

Case No.

1516

Application, Transcript,
Small Exhibits, Etc.

Location for Wells Fargo Bill Type

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

January 15, 1959

C
O
P
Y

Mr. Oliver Seth
Seth, Montgomery, Federici & Andrews
P.O. Box 828
Santa Fe, New Mexico

Dear Mr. Seth:

On behalf of your client, El Paso Natural Gas Company, we enclose two copies of Order R-1317 issued January 14, 1959, by the Oil Conservation Commission in Case 1516, which was heard on January 7th at Santa Fe before an examiner.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

bp
Encls.

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

RECEIVED 1959
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IN THE MATTER OF:

Case No. 1516

TRANSCRIPT OF HEARING

JANUARY 7, 1959

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

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

Case 1516 Application of El Paso Natural Gas Company
for two non-standard gas proration units and
for the approval of one unorthodox gas well
location. Applicant, in the above-styled
cause, seeks an order establishing a 120-
acre non-standard gas proration unit in the
Jalmat Gas Pool consisting of the N/2 SW/4
of Section 4, Township 25 South, Range 37
East, said unit to be dedicated to the
Applicant's Wells Federal No. 3 Well loca-
ted 1980 feet from the South and West lines
of said Section 4. Applicant further seeks
the establishment of a 200-acre non-standard
gas proration unit in the Jalmat Gas Pool
consisting of the SE/4 SW/4 of Section 4 and
the NW/4 of Section 9, Township 25 South,
Range 37 East, Lea County, New Mexico, said
unit to be dedicated to the applicant's
Wells Federal No. 11 Well located 430 feet
from the South line and 2317 feet from the
West line of said Section 4. Applicant
further seeks approval of the unorthodox
gas well location of the said Wells Federal
No. 11 Well.

Mabry Hall
Santa Fe, New Mexico
January 7, 1959

BEFORE:

Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. SETH: We have a very short case, could we proceed
before we go to lunch?

MR. UTZ: Perhaps we'd better adjourn for lunch now.

MR. WHITWORTH: Garrett Whitworth of El Paso Natural Gas

Company. We have Mr. Oliver Seth as our resident Counsel and we would rather not have him unduly detained from his office and have to come back after lunch. May I suggest that this is a short case and can be dismissed now?

MR. UTZ: The next case will be 1516.

MR. PAYNE: Case 1516, "Application of El Paso Natural Gas Company for two non-standard gas proration units and for the approval of one unorthodox gas well location."

MR. WHITWORTH: For the record, Garrett C. Whitworth, El Paso Natural Gas, but Mr. Cliver Seth is our resident Counsel. We have one witness, Mr. David Rainey.

(Witness sworn in).

(Whereupon, the documents were marked as Applicant's Exhibits One and Two for identification).

DAVID H. RAINEY

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

DIRECT EXAMINATION

BY MR. WHITWORTH:

Q Will you state your name, please?

A David H. Rainey.

Q By whom and in what capacity are you employed, Mr. Rainey?

A I am employed by the El Paso Natural Gas Company in an administrative position in the Proration Department in El Paso, Texas.

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Q Have you previously been qualified to testify as an expert witness before this Commission?

A Yes sir, I have.

Q Are you familiar with El Paso Natural Gas Company's application in this case?

A Yes sir, I am.

Q What does El Paso Natural Gas Company seek by this application?

A El Paso seeks the approval of two non-standard proration units, one in our Wells Federal Number 3 Well located in the northeast quarter of the southwest quarter of Section 4, Township 25 South, Range 37 East, and another non-standard proration unit for the Wells Federal Number 11 Well located in the southeast quarter of the southwest quarter of Section 4, Township 25 South, Range 37 East, and for an unorthodox location for the Wells Federal Number 11.

Q Do you have a plat showing the location of these two wells?

A Yes, I do and it has been marked as Exhibit One. The proposed proration unit for our Wells Federal Number 3 is to consist of the north half of the southwest, and the southwest of the southwest of Township--of Section 4, Township 25 South, Range 37 East. This well is located 660 feet from the north and east lines of the southwest quarter of that section. And the unit for the Wells Federal Number 11 is to consist of the southeast quarter

of the southwest quarter of Section 4 and the northwest quarter of Section 9, Township 25 South, Range 37 East, Lea County, New Mexico.

Q Who is the owner of these two wells?

A El Paso Natural Gas Company.

Q Has the Wells Federal Number 11 Well been communitized?

A Yes sir, it has been communitized by a communitization agreement dated November 20, 1958 and communitized by the interests of all the working interest owners and the overriding royalty interest owners. I might point out that both of our leases are Federal leases.

Q Do you have a copy of this communitization agreement?

A Yes sir, this communitization agreement has been marked as El Paso's Exhibit Number Two.

Q Now, what is the proposed gas proration unit to be dedicated to the Wells Federal Number 11 Well?

A As I previously stated, it will be the southeast quarter of the southwest quarter of Section 4 and the northwest quarter of Section 9, Township 25 South, Range 37 East, Lea County, New Mexico in the Jalmat Gas Pool.

Q And you previously stated the one for the Wells Federal Number 3, is that right?

A Yes sir, and I might point out now that we will also need to have cancelled the current non-standard proration Order Number 369 on the Wells Federal Number 3 which granted the entire

southwest quarter of Section 4 as the dedicated unit for that well.

MR. UTZ: Was that an order or DC?

A An NSP order, administrative order.

MR. UTZ: Go ahead.

Q (By Mr. Whitworth) This well was approved as a non-standard unit in that location that you stated?

A Yes, sir.

Q Now, the proposed units that we have proposed by this application are non-standard units, is that correct?

A Yes sir, the spacing is standard spacing in the Jalmat Gas Pool and they are 640-acre units. Lesser acreage are considered are non-standard units, but the necessity for this hearing in this particular case is that the proposed unit for the Wells Federal Number 11 lies in portions of two sections.

Q Now, this Wells Federal Number 11 Well is your unorthodox location?

A Yes sir, it was originally drilled by the Olson Oil Company as an oil well, or proposed oil well and gas was encountered in the well. I don't believe I have given the location of this well previously, but it's 23, 17, and the well is 430 feet from the south line of Section 4, 25 South, 37 East.

Q Was that the Olson Oil Company or the Jal Oil Company?

A It may have been drilled by the Jal Oil Company. I was Jal Oil Company, I'll correct myself on that.

Q And was it drilled as a gas well or as an oil well?

A Well, it was proposed to be an oil well and the location of this well is a standard location for an oil well.

Q Is it a gas well or an oil well?

A It is now a gas well. There was no fluid produced from the well, but that is what they intended to do.

Q What is the production of gas?

A The well has not yet been produced. The initial potential was taken on the thing in April, 1958, and it showed an absolute open flow of 10,000,000 cubic feet per day.

Q In what formation was this well completed?

A The Wells Federal Number 11 and the Wells Federal Number 3 are both completed within the designated producing interval of the Jalmat Gas Pool.

Q To your knowledge, will the granting of the application prevent waste?

A Yes sir, specifically for the reason that if the application is not granted, it would be necessary to plug the Wells Federal Number 11 because we have all of that acreage dedicated to Number 3.

Q Will the granting of such application violate correlative rights, to your knowledge?

A No, sir.

Q Do you know of any interested party in this case other than those that signed the communitization agreement, El Paso's Exhibit Number Two?

A No, sir.

Q Were the two exhibits, El Paso's Exhibits One and Two, prepared under your direction or supervision?

A The plat, El Paso's Exhibit Number One, was prepared from a sketch which I personally made and the communitization agreement was prepared by our Land Department.

MR. WHITWORTH: We ask that the two exhibits be admitted.

MR. UTZ: Without objection, Exhibits One and Two will be admitted.

Q (By Mr. Whitworth) Do you have anything further that you would like to add to your testimony?

A No sir, I believe not.

MR. WHITWORTH: That's all I have.

MR. UTZ: Are there questions of the witness?

Mr. Rainey, do you know whether or not the Number 11 had a non-standard location approval when it was drilled as an oil well?

A It was my understanding that that location was a standard location for an oil well.

