnitz-Wolfcamp Pool on its State-Lea "E" Lease located in Section 21, Township 16 South, Range 34 East, Lea County, New Mexico. The applicant proposes to separately meter the production from each pool prior to commingling.
- CASE 1504: Application of Gulf Oil Corporation for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Learcy McBuffington Well No. 8, located 330 feet from the South line and 1980 feet from the West line of Section 13, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Fusselman formation adjacent to the Justis-Fusselman Pool and oil from an undesignated Montoya pool through parallel strings of tubing.
- CASE 1505: Application of Gulf Oil Corporation for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Learcy McBuffington Well No. 9, located 1650 feet from the South line and 1980 feet from the West line of Section 13, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Fusselman formation adjacent to the Justis-Fusselman Pool and oil from an undesignated Montoya pool through parallel strings of tubing.

CASE 1506:

Application of Gulf Oil Corporation for the creation of two non-standard gas proration units in the Tubb Gas Pool and two non-standard gas proration units in the Blinebry Gas Pool. Applicant, in the above-styled cause, seeks an order authorizing the creation of a 160-acre non-standard gas proration unit in both the Blinebry Gas Pool and in the Tubb Gas Pool, each to comprise the NE/4 SW/4, and W/2 SE/4 of Section 28 and the NW/4 NE/4 of Section 33, and to be dedicated to applicant's J. N. Carson "A" Well No. 4, located 554 feet from the South line and 2086 feet from the East line of said Section 28 and J. N. Carson "A" Well No. 6, located 2086 feet from the South and East lines of said Section 28 respectively. Applicant further seeks an order authorizing the creation of a 120-acre non-standard gas proration unit in both the Blinebry Gas Pool and in the Tubb Gas Pool, each to comprise the E/2 SE/4 of Section 28 and the NE/4 NE/4 of Section 33, and to be dedicated to applicant's J. N. Carson "C" Well No. 6, located 330 feet from the South line and 965 feet from the East line of said Section 28 and J. N. Carson "C" Well No. 3, located 640 feet from the South line and 660 feet from the East line of said Section 28 respectively, all of the above being in Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 1507:

Application of Lea County Drip Company, Inc., for authority to construct and operate two waste oil treating plants. Applicant, in the above-styled cause, seeks an order authorizing it to construct and operate two treating plants in Lea County, New Mexico, to treat waste oil and tank bottoms collected from leases in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico, said plants to be located at the following points:

- (1) Adjacent to the Shell Pipeline Company's Pipeline approximately three miles South of Hobbs, New Mexico.
- (2) Adjacent to the Shell Pipeline Company's Eunice Station approximately five miles West of Eunice, New Mexico.

August 25, 1958
ga

Case file
1499

CONTINENTAL OIL COMPANY

FAIR BUILDING
FORT WORTH 2, TEXAS

August 21, 1958

1958 AUG 25 AM 8:41
MAIN OFFICE OCC

Sinclair Oil and Gas Company
P. O. Box 1470
Midland, Texas

Attention: Mr. H. P. McLaughlin

Gentlemen:

Reference to your letter of August 14, 1958,
in which you request waivers for the formation of a 200-acre
Blinberry gas proration unit and a 240-acre Tubb gas proration
unit in Section 26-21S-37E, we regret to advise that we are
unable to execute this waiver. It has been Continental's
practice in the past to oppose the formation of any gas prora-
tion units in these two pools in excess of the standard unit
size of 160 acres.

Yours very truly,



HLJ-SL

CC: New Mexico Oil Conservation Commission
Santa Fe, New Mexico



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

1201

SYMBOLS

DL = Day Letter

NL = Night Letter

LT = International Letter Telegram

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

MAIN OFFICE 800

LA 106 KAR69

1958 SEP 9 AM 11 41
1958 SEP 9 AM 11 30

K OCC171 PD=OKLAHOMA CITY OKLA 9 1210PNC=

NEW MEXICO OIL AND GAS CONSERVATION COMMISSION=

BYEN A L PORTER SANIA FE NMEX=

IN CONNECTION WITH SINCLAIR OIL AND GAS APPLICATION
TO BE HEARD SEPT. 10 PLEASE BE ADVISED THAT THE
UNDERSIGNED, AS AN OFFSET OPERATOR, OBJECTS TO THE
FORMATION OF THE 200 ACRE BLINDEY AND 240 ACRE TUBB
AND STANDARD GAS PRODUCTION UNITS PROPOSED BY SINCLAIR
OIL & GAS CO. IN SECTION 26-210N37E=

A OLSEN OIL CO PHILLIP RANDOLPH=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE



GAS PRORATION UNITS

AUGUST 1958

VICINITY SINCLAIR'S

J. R. CONE A & B LEASES

LEA COUNTY, NEW MEXICO



 Blinebry Gas Well
 Wells used in Pressure Study

EXHIBIT NO. 3
CASE NO. 1500

GAS
BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Since EXHIBIT NO. 3
CASE NO. 1502

SINCLAIR OIL & GAS COMPANY

Individual Well Information
Within Proposed Nonstandard Gas Units

<u>Operator, Lease & Well No.</u>	<u>Completion Date</u>	<u>Producing Zone (s)</u>	<u>Producing Interval (s)</u>	<u>August Allowable</u>	<u>GOR</u>
<u>Gulf</u>					
S. E. Cone #1	5-31-48	Drinkard	6180-560	5 BOD	19,000
<u>Sinclair</u>					
J. R. Cone "A" #1	12-13-56 11-16-46	Tubb Drinkard	6066-6191 6471-531	1836 MCF 5 BOD	16,960
J. R. Cone "A" #2	12-20-56 6-1-47	Hlinebry Drinkard	5192-630 6104-550	5188 MCF 4 BOD	17,550
J. R. Cone "B" #1	3-12-45	Drinkard	6503-44	14 BOD	8,757
J. R. Cone "B" #2	9-1-47	Drinkard	6453-548	15 BOD	8,413
E. C. Hall #1	8-1-48	Hlinebry	5649-709	10 BOD	1,210

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Sinclair EXHIBIT NO. 4
CASE NO. 1500

Exhibit No. 4
Case No. 1500

SINCLAIR OIL & GAS COMPANY

ALLOWABLE & PRODUCTION
J. R. CONE "A" #2
ELINEBRY GAS POOL

<u>Year & Month</u>	<u>Gross Allowable</u>	<u>Production MCF</u>
<u>1957</u>		
March	6,870	10,094
April	9,215	0
May	3,641	0
June	1,394	306
July	5,561	30,163
August	10,780	22,616
September	9,133	662
October	7,914	0
November	9,652	3,139
December	9,257	7,251
<u>1958</u>		
January	9,931	0
February	10,613	26,177
March	16,981	10,053
April	14,670	22,606
May	32,106	0
June	20,087	0
July	3,781	0
Total	151,586	133,067

The average 200 acre Elinebry Gas Pool allowable for the 12 month period ending July 1, 1958, was 27,215 MCF/Month or 907 MCF/Day.