MR. UTZ: You think that 323.4 feet here would be standard acreage?

A To my knowledge, it did not have any specific unorthodox location approved on it, Mr. Utz. I can't state definitely, I don't know.

MR. UTZ: Any other questions of the witness?

MR. FISCHER: On the back of this agreement, is this the Indiana Petroleum Company or Indian?

A No sir, it's Indian Petroleum Company.

MR. UTZ: Any other questions?

MR. WHITWORTH: I have one question. When was this Wells Federal Number 11 Well completed?

A This well was spudded in October, 1957 and was completed in December--just a moment and I can get the exact date--completed December 15, 1957. At that time, as I stated before, it was completed as a gas well, and under working agreements between us and Olson and the Jal Oil Company, they tendered the well to us as a gas completion and the time involved since completion has been taken up with consultation with Olson and the Jal Oil Company and us and in executing this communitization agreement.

MR. UTZ: The Jal Oil Company actually drilled the well?

A Yes, sir.

MR. UTZ: Are there other questions?

If not, the witness may be excused.

Excuse me, I had one more question. How about the unit to the south of this proposed unit?

A There's no Jalmat wells completed at the present time in the southwest quarter of Section 9 or in the southeast quarter of Section 8. However, there are additional Jalmat wells completed south of that. This is essentially in the heart of the south end of the Jalmat field.

MR. UTZ: These other wells would be in --

A Would be in Sections 15 and 16.

MR. UTZ: That's right. In other words, most of these units are surrounded by Jalmat completions?

A Yes sir, I think there's no doubt that the entire unit would be productive of gas from the Jalmat Pool.

MR. UTZ: The witness may be excused.

(Witness excused).

MR. UTZ: Are there any other statements to be made in this case?

If not, the case will be taken under advisement.

The hearing is adjourned.

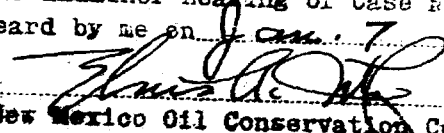
STATE OF NEW MEXICO)
 : ss
 COUNTY OF BERNALILLO)

I, JERRY MARTINEZ, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing was reported by me in Stenotype and that the same was reduced to typewritten transcript by me and contains a true and correct record of said hearing, to the best of my knowledge, skill and ability.

DATED this 22nd day of January, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.


 Notary Public

My Commission Expires:
 January 24, 1962

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1516, heard by me on Jan. 7, 1959.

 Examiner
 New Mexico Oil Conservation Commission

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

Case No. 1516

TRANSCRIPT OF HEARING

NOVEMBER 19, 1958

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

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
NOVEMBER 19, 1958

IN THE MATTER OF: :

CASE NO. 1516 Application of El Paso Natural Gas Company: :
for two non-standard gas proration units :
and for the approval of one unorthodox gas: :
well location. Applicant, in the above- :
styled cause, seeks an order establishing :
a 120-acre non-standard gas proration unit: :
in the Jalmat Gas Pool consisting of the :
N/2 SW/4 and the SW/4 Sw/4 of Section 4, :
Township 25 South, Range 37 East, said :
unit to be dedicated to the applicant's :
Wells Federal No. 3 Well located 1980 :
feet from the South and West lines of :
said Section 4. Applicant further seeks :
the establishment of a 200-acre non- :
standard gas proration unit in the Jalmat :
Gas Pool consisting of the SE/4 SW/4 of :
Section 4 and the NW/4 of Section 9, :
Township 25 South, Range 37 East, Lea :
County, New Mexico, said unit to be :
dedicated to the applicant's Wells :
Federal No. 11 Well located 430 feet :
from the South line and 2317 feet from :
the West line of said Section 4. Appli- :
cant further seeks approval of the un- :
orthodox gas well location of the said :
Wells Federal No. 11 Well. :

BEFORE:

Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: The hearing will come to order, please. We
have a continued case which is to be continued again that I would
like to take up at the present time and the next case will be
Case 1557.

MR. PAYNE: Case 1516, "Application of El Paso Natural Gas Company for two non-standard gas proration units and for the approval of one unorthodox gas well location."

Mr. Examiner, we have received a request from El Paso to continue this case until the first examiner hearing in January and I so move at this time.

MR. UTZ: Is there objection to the continuance of this case until the first examiner hearing in January? This is not listed on the docket, it is a continued case from last month. Without objection, the case will be continued until the first examiner hearing in January.

STATE OF NEW MEXICO)
 : ss
COUNTY OF BERNALILLO)

I, JERRY MARTINEZ, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing was reported by me in Stenotype at the time and place aforesaid; that the same was reduced to typewritten transcript by me and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

DATED this 26th day of November, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Jerry Martinez
Notary Public

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1516, heard by me on *Dec. 19* 19*58*.

My Commission Expires:
January 24, 1962

Wm. H. Utz Examiner
New Mexico Oil Conservation Commission

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

Case No. 1516

TRANSCRIPT OF HEARING

October 22, 1958

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

BEFORE THE
OIL CONSERVATION COMMISSION
October 22, 1958

IN THE MATTER OF:

Application of El Paso Natural Gas Company for :
two non-standard gas proration units and for the :
approval of one unorthodox gas well location. :
Applicant, in the above-styled cause, seeks an :
order establishing a 120-acre non-standard gas :
proration unit in the Jalmat Gas Pool consisting :
of the N/2 SW/4 and the SW/4 SW/4 of Section 4, :
Township 25 South, Range 37 East, said unit to :
be dedicated to the applicant's Wells Federal :Case 1516
No. 3 Well located 1980 feet from the South and :
West lines of said Section 4. Applicant further :
seeks the establishment of a 200-acre non- :
standard gas proration unit in the Jalmat Gas :
Pool consisting of the SE/4 SW/4 of Section 4 :
and the NW/4 of Section 9, Township 25 South, :
Range 37 East, Lea County, New Mexico, said :
unit to be dedicated to the applicant's Wells :
Federal No. 11 Well located 430 feet from the :
South line and 2317 feet from the West line of :
said Section 4. Applicant further seeks appro- :
val of the unorthodox gas well location of the :
said Wells Federal No. 11 Well. :

Mabry Hall
Santa Fe, New Mexico

BEFORE:

Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: The hearing will come to order, please.

We have three continued cases this morning which we will
take up first and dispose of them and follow the docket in order.
The first case on the docket will be Case 1516.

MR. PAYNE: "Application of El Paso Natural Gas Company

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for two non-standard gas proration units and for the approval of one unorthodox gas well location."

Mr. Examiner, we received a letter from El Paso Natural Gas Company requesting that this case be continued until the next examiner hearing in November. Since your next scheduled hearing is November 19, I move that this be continued until that date, November 19.

MR. UTZ: Is there objection to the continuance of Case 1516?

(No response).

MR. UTZ: If not, the case will be continued November 19 before me.

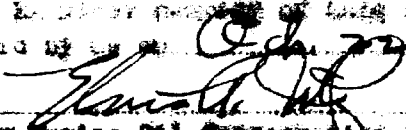
STATE OF NEW MEXICO)
 : ss
 COUNTY OF BERNALILLO)

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

WITNESS my Hand and Seal this 23rd day of October, 1958,
 in the City of Albuquerque, County of Bernalillo, State of New Mexico.


 Notary Public

My Commission Expires:
 January 24, 1962

I do hereby certify that the foregoing is
 a correct and true copy of the transcript as
 the same was presented to me on 10/23/58.
 Heard by me on 10/23/58.

 Examiner
 New Mexico Oil Conservation Commission

El Paso Natural Gas Company

El Paso, Texas

October 17, 1958

19-58

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

Re: Case No. 1516, Application of EPNG
for two Non-standard Gas Proration
Units and one Unorthodox Well Loca-
tion in Sections 4 and 9, Township
25 South, Range 37 East, Lea County,
New Mexico.

Dear Mr. Porter:

The captioned case which was originally scheduled for
October 2, 1958, was continued until October 22, 1958, in order
to allow time to effect communitization of the leases involved.
It has become apparent that this communitization will not be
concluded prior to the October 22 examiner hearing and it is,
therefore, requested that this case be further continued and
set for hearing at an examiner hearing in November.

Yours very truly,

Garrett C. Whitworth
Garrett C. Whitworth
Attorney

GCW:hsu

DOCKET: EXAMINER HEARING OCTOBER 22, 1958

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

The following cases will be heard before Elvis A. Utz, Examiner:

- CASE 962: Application of Humble Oil & Refining Company for the amendment of a unit agreement. Applicant, in the above-styled cause, seeks an order amending the South Four Lakes Unit Agreement approved by Order R-710 to enlarge the unit area to include the N/2 SW/4 of Section 1, Township 12 South, Range 34 East, Lea County, New Mexico.
- CASE 1527: Application of Tennessee Gas Transmission Company for permission to commingle the oil produced from two separate oil pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the oil produced from its State A. A. Kennitz "B" Well No. 5, located in the SW/4 NW/4 of Section 25, Township 16 South, Range 33 East, Lea County, New Mexico, from the Kennitz-Wolfcamp Pool and an undesignated Pennsylvanian (Cisco) pool. Applicant proposes to separately meter the production from each zone prior to commingling.
- CASE 1528: Application of Tennessee Gas Transmission Company to commingle the production from two separate oil pools from three of its state leases. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the oil produced from the Kennitz-Wolfcamp and Kennitz-Cisco Pools from the wells on its State "B", State "C" and State "D" Leases located in Sections 21 and 28, Township 16 South, Range 34 East, Lea County, New Mexico.
- CASE 1529: Application of Kersey & Company for permission to commingle production from two separate oil pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Grayburg-Jackson Pool and the Fren Pool from two wells located on the SE/4 SW/4 of Section 16, Township 17 South, Range 31 East, Eddy County, New Mexico. Applicant does not propose to meter the production from each pool.
- CASE 1530: Application of Rice Engineering & Operating, Inc. for an order authorizing a salt water disposal well. Applicant, in the above-styled cause, seeks an order authorizing the disposal of produced salt water through its E-M-E SWD Well No. A-32 to be located 1320 feet from the North and East lines of Section 32, Township 21 South, Range 36 East, Lea County, New Mexico. Applicant proposes to inject the produced salt water into the San Andres formation in the interval from 4250 feet to 4600 feet.

- CASE 1531: Application of Rice Engineering & Operating, Inc. for an order authorizing a salt water disposal well. Applicant, in the above-styled cause, seeks an order authorizing the disposal of produced salt water through Amerada Petroleum Corporation's Adkins Well No. 2, located 990 feet from the South line and 330 feet from the West line of Section 5, Township 20 South, Range 37 East, Lea County, New Mexico. Applicant proposes to inject the produced salt water into the San Andres formation in the interval from 4490 feet to 4950 feet.
- CASE 1532: Application of Sunray Mid-Continent Oil Company for an order authorizing a salt water disposal well. Applicant, in the above-styled cause, seeks an order authorizing the disposal of produced salt water through its Hobbs "G" Well No. 1, located 1980 feet from the North and West lines of Section 36, Township 9 South, Range 33 East, Lea County, New Mexico. Applicant proposes to inject the produced salt water through the well bore into the Pennsylvanian formation in the interval from 9834 feet to 9865 feet.
- CASE 1533: Application of El Paso Natural Gas Products Company for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing it to dually complete its Frontier No. 1-B Well, located 890 feet from the South line and 890 feet from the East line of Section 9, Township 27 North, Range 11 West, San Juan County, New Mexico, in such a manner as to permit the production of oil from an undesignated Gallup oil pool and the production of gas from an undesignated Dakota gas pool through parallel strings of tubing.
- CASE 1534: Application of Zapata Petroleum Corporation for permission to commingle production from nine non-contiguous state leases. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from nine separate state leases in the Vacuum Pool, all in Townships 17 and 18 South, Range 35 East, Lea County, New Mexico.
- CASE 1535: Application of Carper Drilling Company for permission to commingle the oil produced from two separate oil pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from three wells completed in the Corbin Pool and one well completed in the Maljamar Pool, all on its Wyatt lease in Sections 33 and 34, Township 17 South, Range 33 East, and Section 5, Township 18 South, Range 33 East, Lea County, New Mexico, and to ascertain the production from each well by means of periodic tests.
- CASE 1536: Application of Shell Oil Company for permission to commingle the oil produced from four separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from four separate state leases in Sections 8 and 9, Township 16 South, Range 34 East, Hume-Queen Pool, Lea County, New Mexico.

CASE 1537: Application of Pure Oil Company for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing it to dually complete its South Vacuum Unit No. 2-35 Well, located 1980 feet from the South line and 660 feet from the East line of Section 35, Township 18 South, Range 35 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the South Vacuum-Devonian Pool and gas from an undesignated McKee gas pool through parallel strings of tubing.

CASE 1538: Application of Aztec Oil & Gas Company for the assignment of minimum allowables to certain gas wells in the Fulcher Kutz-Pictured Cliffs Gas Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order assigning minimum allowables to the following described gas wells in the Fulcher Kutz-Pictured Cliffs Gas Pool in order to prevent premature abandonment of said wells:

Coxsens No. 3 and No. 4 Wells, both in Section 20, Township 29 North, Range 11 West;
Hart No. 1 Well, Section 11, Township 29 North, Range 12 West;
Holder No. 1 Well, Section 29, Township 30 North, Range 12 West;
Cornell No. 3 and No. 4 Wells, both in Section 12, Township 29 North, Range 12 West;

all in San Juan County, New Mexico.

CASE 1539: Application of T. J. Sivley for an exception to the casing requirements for the potash-oil area in Eddy and Lea Counties, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing an exception to the casing requirements for the potash-oil area as set forth in Order R-111-A for its Federal-Silver No. 1, an exploratory well to be located 1980 feet from the South and East lines of Section 28, Township 20 South, Range 34 East, Lea County, New Mexico. Applicant proposes to drill with cable tools to the Yates formation. The casing program of applicant is as follows:

13-3/8" Casing in top of red bed at approximately 70 feet.

10-3/4" Casing as cave string to about 700 feet.

8-5/8" Casing, this being the water shutoff string to approximately 1250', but in any event below water.

5-1/2" Casing to be set at a point selected by operator above pay zone expected to be encountered at 3625', but in no event to exceed a depth greater than 600 feet below the base of salt.

That the applicant should be permitted to pull all casing except the 5-1/2" production string in the event that commercial oil or gas is found.

CASE 1540: Application of E. P. Campbell for an exception to Rule 505 of the Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order granting an exception to Rule 505 of the Commission Rules and Regulations and assigning an allowable proportional factor of 1.33 for the oil pool in the Abo formation discovered by applicant's Cockerham No. 1 Well, NE/4 NE/4 Section 34, Township 18 South, Range 26 East, Eddy County, New Mexico, even though the depth of the casing shoe is 4205 feet. The top of the Abo pay is at approximately 5280 feet in the above-described well.

CONTINUED CASE

CASE 1516: Application of El Paso Natural Gas Company for two non-standard gas proration units and for the approval of one unorthodox gas well location. Applicant, in the above-styled cause, seeks an order establishing a 120-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the N/2 SW/4 and the SW/4 SW/4 of Section 4, Township 25 South, Range 37 East, said unit to be dedicated to the applicant's Wells Federal No. 3 Well located 1980 feet from the South and West lines of said Section 4. Applicant further seeks the establishment of a 200-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the SE/4 SW/4 of Section 4 and the NW/4 of Section 9, Township 25 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the applicant's Wells Federal No. 11 Well located 430 feet from the South line and 2317 feet from the West line of said Section 4. Applicant further seeks approval of the unorthodox gas well location of the said Wells Federal No. 11 Well.

El Paso Natural Gas Company

El Paso, Texas

September 26, 1958

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

Re: Case No. 1516, Application
of EPNG for two Non-standard
Gas Proration Units and One
Unorthodox Well Location in
Sections 4 and 9, Township 25
South, Range 37 East, Lea
County, New Mexico.