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION

CA _____

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 5
CASE NO. 1500

Exhibit No. 5
Case No. 1500

SINCLAIR OIL & GAS COMPANY

J. R. Cone "A" & "B" Leases
Blinbry Gas Pool
Deliverabilities Vs. 600# Line Pressure

<u>Operator</u>	<u>Lease Name</u>	<u>Well No.</u>	<u>Date of Test</u>	<u>Deliverability MCF/Day Against 600#</u>
Humble	Hardison	8	3-5-53	2,516
Harper	Sarkey	1	1-11-57	3,328
Olaon	Cone	1	1-19-55	4,790
Olson	Owen	1	4-18-58	229
Continental	Lockhart	B-2	No Data	
Continental	Lockhart	A-1	No Data	
Sinclair	J. R. Cone	A-2	12-20-56	6,350

BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

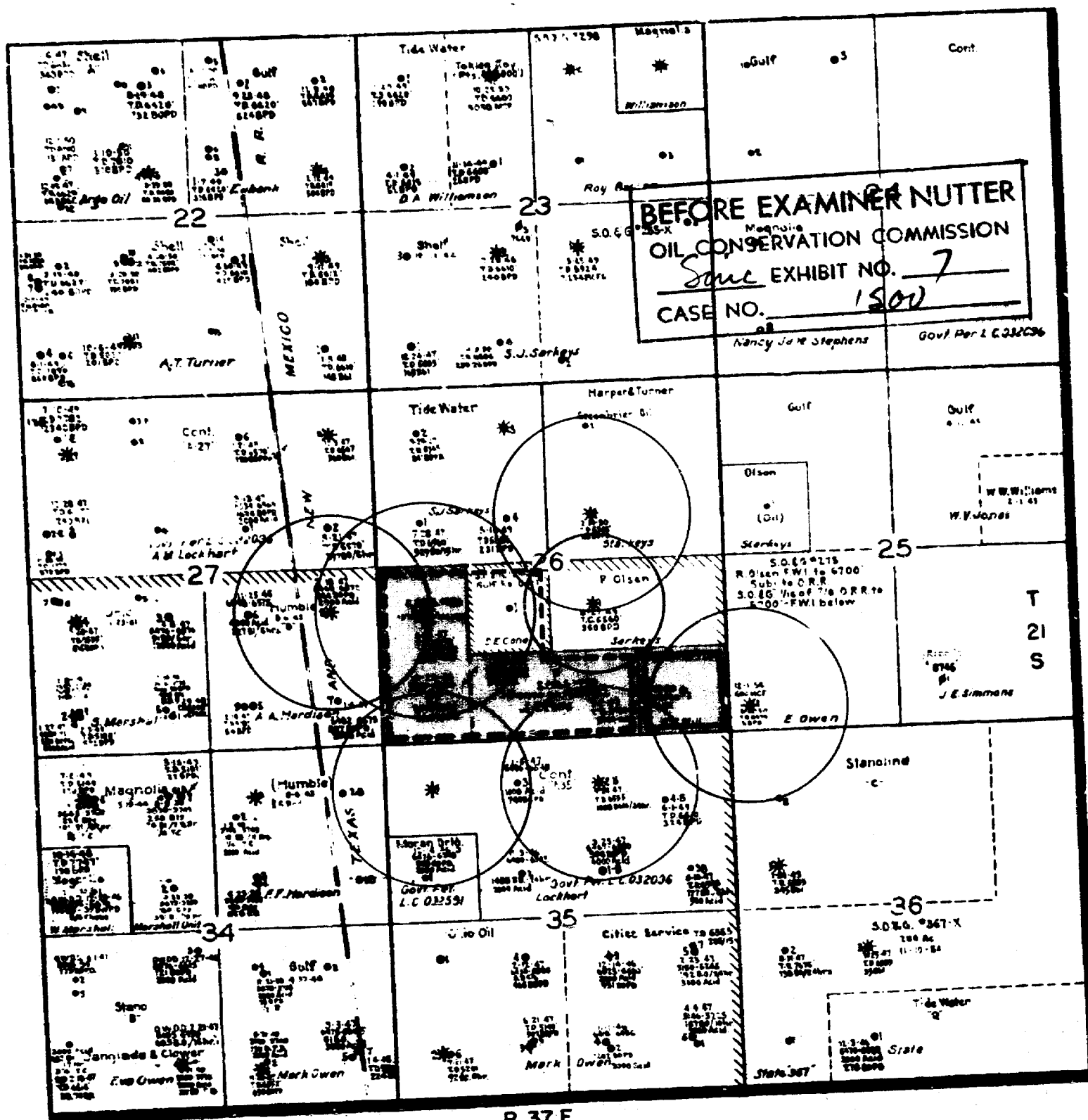
Sine EXHIBIT NO. 6

CASE NO. 1500

134% more deliverability than average of the 4 wells - but the requesting only 25% more

Exhibit No. 6

Case No. 1500



R 37 E

SINCLAIR OIL & GAS CO.

GAS PRORATION UNITS

BLINEBRY POOL

AUGUST 1958

VICINITY SINCLAIR'S

J. R. CONE A & B LEASES

LEA COUNTY, NEW MEXICO

* Blinebry Gas Well

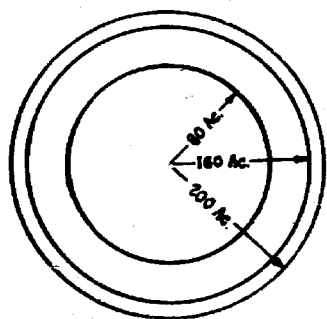


EXHIBIT NO. 7
CASE NO. 1500

SINCLAIR OIL & GAS COMPANY
Vicinity J. R. Cone "A" & "B" Leases
Blinsbury Gas Pool

PRESSURE - CUMULATIVE ANALYSIS

<u>Operator Lease & Wells</u>	<u>Acreage Assigned</u>	<u>1958 Some Pressures</u>	<u>Cumulative MCF</u>
Shell - Turner #5	160	1973	1,565,368
Continental - Lockhart B-35 #2	160	1982	599,247
Shell - Sarkeys #2	160	1983	1,538,084
Continental - Lockhart A-35 #1	160	2274	314,079
Continental - Lockhart A-27 #7	160	2300	667,031
Average		2102	936,762

TIME - CUMULATIVE ANALYSIS

<u>Operator Lease & Wells</u>	<u>Month First Production</u>	<u>Cumulative MCF</u>
Shell - Turner #5	Dec. 1952	1,565,368
Shell - Sarkeys #2	Jan. 1953	1,538,084
Continental - Lockhart A-27 #7	Oct. 1955	667,031
Continental - Lockhart B-35 #2	Dec. 1955	599,247
Continental - Lockhart A-35 #1	Feb. 1957	314,079

BEFORE EXAMINER NUTTER
 OIL CONSERVATION COMMISSION
Smc EXHIBIT NO. 9
 CASE NO. 1500

Exhibit No. 9
Case No. 1500

SINCLAIR OIL & GAS COMPANY

A SELECTION OF COMMISSION
APPROVED NONSTANDARD UNITS
TUBB & BLINEBRY GAS POOLS

<u>Operator</u>	<u>Lease & Well No.</u>	<u>Order No.</u>	<u>Size Unit</u>	<u>Section</u>	<u>Maximum Distance From Well</u>
<u>TUBB GAS POOL</u>					
Proposed Unit			240 Acres	26-21S-37E	4667 Feet
Skelly Barber	Baker "B" #15	R-590A	240 Acres	10-22S-37E	4055 Feet
Hunt	Weatherly "E" #1	R-519	240 Acres	21-21S-37E	4000 Feet
Sunray	State "15" #4		160 Acres	16-21S-37E	4667 Feet
Ohio	{ Wortham #9 } " #11 }	R-545 R-796	320 Acres	11-22S-37E	5365 Feet (3750 Feet)
<u>BLINEBRY GAS POOL</u>					
Proposed Unit			200 Acres	26-21S-37E	3848 Feet
Skelly	Baker "B" #15	R-590A	240 Acres	10-22S-37E	4055 Feet
Pan American	Southland Royalty #5		160 Acres	4-21S-37E	3848 Feet
Amerada	State DA #4		160 Acres	16-21S-37E	4667 Feet
Olsen	Sims #1		160 Acres	25-22S-37E	4026 Feet

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Sinc EXHIBIT NO. 10
CASE NO. 1500

Exhibit No. 10
Case No. 1500

PAN AMERICAN PETROLEUM CORPORATION

OIL AND GAS BUILDING

FORT WORTH, TEXAS

August 27, 1958

ALEX CLARKE, JR.
DIVISION ENGINEER

File: GWK-3660-986.510.1

Subject: Waiver of Objection
Non-standard Proration Units
Tubb and Blinebry Gas Fields
Lea County, New Mexico

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

Dear Sir:

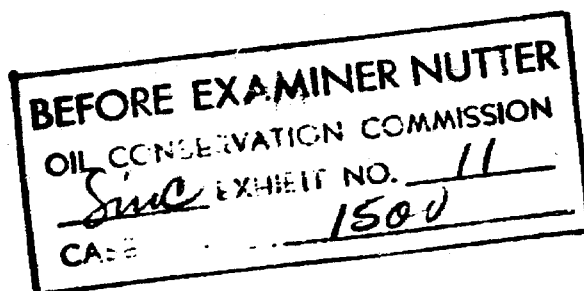
The undersigned, being an authorized representative of the offset operator, has been duly informed by Sinclair Oil and Gas Company of its application for a 200-acre and a 240-acre non-standard gas proration unit in the Blinebry and Tubb Gas Pools to be assigned to Sinclair's J. R. Cone "A" Well No. 2 and "A" Well No. 1 respectively, and hereby waives all objections.

It is our understanding the proposed 200-acre Blinebry Unit will consist of the SW/4 and SW/4 SE/4 of Section 26-21S-37E, and will be assigned to Sinclair's No. 2 well. It is further understood that the proposed 240-acre Tubb unit will consist of the SW/4 and S/2 SE/4 of Section 26-21S-37E, and will be assigned to Sinclair's No. 1 well.

Yours very truly,

Sam R. Nutter

GWK:cb



R. R. M.
AUG 29 1958

SINCLAIR OIL & GAS COMPANY

P. O. Box 1470

Midland, Texas

August 14, 1938

HUMBLE OIL & REFINING COMPANY, P. O. Box 1600, Midland, Texas
CONTINENTAL OIL COMPANY, P. O. Box 131, Midland, Texas
PAN AMERICAN PETROLEUM CORPORATION, P. O. Box 1540, Midland, Texas
R. OLSEN, 2811 Liberty Nat'l. Bank Building, Oklahoma City, Oklahoma
HARPER & TURNER, 904 Hightower Building, Oklahoma City, Oklahoma
TIDEWATER OIL COMPANY, P. O. Box 1231, Midland, Texas
~~GREENBRIER OIL COMPANY, 714 Continental Life Building, Fort Worth, Texas~~

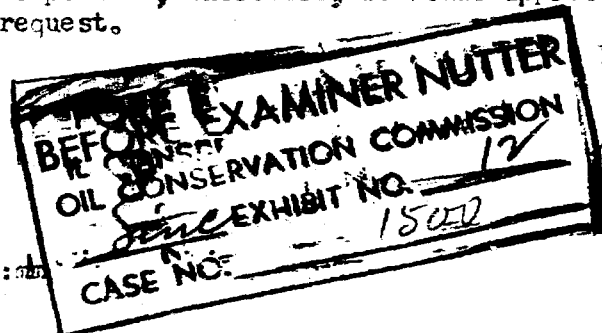
Gentlemen:

Sinclair has made applications to the New Mexico Oil Conservation Commission for approval of a 200 acre and a 240 acre non-standard gas proration unit in the Blinebry and Tubb Gas Pools to be assigned Sinclair's J. R. Cone "A" Well No. 2 and "B" Well No. 1, respectively. The proposed 200 acre Blinebry Unit will consist of the SW and SW SE of Section 26-21S-37E, and will be assigned to Sinclair's No. 2 well located in the center of the NW SW. The proposed 240 acre Tubb Unit will consist of the SW and S/2 SE of said Section 26 and will be assigned to Sinclair's No. 1 well located in the center of the SW SW. (See attached plat.) The royalty under the above acreage is being pooled and operating agreements have been executed.

At present, each well has assigned in the Blinebry and Tubb Gas Pools 160 acre gas units consisting of Sinclair's J. R. Cone "A" and "B" Leases, which occupy the W/2 SW, SE SW and SW SE of said Section 26. The SE SE and NE SW of this section is currently the only unassigned Tubb Gas Pool acreage in the area and the NE SW is the only unassigned Blinebry Gas Pool acreage in the area. All of the offset acreage around our proposed units is assigned in both gas pools.

Sinclair requests that if you have no objection to the formation of the above described non-standard gas proration units that you execute four copies of this letter and return same to undersigned or furnish us with your own statement concerning this matter. We anticipate that the Commission will schedule these applications for hearing during the first week of September; therefore, we would appreciate your early consideration of our request.

Yours very truly,



H. F. Defenbaugh
Division Production Superintendent

HFD:RMA:sm

Encl. 2

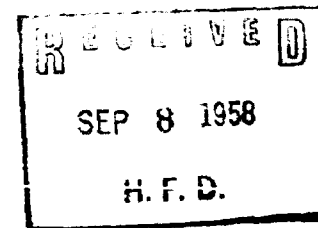
The undersigned, as an Offset Operator, has no objections to the formation of the above described 200 acre Blinebry and 240 acre Tubb non-standard gas proration units.

Operator _____
Date 8/15/38
By [Signature]

P. O. Box 1170

Midland, Texas

August 11, 1958



R. R. M.

SEP 8 1958

HUMBLE OIL & REFINING COMPANY, P. O. Box 1000, Midland, Texas
CONTINENTAL OIL COMPANY, P. O. Box 131, Midland, Texas
PAN AMERICAN PETROLEUM CORPORATION, P. O. Box 1540, Midland, Texas
R. OLSEN, 2811 Liberty Nat'l. Bank Building, Oklahoma City, Oklahoma
HARPER & TURNER, 904 Hightower Building, Oklahoma City, Oklahoma
TIDEWATER OIL COMPANY, P. O. Box 1231, Midland, Texas
GREENBRIER OIL COMPANY, 711 Continental Life Building, Fort Worth, Texas

Gentlemen:

Sinclair has made applications to the New Mexico Oil Conservation Commission for approval of a 200 acre and a 240 acre non-standard gas proration unit in the Blinebry and Tubb Gas Pools to be assigned Sinclair's J. R. Cone "A" Well No. 2 and "B" Well No. 1, respectively. The proposed 200 acre Blinebry Unit will consist of the SW and SW SE of Section 26-21S-37E, and will be assigned to Sinclair's No. 2 well located in the center of the NW SW. The proposed 240 acre Tubb Unit will consist of the SW and S/2 SE of said Section 26 and will be assigned to Sinclair's No. 1 well located in the center of the SW SW. (See attached plat.) The royalty under the above acreage is being pooled and operating agreements have been executed.