Dear Mr. Porter:

It has recently been discovered that more than one lease is involved in the captioned application, and the lands and leases should be communitized prior to a hearing on this matter. This case has been set for an examiner hearing on October 2, 1958.

El Paso Natural Gas Company requests that this case be continued until the first examiner hearing in November in order that said communitization can be accomplished prior to the hearing.

Yours very truly,


Garrett C. Whitworth
Attorney

GCW:bp

MAIN OFFICE CCC

PM 8:15

IN THE MATTER OF:

CASE 1516

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

TRANSCRIPT OF HEARING

OCTOBER 2, 1958

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE NEW MEXICO
Phone CHapel 2-6891

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
OCTOBER 2, 1958

IN THE MATTER OF: :

CASE 1516 Application of El Paso Natural Gas Company :
for two non-standard gas proration units and: :
for the approval of one unorthodox gas well :
location. Applicant, in the above-styled :
cause, seeks an order establishing a 120- :
acre non-standard gas proration unit in the :
Jalmat Gas Pool consisting of the N/2 SW/4 :
and the SW/4 SW/4 of Section 4, Township 25 :
South, Range 37 East, said unit to be dedi- :
cated to the applicant's Wells Federal No. 3 :
Well located 1980 feet from the South and :
West lines of said Section 4. Applicant :
further seeks the establishment of a 200- :
acre non-standard gas proration unit in the :
Jalmat Gas Pool consisting of the SE/4 SW/4 :
of Section 4 and the NW/4 of Section 9, Town- :
ship 25 South, Range 37 East, Lea County, New :
Mexico, said unit to be dedicated to the ap- :
plicant's Wells Federal No. 11 Well located :
430 feet from the South line and 2317 feet :
from the West line of said Section 4. Ap- :
plicant further seeks approval of the unor- :
thodox gas well location of the said Wells :
Federal No. 11 Well. :

BEFORE:

Mr. Elvis A. Utz, Examiner.

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

MR. UTZ: The next case will be Case 1516.

MR. COOLEY: Case 1516. Application of El Paso Natural
Gas Company for two non-standard gas proration units and for the
approval of one unorthodox gas well location.

3
Mr. Examiner, we have a letter from Garrett C. Whitworth, attorney for El Paso Natural Gas Company, requesting that Case 1516 be continued to the first Examiner Hearing to be set in November of 1958. The applicant, El Paso Natural Gas Company, has no objection to any Examiner who might be set to hear this case. Is there anyone here present who objects to the continuance of this case before any Examiner for the first Examiner Hearing set in the month of November, 1958?

MR. UTZ: I believe the next Examiner Hearing will be October the 22nd, or the first part of November. If there is no objection, the case will be continued until the next Examiner Hearing, which hearing may be before myself or Mr. Nutter, I am not sure which.

MR. COOLEY: Mr. Examiner, is that tentatively set for October 22nd?

MR. UTZ: Yes, it is.

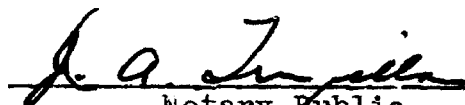
4

C E R T I F I C A T E

STATE OF NEW MEXICO)
 : ss
COUNTY OF BERNALILLO)

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

WITNESS my Hand and Seal, this, the 9th day of October, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.


Notary Public

My Commission Expires:

October 5, 1960.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the case of 1566
dated 10-2-58


Chairman
New Mexico Oil Conservation Commission

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. 1516
Order No. R-1317

APPLICATION OF EL PASO NATURAL GAS
COMPANY FOR TWO NON-STANDARD GAS
PRORATION UNITS AND ONE UNORTHODOX
GAS WELL LOCATION IN THE JALMAT 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 January 7, 1959, at Santa Fe, New Mexico, before Elvin A. Utn, 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 14th day of January, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvin A. Utn, 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, El Paso Natural Gas Company, is the operator of the SW/4 of Section 4 and the NW/4 of Section 9, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant is the operator of the following-described wells:

Wells Federal No. 3 Well, located 1980 feet from the South line and 1980 feet from the West line of said Section 4.

Wells Federal No. 11 Well, located 430 feet from the South line and 2317 feet from the West line of said Section 4.

(4) That the applicant proposes the establishment of two non-standard gas proration units in the Jalmat Gas Pool, to-wit:

-2-

Case No. 1516
Order No. R-1317

A 120-acre non-standard gas proration unit consisting of the N/2 SW/4 and the SW/4 SW/4 of said Section 4, to be dedicated to the above-described Wells Federal No. 3 Well.

A 200-acre non-standard gas proration unit consisting of the SE/4 SW/4 of said Section 4 and the NW/4 of said Section 9, to be dedicated to the above-described Wells Federal No. 11 Well.

(5) That the applicant further seeks approval of the unorthodox gas well location of said Wells Federal No. 11 Well.

(6) That by Administrative Order NSP-369 applicant was granted a 160-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the SW/4 of said Section 4 and dedicated to said Wells Federal No. 3 Well; That said NSP-369 should now be cancelled.

(7) That approval of the subject application will not cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That a 120-acre non-standard gas proration unit in the Jalmat Gas Pool, consisting of the N/2 SW/4 and the SW/4 SW/4 of Section 4, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, be and the same is hereby established. Said unit is to be dedicated to applicant's Wells Federal No. 3 Well, located 1980 feet from the South line and 1980 feet from the West line of said Section 4.

(2) That the said Wells Federal No. 3 Well be granted an acreage factor for allowable purposes in the proportion that the above-described acreage bears to a standard gas proration unit for the Jalmat Gas Pool.

(3) That a 200-acre non-standard gas proration unit in the Jalmat Gas Pool, consisting of the SE/4 SW/4 of said Section 4 and the NW/4 of Section 9, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, be and the same is hereby established. Said unit is to be dedicated to applicant's Wells Federal No. 11 Well, located 430 feet from the South line and 2317 feet from the West line of said Section 4.

(4) That the said Wells Federal No. 11 Well be granted an acreage factor for allowable purposes in the proportion that the above-described acreage bears to a standard gas proration unit for the Jalmat Gas Pool.

-3-
Case No. 1816
Order No. B-1817

(5) That the unorthodox gas well location of the said Wells Federal No. 11 Well be and the same is hereby approved.

(6) That Administrative Order NHP-369 be and the same is hereby cancelled.

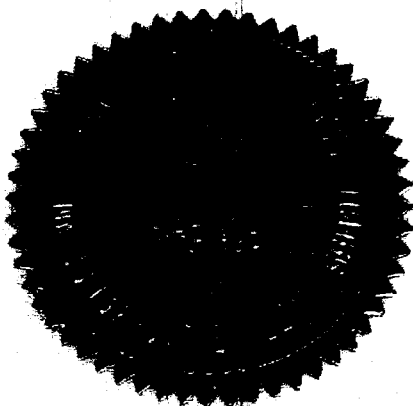
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John Burroughs
JOHN BURROUGHS, Chairman

Murray E. Moran
MURRAY E. MORAN, Member

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



OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 1-7-59

CASE NO. 1516

HEARING DATE 1-7-59

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

approve E. P.'s application as follows:

1. Cancel NSP #369 for the SW/4 of sec. 4
255-37E.
2. approve 120 A.C. NSP for Wells #3
located 1980 from S-W line of sec. 4, consisting
of N/2 SW/4, SWSW sec. 4, 255-37E.
3. approve 200 C.C. unit for Wells #11,
located 2316.6 from west and 430 from south
line of sec. 4, 255-37E.
4. approve NSL for the Wells #11.
5. All in Jalisco Gas Pool.

Ernest A. [Signature]

Staff Member

El Paso Natural Gas Company

1000 El Paso, Texas 8:35

September 19, 1958

exam hearing

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

Oct. 2

Doyle

Dear Mr. Porter:

I have enclosed for filing with the Commission
an original and two copies of Applicant's substitute appli-
cation in Case No. 1516 on the Examiner Hearing Docket of Oc-
tober 2, 1958.