At present, each well has assigned in the Blinebry and Tubb Gas Pools 160 acre gas units consisting of Sinclair's J. R. Cone "A" and "B" Leases, which occupy the W/2 SW, SE SW and SW SE of said Section 26. The SE SE and NE SW of this section is currently the only unassigned Tubb Gas Pool acreage in the area and the NE SW is the only unassigned Blinebry Gas Pool acreage in the area. All of the offset acreage around our proposed units is assigned in both gas pools.

Sinclair requests that if you have no objection to the formation of the above described non-standard gas proration units that you execute four copies of this letter and return same to undersigned or furnish us with your own statement concerning this matter. We anticipate that the Commission will schedule these applications for hearing during the first week of September; therefore, we would appreciate your early consideration of our request.

Yours very truly,

A handwritten signature in cursive script, appearing to read "H. F. Defenbaugh".

H. F. Defenbaugh
Division Production Superintendent

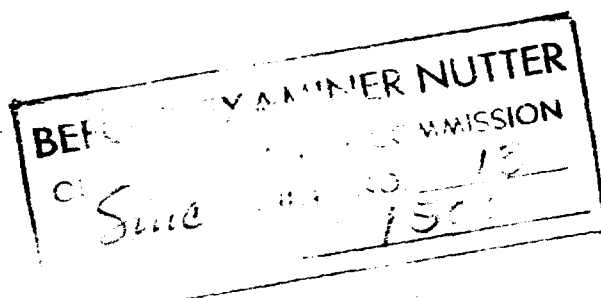
HFD:RMA:mm

Encl. 2

The undersigned, as an Offset Operator, has no objections to the formation of the above described 200 acre Blinebry and 240 acre Tubb non-standard gas proration units.

Operator Humble Oil & Refining Company

Date September 3, 1958



By [Signature]
RHH
HCH

Case No.

1580

Application, Transcript,
Small Exhibits, Etc.

CASE 1500: Starting de novo 11/13/78
Application of Sinclair for two more MS
perceptions post. Blinovsky Gene Paul, J. E. Coe
"A" Wall #2.

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

December 4, 1958

C
O
P
Y

Mr. James McGowan
Sinclair Oil & Gas Company
P.O. Box 321
Tulsa 2, Oklahoma

Dear Mr. McGowan:

We enclose two copies of Order R-1254-A and Order R-1255-A issued December 4, 1958, by the Oil Conservation Commission in Cases 1499 and 1500, respectively.

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. 1500
Order No. R-1255-A**

**APPLICATION OF SINCLAIR OIL & GAS
COMPANY FOR ESTABLISHMENT OF A 200-
ACRE NON-STANDARD GAS PRORATION UNIT
IN THE BLINERY 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 September 10, 1958, at Santa Fe, New Mexico, before Daniel S. Muttar, Examiner duly appointed by the New Mexico Oil Conservation Commission in accordance with Rule 1214 of the Commission Rules and Regulations, and Order No. R-1255 was entered denying the subject application, and this cause came on for hearing de novo at 9 o'clock a.m. on November 13, 1958, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 11th day of December, 1958, the Commission, a quorum being present, having considered the application and the evidence adduced and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Sinclair Oil & Gas Company, is the co-owner and operator of the SW/4 and the SW/4 SE/4 of Section 26, Township 21 South, Range 37 East, NMPN, Lea County, New Mexico.

(3) That the applicant is the operator of the J. R. Cone "A" Well No. 2, located 1980 feet from the South line and 680 feet from the West line of said Section 26.

(4) That the applicant proposes the establishment of a 200-acre non-standard gas proration unit in the Blinery Gas Pool for the said J. R. Cone "A" Well No. 2, to consist of the SW/4 and the SW/4 SE/4 of said Section 26.

-2-

Case No. 1500

Order No. R-1255-A

(5) That the evidence discloses that applicant has not made every effort to committine the acreage in this area thereby forming standard 160-acre Blinbry gas proration units.

(6) That the development of the Blinbry Gas Pool on 160-acre standard gas proration units has been relatively uniform and that such uniform development is highly desirable from the standpoint of conservation and the protection of correlative rights.

(7) That in Case No. 727 the Commission determined that the Blinbry Gas Pool could be drained and developed most efficiently on a 160-acre spacing pattern; that accordingly it is the present policy of the Commission not to approve proration units substantially in excess of 160 acres.

(8) That there is a reasonable probability that approval of the subject application would cause waste and impair correlative rights.

(9) That therefore, the subject application should be denied.

IT IS THEREFORE ORDERED:

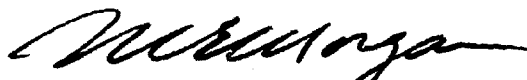
That the application of Sinclair Oil & Gas Company for a 200-acre non-standard gas proration unit in the Blinbry Gas Pool, consisting of the SW/4 and the SW/4 SE/4 of Section 26, Township 21 South, Range 37 East, NMPN, Lea County, New Mexico, be and the same is hereby denied.

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

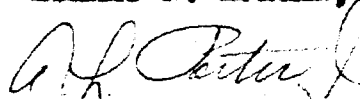
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



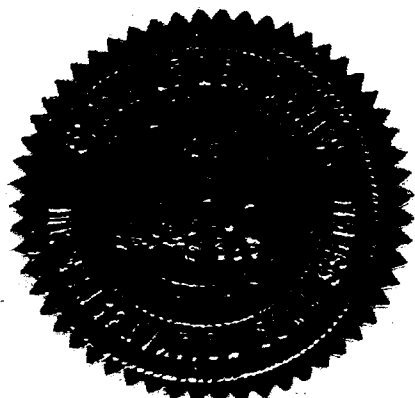
EDWIN L. MECHEM, Chairman



MURRAY E. MORGAN, Member



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



DOCKET: REGULAR HEARING NOVEMBER 13, 1958

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

- ALLOWABLE:**
- (1) Consideration of the oil allowable for December, 1958.
 - (2) Consideration of the allowable production of gas for December, 1958, for six prorated pools in Lea County, New Mexico, and also presentation of purchasers' nominations for the six-month period beginning January 1, 1959; consideration of the allowable production of gas for seven prorated pools in San Juan and Rio Arriba Counties, New Mexico, for December, 1958.

NEW CASES

CASE 728: Application of El Paso Natural Gas Company for an order extending the vertical limits of the Justis Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order extending the vertical limits of the Justis Gas Pool in Lea County, New Mexico, to a datum 270 feet below the top of the Glorieta formation. The vertical limits of the Justis Gas Pool, as presently designated, extend from the top of the Glorieta formation to a point 200 feet below the top of said formation.

CASES 1253 & 1254:

In the matter of the hearing ordered to be held by Order No. R-1011 to permit the operators in the Kemnitz-Wolfcamp Pool in Lea County, New Mexico, to appear and show cause why the Special Rules and Regulations set forth in said order should be continued in effect beyond December 31, 1958.

CASE 1544: In the matter of the hearing called on the motion of the Oil Conservation Commission at the request of certain operators in the Gallegos-Gallup Oil Pool in San Juan County, New Mexico, to permit any operator to appear and show cause why any well or wells in the Gallegos-Gallup Oil Pool should be granted an exception to the daily tolerance provisions of Rule 502 I (a) of the Commission Rules and Regulations.

CASE 1545: In the matter of the hearing called on the motion of the Oil Conservation Commission at the request of certain operators in the Verde-Gallup Oil Pool in San Juan County, New Mexico, to permit any operator to appear and show cause why any well or wells in the Verde-Gallup Oil Pool should be granted an exception to the daily tolerance provisions of Rule 502 I (a) of the Commission Rules and Regulations.

CASE 1499: Application of Sinclair Oil & Gas Company for a hearing de novo before the Oil Conservation Commission of New Mexico on its application for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order authorizing a 240-acre non-standard gas proration unit in the Tubb Gas Pool comprising the SW/4 and the S/2 SE/4 Section 26, Township 21 South, Range 37 East, Lea County, New Mexico, said unit

CASE 1499 continued:

to be dedicated to applicant's J. R. Cone "A" Well No. 1 located 660 feet from the South and West lines of said Section 26.

CASE 1500:

Application of Sinclair Oil & Gas Company for a hearing de novo before the Oil Conservation Commission of New Mexico on its application for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order authorizing a 200-acre non-standard gas proration unit in the Blinebry Gas Pool comprising the SW/4 and SW/4 SE/4 Section 26, Township 21 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to applicant's J. R. Cone "A" Well No. 2 located 1980 feet from the South line and 660 feet from the West line of said Section 26.

CASE 1546:

Southeastern New Mexico nomenclature case calling for an order for the creation of new pools and extension of existing pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.

(a) Create a new gas pool for Seven Rivers production, designated as the Laguna-Seven Rivers Gas Pool, and described as:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPH
Section 11: NE/4

(b) Create a new oil pool for Pennsylvanian production, designated as the North Shoe Bar-Pennsylvanian Pool, and described as:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPH
Section 15: SE/4

(c) Extend the Acme Pool to include:

TOWNSHIP 8 SOUTH, RANGE 27 EAST, NMPH
Section 5: N/2

(d) Extend the Artesia Pool to include:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPH
Section 23: SE/4

(e) Extend the Blinebry Gas Pool to include:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPH
Section 32: SE/4

(f) Extend the Hare Pool to include:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPH
Section 4: S/2

- (g) Extend the Hump-Queen Pool to include:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM
Section 8: S/2 NW/4

- (h) Extend the Jalmat Gas Pool to include:

TOWNSHIP 22 SOUTH, RANGE 35 EAST, NMPM
Section 3: SE/4
Section 10: SE/4

- (i) Extend the Kemnitz-Wolfcamp Pool to include:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM
Section 22: NW/4

- (j) Extend the Milnesand-San Andres Pool to include therein:

TOWNSHIP 8 SOUTH, RANGE 34 EAST, NMPM
Section 23: NE/4

- (k) Extend the Tubb Gas Pool to include:

TOWNSHIP 22 SOUTH, RANGE 38 EAST, NMPM
Section 31: NE/4 & NE/4 SE/4

CASE 1547: Northwestern New Mexico nomenclature case calling for an order for the extension of existing pools in Rio Arriba and San Juan Counties, New Mexico.

- (a) Extend the Aztec-Pictured Cliffs Pool to include:

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM
Section 36: W/2

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

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM
Section 20: S/2
Section 21: N/2

TOWNSHIP 25 NORTH, RANGE 4 WEST, NMPM
All of Sections 9, 10 and 11
Section 14: All
Section 15: N/2 and SE/4
Section 16: N/2

- (c) Extend the Tapacito-Pictured Cliffs Pool to include:

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM
Section 14: W/2

- (d) Extend the West Kutz-Pictured Cliffs Pool to include:

TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM
Section 20: SE/4
Section 21: SW/4

- (e) Extend the Angels Peak-Dakota Pool to include:

TOWNSHIP 26 NORTH, RANGE 10 WEST, NMPM
Section 2: NW/4

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM
Section 35: SW/4

TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM
Section 27: W/2
Section 28: E/2

- (f) Extend the North Los Pinos-Dakota Pool to include:

TOWNSHIP 32 NORTH, RANGE 7 WEST, NMPM
Section 12: SW/4

- (g) Extend the Horseshoe-Gallup Oil Pool to include:

TOWNSHIP 31 NORTH, RANGE 16 WEST, NMPM
Section 32: SE/4
Section 33: SW/4 SW/4

- (h) Extend the Otero-Gallup Oil Pool to include:

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM
Section 32: NW/4 NE/4

- (i) Extend the Verde-Gallup Oil Pool to include:

TOWNSHIP 31 NORTH, RANGE 15 WEST, NMPM
Section 26: SW/4
Section 27: SE/4
Section 35: NW/4

CONTINUED CASES

CASE 1522: Application of Lea County Drip Company, Inc. for the revision of certain of the Commission Statewide Rules and Regulations and for the revision of certain of the Commission forms. Applicant, in the above-styled cause, seeks an order to revise Rules 311, 312, 1116 and 1117 of the Commission Rules and Regulations, to replace the present Commission Form C-117 with two forms to be designated as C-117-A and C-117-B, and to revise Commission Form C-118.

CASE 1526: Northwestern New Mexico nomenclature case calling for an order for the extension of an existing pool in San Juan County, New Mexico.

-5-

Docket No. 31-58

(h) Extend the Angels Peak-Dakota Pool to include:

TOWNSHIP 26 NORTH, RANGE 10 WEST, NMPM

Section 2: NW/4

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM

Section 35: SW/4

TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM

Section 27: W/2

Section 28: E/2

ir/

RECEIVED CCC
OCT 22 1958

SINCLAIR OIL & GAS COMPANY

SINCLAIR OIL BUILDING

Luther 4-0411

TULSA, OKLAHOMA

LEGAL DEPARTMENT

ANGUS A. DAVIDSON
GENERAL ATTORNEY

CECIL R. BUCKLES
FRANCIS O'H. SEARLE
ASSISTANT GENERAL ATTORNEYS

October 21, 1958

THOMAS H. GALEY
ROBERT E. GILL, JR.
PHILIP J. KRAMER
MIRIAM LASHLEY
JAMES H. MCGOWAN
REX SHORT
WILLIAM M. TAYLOR
ATTORNEYS

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

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

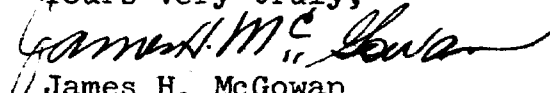
Re: Application of Sinclair Oil &
Gas Company for an Exception
to Order No. R-610, and approval
of 200-acre Proration Unit in
SW/4 and SW/4 of SE/4 of Sec. 26-
21S-37E, Lea County, New Mexico

Gentlemen:

Enclosed in triplicate are Sinclair Oil & Gas Company's
Application for a De Novo Hearing pursuant to Rule 1220 on
captioned matter, which was denied by Order No. R-1255, dated
September 29, 1958 following an Examiner's hearing.

Will you please set this matter down for hearing and
advise the date thereof.