Yours very truly,

Garrett C. Whitworth
Garrett C. Whitworth
Attorney

GCW:bp
Encl.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

MAIN OFFICE CCC
SEP 12 AM 8:35

IN THE MATTER OF THE APPLICATION OF EL PASO
NATURAL GAS COMPANY FOR THE ESTABLISHMENT OF
A 120-ACRE NON-STANDARD GAS PRORATION UNIT
IN THE JALMAT GAS POOL CONSISTING OF THE N/2
OF THE SW/4 AND THE SW/4 OF THE SW/4 OF
SECTION 4, TOWNSHIP 25 SOUTH, RANGE 37 EAST,
LEA COUNTY, NEW MEXICO, SAID UNIT TO BE
DEDICATED TO THE APPLICANT'S WELLS FEDERAL
#3 WELL LOCATED 1980 FEET FROM THE SOUTH AND
WEST LINES OF SAID SECTION 4 AND THE ESTAB-
LISHMENT OF A 200-ACRE NON-STANDARD GAS
PRORATION UNIT IN THE JALMAT GAS POOL CON-
SISTING OF THE SE/4 OF THE SW/4 OF SECTION 4
AND THE NW/4 OF SECTION 9, TOWNSHIP 25 SOUTH,
RANGE 37 EAST, LEA COUNTY, NEW MEXICO, SAID
UNIT TO BE DEDICATED TO THE APPLICANT'S WELLS
FEDERAL #11 WELL LOCATED 430 FEET FROM THE
SOUTH LINE AND 2317 FEET FROM THE WEST LINE
OF SAID SECTION 4 AND FOR THE ESTABLISHMENT
OF AN UNORTHODOX LOCATION FOR SAID WELLS
FEDERAL #11 WELL

APPLICANT'S SUBSTITUTE APPLICATION

Comes now El Paso Natural Gas Company, hereinafter called
"Applicant", and files this substitute application which replaces
and is completely substituted for an application previously filed
with this Commission, being Case No. 1516 on the Examiner Hearing
Docket of October 2, 1958, and alleges and states:

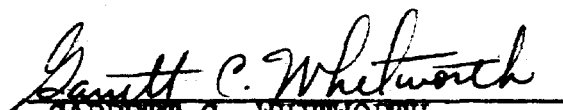
1. Heretofore, Jal Oil Company, Inc., a New Mexico Corpora-
tion, has drilled Wells Federal #11 well, the location of which is
indicated by a plat which is marked "Exhibit 1" and which is
attached hereto and made a part hereof, expecting to complete
the same as an oil well. Said well was completed as a gas well
in the Yates and Seven Rivers Formations.
2. Applicant has acquired all interest in said well and it
is situated on lands covered by United States of America Oil and
Gas Lease number LC-055546 under which Applicant owns the operating
rights for the production of gas.
3. Applicant's Wells Federal #3 well is located 1980 feet
from the south line and 1980 feet from the west line of the SW/4
of Section 4, Township 25 South, Range 37 East, N.M.P.M., Lea
County, New Mexico. A non-standard proration unit comprising
120 acres should be dedicated to said well which will be composed

of the N/2 of the SW/4 and the SE/4 of the SW/4 of Section 4, Township 25 South, Range 37 East, N.M.P.M., Lea County, New Mexico. Applicant's Wells Federal #11 well is located 430 feet from the south line and 2317 feet from the west line of said Section 4. It is also located 323.4 feet from the east line of the SE/4 of the SW/4 of said Section 4 and 890 feet from the north line of the SE/4 of the SW/4 of said Section 4, and is therefore located in an unorthodox location. Said unorthodox location should be approved for said well, and a non-standard unit should be established and dedicated to said Wells Federal #11 well comprising 200 acres which unit should be composed of the NW/4 of Section 9 and the SE/4 of the SW/4 of Section 4, Township 25 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

4. If the relief requested in this application is granted it will prevent waste and will not prejudice or violate correlative rights.

5. No other interested party is known to applicant.

WHEREFORE, Applicant respectfully requests that notice of this application be given as required by law and that upon final hearing an order be issued to approve said two proposed non-standard proration units and to approve the unorthodox location of Wells Federal #11 well for the production of gas and such other and further relief to which applicant may show itself justly entitled.


GARRETT C. WHITWORTH
Attorney for
EL PASO NATURAL GAS COMPANY

DOCKET: EXAMINER HEARING OCTOBER 2, 1958

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

The following cases will be heard before Elvis A. Utz, Examiner:

CASE 1225: Application of Moab Drilling Company for authority to expand its water flood project in the High Lonesome Pool, Eddy County, New Mexico, and for approval of certain unorthodox well locations therein. Applicant in the above-styled cause, seeks an order authorizing the expansion of its water flood project in the High Lonesome Pool, Eddy County, New Mexico, to include its Davis-Federal Well No. 11-W, a proposed water injection well to be drilled on an unorthodox location 1310 feet from the North line and 2630 feet from the West line of Section 15, Township 16 South, Range 29 East. Applicant further seeks an administrative procedure for the future expansion of said water flood project to include the following proposed water injection wells to be drilled on unorthodox locations:

Davis-Federal No. 1-W; 10 feet from the North line and 2630 feet from the West line of Section 15.

Davis-Federal No. 2-W; 10 feet from the North line and 1310 feet from the West line of Section 15.

Skelly-State No. 15-W; 1310 feet from the North line and 2630 feet from the West line of Section 16.

Skelly-State No. 25-W; 2630 feet from the North line and 2630 feet from the West line of Section 16.

All in Township 16 South, Range 29 East.

CASE 1511: Application of Newmont Oil Corporation for an order authorizing a pilot water flood project. Applicant, in the above-styled cause, seeks an order authorizing it to institute a pilot water flood project in the Loco Hills Pool in Eddy County, New Mexico. Applicant proposes to inject water into the Grayburg formation through one well in Section 1, Township 18 South, Range 29 East, and through five wells in Section 6, Township 18 South, Range 30 East, all in Eddy County, New Mexico.

CASE 1512: Application of Humble Oil & Refining Company for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its Bandana Point Unit Agreement embracing approximately 14,293 acres of Federal, state and fee acreage in Township 22 South, Range 23 East, and Township 23 South, Ranges 23 East and 24 East, all in Eddy County, New Mexico.

CASE 1513: Application of Drilling and Exploration Company, Inc. for an exception to the casing requirements for the potash-oil area in Lea and Eddy Counties, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing an exception to the shallow-zone casing requirements for the potash-oil

CASE 1513 continued

area as set forth in Order No. R-111-A for its Ballard No. 1 Well located 1980 feet from the North and West lines of Section 27, Township 20 South, Range 34 East, Lea County, New Mexico. Applicant proposes to drill with cable tools to an approximate depth of 3,700 feet adjacent to the Lynch Pool. Applicant proposes to use the following casing program in lieu of the program prescribed for cable tool holes by Order R-111-A:

- (1) 13 3/8 inch casing to be cemented at approximately 70 feet.
- (2) 10 3/4 inch casing to be landed at approximately 700 feet.
- (3) 8 5/8 inch casing to be landed at approximately 1250 feet.
- (4) 5 1/2 inch casing to be cemented at the top of the producing formation with 50 sacks cement for testing purposes.
- (5) 10 3/4 inch casing and 8 5/8 inch casing to be pulled.
- (6) In the event commercial production is obtained, 5 1/2 inch casing to be perforated and cement circulated to surface.

CASE 1514:

Application of Continental Oil Company for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its Tonto Deep Unit Agreement embracing 2,000 acres, more or less, of Federal and state lands in Township 18 South, Range 34 East, Lea County, New Mexico.

CASE 1515:

Application of Continental Oil Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 320-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the S/2 Section 22, Township 22 South, Range 36 East, Lea County, New Mexico, said unit to be dedicated to the applicant's Meyer B-22 Well No. 1 located 1650 feet from the South line and 990 feet from the East line of said Section 22.