Yours very truly,


James H. McGowan

JHMcG:mlb
Encls.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF SINCLAIR OIL & GAS COMPANY
FOR AN EXCEPTION TO ORDER NO.
R-610 AND APPROVAL OF 200-ACRE
NON-STANDARD PRORATION UNIT IN
THE BLINEBRY GAS POOL COMPRISED
OF THE SOUTHWEST QUARTER (SW/4)
AND SOUTHWEST QUARTER (SW/4) OF
SOUTH-EAST QUARTER (SE/4) OF
SECTION 26, TOWNSHIP 21 SOUTH,
RANGE 37 EAST, N.M.P.M., LEA
COUNTY, NEW MEXICO

CASE NO. _____

ORDER NO. _____

DE NOVO APPLICATION

Comes now Sinclair Oil & Gas Company and respectfully shows
to the Conservation Commission as follows:

1. That applicant heretofore filed an application in
captioned matter, requesting an exception to Order No. R-610 and
approval of a 200-acre non-standard gas proration unit in the
Blinebry Gas Pool for its J. R. Cone "A" Well No. 2, said pro-
ration unit to consist of the -

Southwest Quarter (SW/4) and Southwest
Quarter (SW/4) of Southeast Quarter (SE/4)
of Section 26, Township 21 South, Range 37
East, N.M.P.M., Lea County, New Mexico.

2. That said application was assigned Case No. 1500 and
set for hearing on September 10, 1958 before Daniel S. Nutter,
as Examiner.

3. That said application was denied by Order No. R-1255,
dated September 29, 1958. Said order, among other findings,
found that applicant failed to prove that said well can ef-
ficiently drain and develop 200 acres in the Blinebry Gas Pool
and that an allowable, as requested for said well, would impair
the correlative rights of offset operators.

WHEREFORE, applicant prays that this matter be set for a De Novo Hearing before the Commission, as provided in Rule No. 1220 of the New Mexico Oil Conservation Commission Rules and Regulations; that notices be issued according to law and that, upon hearing, the above described non-standard unit be approved.

SINCLAIR OIL & GAS COMPANY

James H. McGowan
James H. McGowan

-2-

SINCLAIR OIL & GAS COMPANY
 J. R. Cone "A" Well No. 2
 Hinchey Gas Pool
 Lea County, New Mexico
 Steady State Analysis of Pressure Behavior

Basic Factors

Present Reservoir Pressure (psi)	2200
Bottom-Hole Temperature (°F)	96
Gas Viscosity (cp.)	.018
Well Bore Radius (Ft.)	.58'
Estimated Net Pay (Ft.)	100'
Estimated Permeability to Gas (md.)	1.0
Estimated Gas Allowable 160 Acres (MCFPD)	726
Estimated Gas Allowable 200 Acres (MCFPD)	907
Distance to furthest point-Proration Unit (Ft.)	3818
Distance to furthest point-Requested Proration Unit (Ft.)	3818
Radius of 160-ac. Circle (Ft.)	1190
Radius of 200-ac. Circle (Ft.)	1665

Case I

a. Pressure drop from periphery of 160 Acre Circle	243 psi
b. Pressure drop from periphery of 200 Acre Circle	247 psi
c. Pressure drop from periphery of 200 Acre Circle to periphery of 160 Acre Circle	4 psi
d. Percent of reservoir static pressure	0.18%

BEFORE THE
 OIL CONSERVATION COMMISSION
 SANTA FE, NEW MEXICO
 42281 EXHIBIT No. 5
 CASE 1500

Exhibit No. 5
 Case No. 1500

SINCLAIR OIL & GAS COMPANY

A SELECTION OF COMMISSION
APPROVED NONSTANDARD UNITS
ELINEBRY GAS POOL

<u>Operator</u>	<u>Lease & Well No.</u>	<u>Order Number</u>	<u>Size Unit</u>	<u>Section</u>	<u>Maximum Distance From Well</u>	<u>Deliverability Date</u>	<u>ECFDP/6007</u>
Sinclair	J. R. Coxe "A" #2		200 Acres *	26-21S-37E	3848 Feet	12-20-56	6350
Stelly	Baker "B" #15	R-590A	240 Acres	10-22S-37E	4055 Feet	9-20-57	4221
Pan American Southland Royalty #5			160 Acres	4-21S-37E	3848 Feet	3-11-55	1055
Amerada	State DA #4		160 Acres	16-21S-37E	4667 Feet	10-29-58	850
Olsen	Sims #1		160 Acres	25-22S-37E	4026 Feet	8-28-54	3275

* Requested Proration Unit

BEFORE THE
OIL CONS. DIVISION
SANTA FE, NEW MEXICO

CASE 1500 EXHIBIT No. 6

Exhibit No. 6

Case No. 1500

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1500

TRANSCRIPT OF HEARING

November 13, 1958

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
Phone CHapel 3-6691

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
November 13, 1958

IN THE MATTER OF:

CASE NO. 1500: Application of Sinclair Oil & Gas Company for a hearing de novo before the Oil Conservation Commission of New Mexico on its application for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order authorizing a 200-acre non-standard gas proration unit in the Blinbry Gas Pool comprising the SW/4 and SW/4 SE/4 Section 26, Township 21 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to applicant's J. R. Cone "A" Well No. 2 located 1980 feet from the South line and 660 feet from the West line of said Section 26.

BEFORE:

Honorable E. L. Mechem
Mr. A. L. Porter
Mr. Murray Morgan

T R A N S C R I P T O F P R O C E E D I N G S

MR. PORTER: Next case on the docket, Case 1500.

MR. PAYNE: Case 1500. Application of Sinclair Oil & Gas Company for a hearing de novo before the Oil Conservation Commission of New Mexico on its application for a non-standard gas proration unit.

C. S. TINKLER

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

DIRECT EXAMINATION

BY MR. MCGOWAN:

Q Now, you are the same C. S. Tinkler, are you not, who

Just got through testifying in Docket 1499 before this Commission?

A Yes, sir.

Q And I believe that you have asked the Reporter to mark an exhibit as Exhibit No. 1 in this case, have you not?

A Yes, sir.

Q Now, that exhibit shows again the location of the Cone

"A" Well in the NW of the SW of Section 26, does it not?

A Yes, sir.

Q And that is the well which we are seeking to attribute acreage, is that correct?

A Yes, sir.

Q Now, the present unit assigned to that well is the W/2, SW, SE, SW and SW, SE, is that correct?

A Yes, sir.

Q And that is outlined in red on the exhibit in the S/2 of 26?

A That is correct.

Q The 40 acres we seek to add to that unit to make it a 240-acre unit is the NE of the NW, is that correct?

A Yes, sir.

Q Now, the names of the parties shown on this exhibit are the same names that were shown on Exhibit 1 in Docket No. 1499?

A Yes, sir.

Q The same instruments and the same effort that went into forming that unit, formed this unit, did it not?

A Yes, sir.

Q If I ask you the same question concerning the possibilities

and alternatives to the obtaining of this application in connection with this well, would the answers be the same as they were in Docket No. 1499?

A Yes, sir.

Q Now, with one possible exception, have you in any respect tried to work out a unit with Mr. Olsen?

A In regard to that, we did not actually talk about this 40 acres due to the fact that this 40 acres is as close to our well that we-- In other words, the "A" well No. 2 is the Olsen well, and we didn't feel, in view of the fact that it was close to our acreage, that we would approach them.