CASE 1516:

Application of El Paso Natural Gas Company for two non-standard gas proration units and for the approval of one unorthodox gas well location. Applicant, in the above-styled cause, seeks an order establishing a 120-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the N/2 SW/4 and the SW/4 SW/4 of Section 4, Township 25 South, Range 37 East, said unit to be dedicated to the applicant's Wells Federal No. 3 Well located 1980 feet from the South and West lines of said Section 4. Applicant further seeks the establishment of a 200-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the SE/4

CASE 1516 continued

SW/4 of Section 4 and the NW/4 of Section 9, Township 25 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the applicant's Wells Federal No. 11 Well located 430 feet from the South line and 2317 feet from the West line of said Section 4. Applicant further seeks approval of the unorthodox gas well location of the said Wells Federal No. 11 Well.

CASE 1517: Application of Amerada Petroleum Corporation for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its State BT "M" Well No. 2, located in the SE/4 NE/4 of Section 33, Township 11 South, Range 33 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the upper Pennsylvanian formation adjacent to the Bagley-Upper Pennsylvanian Gas Pool, and the production of oil from the lower Pennsylvanian formation adjacent to the Bagley-Lower Pennsylvanian Gas Pool through the casing-tubing annulus and the tubing respectively.

CASE 1518: Application of Magnolia Petroleum Company for permission to commingle production from two separate oil pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Wantz-Abo (oil) Pool and Terry-Blinebry Oil Pool on its Stephens Estate Lease comprising the SW/4 of Section 24, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 1519: Application of Sunray Mid-Continent Oil Company and British American Oil Producing Company for an order authorizing a secondary recovery project. Applicants, in the above-styled cause, seek an order authorizing a secondary recovery project in the Bisti-Lower Gallup Oil Pool in San Juan County, New Mexico. Applicants propose to inject liquefied petroleum gas and dry gas into the Gallup formation through the British American Marye Well No. 2 located in the NE/4 NE/4 of Section 12, Township 25 North, Range 13 West, and the Sunray Mid-Continent Federal "C" Well No. 20 located in the SW/4 NW/4 of Section 7, Township 25 North, Range 12 West, all in San Juan County, New Mexico.

CASE 1520: Application of Phillips Petroleum Company for permission to commingle oil produced from two separate pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the oil produced on its Santa Fe Lease from the Yates formation adjacent to the Vacuum Yates Pool with the oil produced from the Vacuum (San Andres) Pool in four separate existing tank batteries located in Sections 26, 27, 33, and 33, Township 17 South, Range 35 East, Lea County, New Mexico.

CASE 1521: Application of Humble Oil and Refining Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its New Mexico State "V" Well No. 1, located 660 feet from the South and West lines of Section 10, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Blinebry Oil Pool and the Drinkard Pool through parallel strings of $1\frac{1}{2}$ inch tubing.

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 10-24-58

CASE NO. 1516

HEARING DATE 10-22-58

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

Case continued until November 19, 1958
before Ed. [Signature]

[Signature]

11-29-58

Continued again to the first Examining
hearing in Jan. 1959.

[Signature]

Staff Member

El Paso Natural Gas Company

El Paso, Texas

November 14, 1958

*Continue until
I am ready*

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

Re: Case No. 1516, Application of EPNG
for two Non-standard Gas Proration
Units and one Unorthodox Well Loca-
tion in Sections 4 and 9, Township
25 South, Range 37 East, Lea County,
New Mexico.

Dear Mr. Porter:

This case is scheduled for examiner hearing on November 19, 1958. Oliver Payne informed me that it has been inadvertently omitted from the docket but that it will be called. Since communitization of the leases involved has not been concluded, El Paso will not be prepared to present evidence on this case on the 19th and we hereby request that this case be further continued until an examiner hearing in the latter part of December.

Yours very truly,

Garrett C. Whitworth
Garrett C. Whitworth
Attorney

GCW:hsW

DOCKET: EXAMINER HEARING NOVEMBER 19, 1958

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

The following cases will be heard before Elvis A. Utz, Examiner:

- CASE 1337: Application of Gulf Oil Corporation for permission to commingle the production from two separate oil pools. Applicant, in the above-styled cause, seeks an order amending Order R-1093 and Order R-1093-A to authorize it to commingle the production from the Montoya formation with the production from the Ellenburger, Fusselman, and McKee formations on its Learcy Mc-Buffington Lease consisting of the S/2 of Section 13, Township 25 South, Range 37 East, Lea County, New Mexico.
- CASE 1548: Application of Shell Oil Company for an automatic custody transfer system and for permission to commingle the production from four separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to install an automatic custody transfer system and to commingle the production from the Vacuum Pool on four State Leases located in Sections 29, 30, and 31, Township 17 South, Range 35 East, Lea County, New Mexico.
- CASE 1549: Application of Tidewater Oil Company for two non-standard gas proration units. Applicant, in the above-styled cause, seeks an order establishing a 120-acre non-standard gas proration unit, in both the Tubb Gas Pool and the Blinbry Gas Pool, each to comprise the S/2 SE/4 and SE/4 SW/4 of Section 36, Township 21 South, Range 37 East, Lea County, New Mexico, and to be dedicated to applicant's State "Q" Well No. 1, located in the SE/4 SW/4 of said Section 36, which well is dually completed in the aforesaid pools.
- CASE 1550: Application of Tidewater Oil Company to commingle the production from several separate oil pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Ellenburger, McKee, Fusselman, Montoya and any other pool or pools encountered which produces oil of similar qualities on its Coates "C" Lease comprising the E/2 and SE/4 NW/4 and NE/4 SW/4 of Section 24, Township 25 South, Range 37 East, Lea County, New Mexico. Applicant further requests permission to commingle production from the Drinkard formation on said lease with any other pool or pools encountered which produce sour crudes. Applicant proposes to separately meter production from each pool prior to being commingled. Applicant further seeks permission to produce more than sixteen wells into said common facilities.
- CASE 1551: Application of Pan American Petroleum Corporation for permission to commingle the production from three separate leases and for permission to produce more than sixteen wells into a common tank battery. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Empire-Abo Pool from the three separate Federal leases hereinafter described:

LC-065478-B N/2 NW/4, NE/4, N/2 SE/4, and E/2 SW/4
Section 3; E/2 Section 10

NE-025604 S/2 SE/4 Section 3; W/2 Section 10

LC-067858 N/2 and SW/4 Section 11

all in Township 18 South, Range 27 East, Eddy County, New Mexico. Applicant further requests authority to produce more than sixteen wells into the common tank battery for said leases. Applicant proposes to separately meter production from each of the above-described leases prior to being commingled.

CASE 1552:

Application of Pan American Petroleum Corporation for permission to commingle the production from four separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Abo formation adjacent to the Empire-Abo Pool from the four separate State leases hereinafter described:

E-5461 NW/4 NW/4 Section 2

B-7244-30 S/2 NW/4, NW/4 SW/4, and SE/4 SW/4 Section 2

B-8814-12 NE/4 SW/4 Section 2

E-7833 SW/4 SE/4 Section 2

all in Township 18 South, Range 27 East, Eddy County, New Mexico. Applicant proposes to separately meter the production from each of said leases prior to being commingled.

CASE 1553:

Application of The Texas 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 it to dually complete its Peery-Federal (NCT-1) Well No. 1 located 1980 feet from the North and East lines of Section 29, Township 15 South, Range 30 East, Chaves County, New Mexico, in such a manner as to permit the production of oil from an undesignated Devonian oil pool and gas from an undesignated Ellenburger Gas Pool through parallel strings of tubing. Applicant further requests permission to commingle the liquids and low pressure gas produced from the Devonian and Ellenburger formations from all existing and future wells on its Peery-Federal Lease which comprises all of said Section 29.

CASE 1554:

Application of The Texas Company for an automatic custody transfer system and for permission to commingle the production from five separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to install an automatic custody transfer system and to commingle the production from the Bisti-Lower Gallup Oil Pool on five Navajo Allottee Leases located in Sections 14, 15, and 23, Township 25 North, Range 11 West, San Juan County, New Mexico. Applicant proposes to separately meter the production from each lease prior to being commingled.