Q The 40 acres we are seeking to add to this unit actually offset the well itself, does it not?

A Yes, sir, that's right.

Q And the unit agreements to allow the forming of this 240-acre has been executed by all royalty owners and working owners?

A Yes, sir.

Q This exhibit was prepared by you and under your supervision?

A Yes, sir.

MR. MCGOWAN: I offer it in evidence and have no further questions.

MR. PORTER: Without objection, the exhibit be admitted. Any question of Mr. Tinkler? The witness may be excused.

(Witness excused)

H. A. MERRILL

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

DIRECT EXAMINATION

BY MR. MCGOWAN:

Q You are the same Mr. H. A. Merrill that just testified in Docket No. 1499, are you not?

A Yes, I am.

Q And you are again familiar with the application in this case?

A Yes, I am.

Q And you are familiar with the area covered by the application, what it seeks to accomplish?

A Yes, sir.

Q Now, you've had the Court Reporter mark as Exhibit No. 2 in this Docket what appears to be a contour map, is that correct?

A That is a structural plot on the Blinebry formation marker.

Q I see. And you have colored in red the acreage presently attributed to that Cone "A" 2 Well?

A Yes, sir.

Q And the acreage in yellow that you wish, that we wish to add to that unit?

A That is correct.

Q Now, in this unit we have not sought to add the SE of the SE of said Section 26; however, there is a well located on that 40 acres. Is that well producing from the oil rim or lower zone which is recognize to exist in the field rules relating to the Blinebry Field Rules adopted by this Commission in 1954?

A Yes, sir.

Q And is that the reason it is not sought to be attributed to this well?

A Yes, sir.

Q The rules provided that acreage attributed to an oil well cannot be attributed to a gas well, is that correct?

A That's correct.

Q Do you believe that the entire 160-acres presently attributed to this well and the 40-acres we seek to add to it, is productive of gas in the Blinebry?

A I believe it is.

Q Would it be your opinion that any gas could be recovered from the Blinebry, even further east from this unit?

A Yes, I believe our No. 1 Hill could be recompleted as a gas well.

Q That would require, however, squeezing of the bottom of the formation where it is producing oil and completing it at the top of the formation, would it not?

A That is it.

Q And thereafter it could no longer be an oil well?

A Yes, sir.

Q Now, I notice, for instance, that your contour, I believe, it is 2180, passes just east of the Olsen well in the N/2 of the SE of Section 26, and that it pretty well encompasses all, or the whole 200 acres, with the exception of about 4 or 5 acres that we seek to have attributed to this well, and lies within that contour, is that correct?

A That is correct.

Q Would that in itself indicate that it is all productive of gas in the Blinebry since the Olsen well is?

A Yes, sir.

Q Now, are you of the opinion that the Blinebry Gas Pool is an uninterrupted and interconnected pool?

A Our cross-section work has shown us that.

A Would you refer to the same exhibit that you referred to in Docket No. 1499 and illustrate to the Commission the continuity of that formation as shown by those cross-sections?

A The heavy horizontal line, at that point, approximately 55 feet, is the top of the Blinebry formation, it's continuous, and all the wells we have on the cross-sections. And in this next exhibit, we have the same conditions, the formation is present in all the wells.

Q Now, those two cross-sections again traverse the center of every 40 acres we seek to attribute to this well, as well as the offset 40 acres, do they not?

A Yes, sir, they do.

Q And they illustrate then an uninterrupted-interconnected reservoir at least in this area?

A They appear to, yes.

Q Do you know of any geological reason why one well will not drain the area we seek to attribute to this well?

A I do not.

MR. MCGOWAN: I ask that these two exhibits be marked Exhibits No. 3 and 4 in this hearing. They are identical with 3 and 4 in the previous hearing, but they are for the Blinebry.

MR. PORTER: Let the record so show.

Q (by Mr. McGowan) The Exhibits 2, 3, and 4, so marked in this Docket were prepared by you and under your supervision?

A Yes, they were.

MR. MCGOWAN: I offer them in evidence and have no further questions.

MR. PORTER: Without objection, the exhibits will be admitted. Any questions of the witness? Mr. Cooley.

CROSS EXAMINATION

BY MR. COOLEY:

Q Mr. Merrill, let us assume that the same questions on cross examination were asked of you as were asked in Case 1499, except with the substitution of the Blinebry reservoir for that of the Tubb, would your answers be the same?

A I believe they would be essentially the same.

Q That's all.

MR. PORTER: Anyone else have a question. The witness may be excused.

(Witness excused.)

R. R. MARMOR

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

DIRECT EXAMINATION

BY MR. MCGOWAN:

Q Now, you are the same R. R. Marmor that just testified in Docket No. 1499?

A Yes, sir.

Q Mr. Marmor, if I ask you the same questions concerning the general drainage pattern and ability of one well in a gas reservoir that I asked you in that Docket, would your answer be essentially the same?

A Yes, sir.

Q Are you of the opinion that one well will drain 200-acres in the Blinebry Gas Pool around the Cone "A" 2 Well?

A Yes, sir, I do.

Q Do you know of any reason why it would not do so?

A No, sir, I can't think of any reason.

Q Have you made a pressure behavior analysis concerning the Blinebry around the Cone "A" 2 Well?

A Yes, we have done, we have an exhibit which shows it.

MR. MCGOWAN: I ask the clerk to mark that as Exhibit No. 5.

A It is a pressure behavior analysis of a well in the Blinebry Pool.

Q Will you very briefly state to the Commission what it shows?

A This exhibit shows that for the J. R. Cone "A" Well No. 2, that the pressure analysis indicates that the pressure drop from the periphery of a 200-acre circle to the well bore will be 247 psi, and from the periphery of a 160-acre circle, it would be 243 psi. In other words, we require 4 psi pressure drop to move the periphery of a 200-acre circle to a 160-acre circle to produce the 200-acre allowable. We did not show in this case the pressure drop from the farthest point of proration units since the farthest

point of the present proration unit is the same as the furthest point in any requested proration unit.

Q In other words, then, the unit as we are here requesting, it would add only acreage that is closer to the well, and acreage attributed to it?

A Yes, sir.

Q So, you have no basis for comparison of the wider rim because none would be created?

A That is correct.

Q In fact, the acreage we seek to add, have added to this unit, is the direct offset 40-acres to the east, is it not?

A Yes, sir.

Q Now, in making your recommendation to management that they seek to attribute this 200-acres to this well, have you considered its potential as against its possible allowable?

A Yes, sir, I have.

Q Will it produce the allowable that will be assigned to it on 200-acres?

A Yes, sir. Its deliverability is approximately 6,350,000 cubic feet against a 600 lb. line.

Q And what would its allowable be roughly?

A That would be about 6 times, 7 times.

Q In other words, the allowable would be a sixth of its deliverability against 600 lbs. line pressure?

A Yes. The allowable would be 907,000 cubic feet.

Q Now, did you also--First, you are familiar with the field rules concerning the Blinbry Gas Pool, are you not?

A Yes, sir.

Q And the Cone "A" 2 Well is properly located as therein required?

A Yes, sir.

Q You are also aware that such rules provide for and recognize the necessity and provide the method of obtaining non-standard units?

A Yes, sir.

Q And were you aware at that time of previous action of the Commission in connection with the granting of non-standard units?

A Yes, sir.

Q Have you compiled an exhibit which illustrates that?

A Yes, sir, I have an exhibit which shows a selection of Commission approved non-standard units in the Blinbry Gas Pool.

Q Again, the Sinclair proposed J. R. Cone "A" No. 2 Well is solely for comparison purposes?

A Yes.

Q I note that you have there a well, Skelly Baker "B" No. 15 which has 240-acres attribute?

A Yes, sir.

Q Will you similarly compare the distance from the well to the farthest edge of the unit and the potential of those two wells for illustration purposes?

A The distance from the well to the farthest point in the unit, in the Skelly Well, is 4,055 feet, as compared to Sinclair's 3,848 feet. Its deliverability is 4,221,000 cubic feet, against

Sinclair's deliverability of 6,350,000 cubic feet.

Q Such information as that, then, together with your opinion concerning the well's ability to drain and the other things you have mentioned led you to feel that we would not be unreasonable in asking the Commission to grant this unit as proposed?

A That is correct.

Q Now, will you refer to Exhibit 2 in the Docket, and again I ask you is the proration formula for the Blinebry Gas Pool based 100 per cent on acreage?

A Yes, sir.

Q Now, the Blinebry zone also has offset wells surrounding this acreage, does it not?

A That is correct.

Q And all acreage in this area is assigned to a Blinebry well other than the 40 acres we seek to attribute to it unless it is assigned to an oil well?

A In the immediate area.

Q Now, if I ask you the same questions concerning the allowable gas to each well; for instance, the allowable gas that Mr. Olsen has out of the S/2 of 26 as opposed to gas that we are entitled to produce, would your answers be the same as they were in Docket No. 1499?

A Yes, sir, they would.

Q The granting of this application would allow us to produce our share of the gas from this area, or the S/2 of 26?

A Yes, sir.

Q Now, are you of the opinion that this 200 acres will be developed acres if this application is granted?

A Yes, sir.

Q Do you have an opinion as to whether or not this well will efficiently and economically drain 200-acres in the Blinebry Gas Pool?

A Yes, I feel that this well can drain efficiently and economically drain 200-acres.

Q Any additional wells, dual completions, delay in forming other units, or anything of that sort, then, would similarly be spending money to recover at least essentially no more gas?

A That is correct.

Q And again, would increase the cost of the gas and make it less competitive?

A Yes, sir.

MR. MCGOWAN: I believe that's all. Were Exhibits 5 and 6 prepared by you or under your supervision?

A Yes, sir.

MR. MCGOWAN: I offer them in evidence, and that's all the questions I have.

MR. PORTER: Without objection, Exhibits 5 and 6 will be admitted. Does anyone else have a question of Mr. Marmor? Mr. Cooley.

CROSS EXAMINATION

BY MR. COOLEY:

Q Mr. Marmor, in this case, as in Case 1499, would there

be a differential of some four psi in this particular case?

A In this particular case?

Q Of unrecovered gas?

A Yes, sir.

Q To this extent that gas would be waived? It would not be recovered?

A It would be recovered by somebody.

Q Would the increased allowable that will result to your unit well as a result of granting a 200-acre proration unit as requested, result in a decrease in the producing capacity and ultimate recoveries from offsetting wells?

A I didn't quite follow that.

Q Same question that I asked you in the last case, will the increase in the allowable for your well result in a decrease in ultimate production from the offsetting wells?

A Yes, in the same manner as in the last case.

Q Do you have any permeability information regarding this?

A No, sir, we have none.

Q In the interest of time, would your answers be the same as those in Case 1499 if asked in this case regarding the Blinebry Reservoir as well as the Tubb?

A Yes, sir, they wouldn't change.

Q That's all the questions I have.

MR. PORTER: Any further questions of the witness. The witness may be excused.

MR. MCGOWAN: One question. The same decline Mr. Cooley refers to in the offset wells ultimate recovery would occur if a

new well were drilled in the NE of the SW and assigned a 40-acre allowable, wouldn't it?

A Yes, sir, the same.

MR. MCGOWAN: That's all.

MR. PORTER: No further questions, the witness may be excused. (Witness excused.)

MR. PORTER: Anyone else have testimony to offer in this case? Any statements?

MR. MCGOWAN: If the Commission please, I would like to make a very brief statement that will be applicable to both Docket 1499 and 1500.

I would like to point out that of the five offset operators, Humble, Pan American and Tidewaters executed and presented to this Commission waivers agreeing to and thereafter announcing the formation of this unit; that the objection from Continental was stated in their letter to be as a matter of policy, and that they have offered no actual objections to the application; that there has been no objection offered here today by Mr. Olsen to the granting of this application. Therefore, there are actually no objections from any offset operators in existence. Without belaboring the evidence in any way whatsoever, we feel that we have illustrated that the granting of these applications would in no way violate anybody's correlative rights nor in either Sinclair's, Gulf's or Mr. Cone's and their royalty owners' gas being taken by somebody else, or the forcing of Sinclair, Gulf and Mr. Cone to spend unnecessary dollars to recover their gas.

We believe further that the information has illustrated that these wells will unquestionably drain a radius area equal to the acreage we seek to attribute to them. Now, we are in sympathy with the idea of the Commission of establishing standard units in fields where it can be done and standard well drilling patterns. We submit, however, the time to attempt to do that is not on the last few undeveloped tracts in a gas pool after many non-standard units have already been granted and the pool is already developed, and that is what the Commission would be doing in denying these applications. These pools, as we all know, have produced essentially low wells that were drilled through them long ago to deeper formations. You obviously took cognizance of that in the original field rules in recognizing the need for non-standard units so that no new wells and money would have to be spent unnecessarily, and we feel that there is no reason to deny these applications and every reason in the world to grant them. If we go ahead and develop these two gas pools, there will be no significant amount of gas recovered by any additional wells that will not be recovered by wells previously drilled. It is actually drilled on 160-acres now, and we and our royalty owners are satisfied to take our chance in getting our 200-acres gas, rather than drill additional ones. Therefore, we submit that the Commission grant both applications.

I would say this further comment, that this being a de novo application from the Trial Examiner hearing denying the applications, we obviously were and are of the opinion that the Trial Examiner made an error or we wouldn't be here. We do feel, however, that had the case been presented to the Trial Examiner as we have

attempted to present it here today, he would have not made that error so, actually, it was our error and nothing else that brought it about.

MR. PORTER: Anyone else have anything to offer in this case. Case 1499 and 1500 will be taken under advisement.

ATTENTION: A. L. Porter, Jr. regarding Sinclair's Cases 1499 and 1500 which are scheduled for rehearing on the November 13 Docket. Gulf Oil Corporation is the operator of the 40-acre unit consisting of the NE 1/4 of the SW 1/4 of Section 26, T-21-S, R-37-E, in which Gulf owns a five-eighths or 25-acre interest. If the above-described 40-acre unit is not included in the expanded Blinbry and Tubb non-standard gas proration units as proposed by Sinclair, Gulf's property will suffer drainage in each case.

H. M. Bayer
Gulf Oil Corporation

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

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

WITNESS my Hand and Seal this 26th day of November, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Joseph A. Trujillo
Notary Public

My Commission Expires:
October 5, 1960