CASE 1555:

Application of H. K. Riddle for two non-standard oil proration units and two unorthodox oil well locations. Applicant, in the above-styled cause, seeks an order establishing a 61-acre non-standard oil proration unit consisting of Lots 1, 2, 3, and 4 of Section 18, said unit to be dedicated to a well to be drilled on an unorthodox location 1980 feet from the South line and 252 feet from the West line of said Section 18; applicant further seeks

the establishment of a 63-acre non-standard oil proration unit consisting of Lots 1, 2, 3, and 4 of Section 19, said unit to be dedicated to a well to be drilled on an unorthodox location 660 feet from the North line and 256 feet from the West line of said Section 19, all in the Bisti-Lower Gallup Oil Pool, Township 26 North, Range 13 West, San Juan County, New Mexico.

CASE 1556:

Application of Chaco Oil Company for an exception to Rule 104 of the Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order authorizing it to drill four additional oil wells in the Red Mountain-Mesaverde Oil Pool in the SW/4 SE/4 of Section 20 and the NW/4 NE/4 of Section 29, Township 20 North, Range 9 West, McKinley County, New Mexico.

CASE 1557:

Application of Cities Service Oil Company for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing it to dually complete its State "P" No. 3 Well located 990 feet from the South and West lines of Section 32, Township 22 South, Range 38 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Blinbry Oil Pool and from an undesignated Glorieta oil pool through parallel strings of tubing.

Continued Cases

CASE 1516: El Paso

CASE 1537: PARE

El Paso Natural Gas Company

MAIN OFFICE DCC

Exam hearing

El Paso, Texas
RECEIVED 5 AM 8:22
September 3, 1958

Carl 1516

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

Dear Mr. Porter:

I have enclosed the original and two copies of El Paso Natural Gas Company's application for an order to establish an unorthodox location for its Wells Number 11 well, located 430 feet from the south line and 2316.6 feet from the west line of Section 4, Township 25 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

We request that this matter be filed with the Commission and set for hearing before an examiner at the soonest possible date.

Yours very truly,

Garrett C. Whitworth
Garrett C. Whitworth
Attorney

GCW:bp
Encl.

*Added docket
5-19-58
BR*

Case 1516

BEFORE THE OIL CONSERVATION COMMISSION MAIN OFFICE CCC
OF THE STATE OF NEW MEXICO

1953 SEP 5 AM 8:22

IN THE MATTER OF THE APPLICATION OF
EL PASO NATURAL GAS COMPANY FOR THE
ESTABLISHMENT OF AN UNORTHODOX LOCATION
FOR THE WELLS NUMBER 11 WELL LOCATED 430 FEET
FROM THE SOUTH LINE AND 2316.6 FEET FROM THE
WEST LINE OF SECTION 4, TOWNSHIP 25 SOUTH,
RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO,
BY DEDICATING TO SAID WELL 200 ACRES COMPRISING
THE NW/4 OF SECTION 9 AND THE SE/4 OF THE SW/4
OF SECTION 4, TOWNSHIP 25 SOUTH, RANGE 37 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO, WITHDRAWING
SAID SE/4 OF THE SW/4 OF SAID SECTION 4 FROM THE
ACREAGE NOW DEDICATED TO EL PASO NATURAL GAS
COMPANY'S WELLS NUMBER 3 WELL

Jalmet

APPLICATION

Comes now El Paso Natural Gas Company hereinafter
called "Applicant" and alleges and states:

1. Heretofore, Jal Oil Company, Inc., a New Mexico Corporation, has drilled Wells Number 11 well, the location of which is indicated by a plat which is marked Exhibit 1 and which is attached hereto and made a part hereof, expecting to complete the same as an oil well. Said well was completed as a gas well in the Yates and Seven Rivers Formations.
2. Applicant has acquired all interest in said well and it is situated on lands covered by United States of America Oil and Gas Lease number LC-055546 under which Applicant owns the operating rights for the production of gas.
3. Heretofore, this Commission has approved a non-standard unit for Applicant's Wells Number 3 well, comprising the SW/4 of Section 4, Township 25 South, Range 37 East, N.M.P.M., Lea County, New Mexico. The SE/4 of said SW/4 of said Section 4 should be withdrawn from said non-standard unit and should be dedicated to said Wells Number 11 well together with the NW/4 of Section 9, Township 25 South, Range 37 East, N.M.P.M., Lea County, New Mexico, so that the resulting non-standard unit for said Wells Number 11 well will comprise 200 acres.

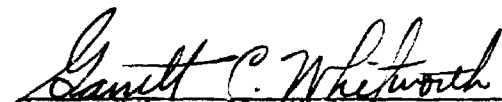
4. Applicant owns the gas operating rights on all acreage surrounding said proposed non-standard unit.

5. Applicant seeks an order from this Commission approving said proposed non-standard unit and said well for the production of gas.

6. If said order is granted, it will prevent waste and will not prejudice correlative rights.

7. No other interested party is known to Applicant.

WHEREFORE, Applicant respectfully requests that this matter be set down for hearing before an Examiner at the soonest possible date, that notice thereof be given as required by law and that upon final hearing an order be issued approving said non-standard unit and withdrawing the SE/4 of SW/4 of said Section 4 from the acreage now dedicated to Applicant's Wells Number 3 well.


GARRETT C. WHITWORTH
Attorney for
EL PASO NATURAL GAS COMPANY

El Paso Natural Gas Company
MAIN OFFICE CCC

El Paso, Texas
1958 SEP 5 PM 2:33
September 3, 1958

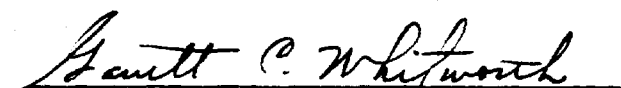
Mr. A. L. Porter
Director, New Mexico Oil Conservation
Commission
P. O. Box 871
Santa Fe, New Mexico

Re: El Paso Natural Gas Company's
Application for an Order to
Establish an Unorthodox Location
for its Wells Number 11 well,
located 430 feet from the South
Line and 2316.6 feet from the West
Line of Section 4, Township 25 South,
Range 37 East, N.M.P.M., Lea County,
New Mexico.

Dear Mr. Porter:

I have enclosed three copies of Exhibit 1 to be
attached to the captioned application which was mailed to
you this date. Exhibit 1 was inadvertently omitted.

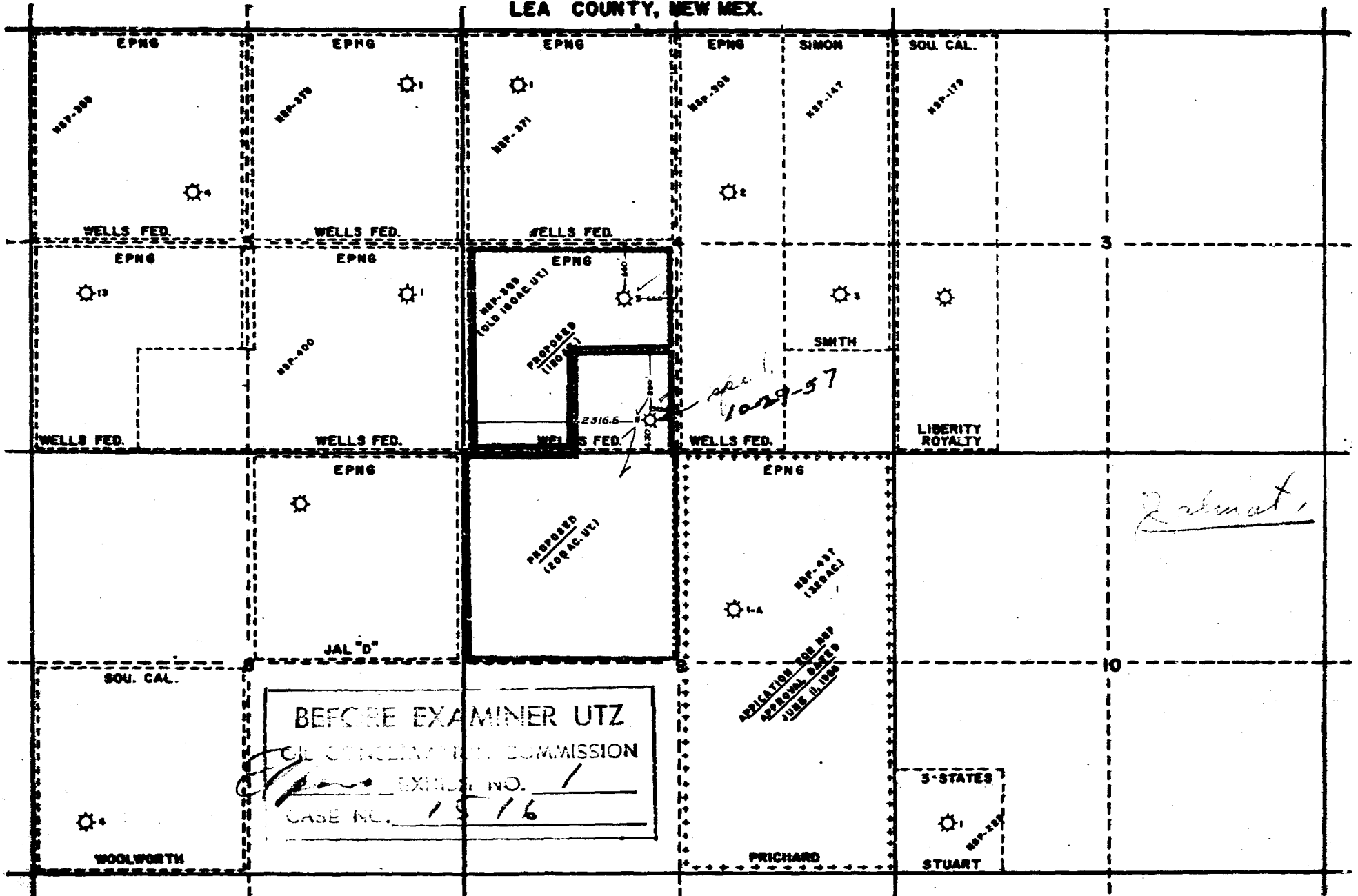
Yours very truly,


Garrett C. Whitworth
Attorney

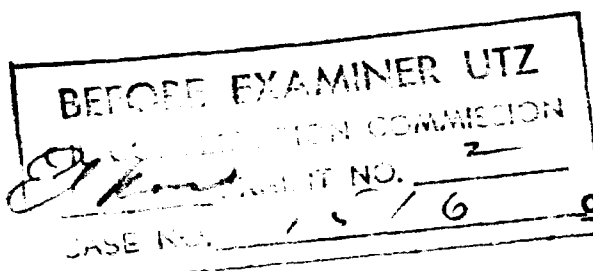
GCW:bp
Encl.

EXHIBIT I
TOWNSHIP 25 S RANGE 37 E

LEA COUNTY, NEW MEX.



1516



Contract No. _____

COMMUNITIZATION AGREEMENT

Wells Federal 11 Well

This Agreement entered into as of the 20th day of November, 1958, by and between the parties subscribing, ratifying or consenting hereto, such parties being hereinafter referred to as "parties hereto";

W I T N E S S E T H:

WHEREAS, the Mineral Leasing Act of February 25, 1920, 41 Stat. 437, as amended by the Act of August 8, 1946, 60 Stat. 950, 30 U.S.C., Secs. 181, et seq., authorizes communitization or drilling agreements communitizing or pooling a federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing dry gas and associated liquid hydrocarbons in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto, as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 25 South, Range 37 East, N.M.P.M.
Section 9: NW/4 & Section 4: SE/4 SW/4
Lea County, New Mexico
Containing 200.00 acres, more or less

and this agreement shall extend to and include only the formations lying between

the top of the Tansili Formation down to a point 100 feet above the base of the Seven Rivers Formation underlying said lands and the dry gas and associated liquid hydrocarbons (hereinafter referred to as "communitized substances") producible from such formations by a gas well located on such communitized area.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "A", designating the operator of the communitized area and showing the acreage, and ownership of oil and gas interests in all lands within the communitized area.

3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Oil and Gas Supervisor.

4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.

5. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire interest committed to this agreement.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payment of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued.

7. There shall be no obligation on the lessees to offset any dry gas well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor

shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligations to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.

9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.

10. This agreement shall be effective as of the date hereof upon which the unit allowable for this communitized area established by the New Mexico Oil Conservation Commission first becomes effective, by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior, or his duly authorized representative and the Commissioner of Public Lands of the State of New Mexico, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced from the communitized area in paying quantities; provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representatives, and the Commissioner of Public Lands of the State of New Mexico, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. If after the expiration of the two (2) year term of this agreement, the unit well is reclassified or should the communitized area cease to produce communitized substances in paying quantities for any reason, the unit shall not terminate if within six (6) months operations are commenced on the unit to restore commercial production of communitized substances therefrom.

11. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is Lessor, and in the applicable oil and gas regulations of the Department of the Interior.

12. In connection with the performance of work under this agreement, the operator agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The operator agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the nondiscrimination clause.

The operator agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

13. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantees, transferee or other successor in interest, and as to Federal land shall be subject to the approval of the Secretary of the Interior.

14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.

15. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the
day and year first above written.

EL PASO NATURAL GAS COMPANY

By *Sam Smith*
Attorney-in-Fact

ATTEST:

A. M. Smith
Secretary

INDIAN PETROLEUM COMPANY

By *R. H. Anderson*
President

ATTEST:

Nesley Boyd
Secretary

ANDERSON-PRICHARD OIL CORPORATION

By *Blair Anderson*
President

ATTEST:

Wm. H. English
Secretary

FIRST CHICAGO CORPORATION

By *Wm. H. English*
President

ATTEST:

Patrick A. Flynn
Secretary

JAL OIL COMPANY, INC.

By *Wm. H. English*
President

ATTEST:

A. M. Smith
Secretary

WESTERN PETROLEUM COMPANY

By *Thomas F. Carson*
President

STATE OF TEXAS

COUNTY OF EL PASO

The foregoing instrument was acknowledged before me this 26th day of December, 1958, by Sam Smith, as Attorney-in-Fact for EL PASO NATURAL GAS COMPANY, a corporation, on behalf of said corporation.

My Commission expires
June 1, 1959

M. B. Ivey
Notary Public in and for El Paso County,
Texas
M. B. IVEY
Notary Public in and for El Paso County, Texas
My Commission Expires June 1, 1959

STATE OF California
COUNTY OF San Diego

The foregoing instrument was acknowledged before me this 27th day of December, 1958, by J. H. Harrison, President of INDIAN PETROLEUM COMPANY, a corporation, on behalf of said corporation.

My Commission expires:
My Commission Expires Mar. 29, 1960.

W. H. Harrison
Notary Public in and for San Diego
County, State of California

STATE OF Oklahoma
COUNTY OF Oklahoma

The foregoing instrument was acknowledged before me this 24th day of November, 1958, by Roland V. Rodman, President of ANDERSON-PRICHARD OIL CORPORATION, a corporation, on behalf of said corporation.

My Commission expires:
1-13-62

Mary Jane McAllister
Notary Public in and for Oklahoma
County, State of Oklahoma

STATE OF Illinois
COUNTY OF Cook

The foregoing instrument was acknowledged before me this 12th day of December, 1958, by G. M. Ferguson, President of FIRST CHICAGO CORPORATION, a corporation, on behalf of said corporation.

My Commission expires:
MY COMMISSION EXPIRES FEB. 17, 1959

Karl M. Lempi
Notary Public in and for Cook
County, State of Illinois

STATE OF

COUNTY OF

The foregoing instrument was acknowledged before me this 24th day
of December, 1958, by Howard Olsen
President of JAL OIL COMPANY, a corporation, on behalf of said corporation.

My Commission expires:

June 1960

Harley K. Fair
Notary Public in and for Missouri
County, State of Missouri

STATE OF California

COUNTY OF San Francisco

The foregoing instrument was acknowledged before me this 2nd day
of December, 1958, by Thomas J. Parsons
President of WESTERN PETROLEUM COMPANY, a corporation, on behalf of said
corporation.

My Commission expires:

My Commission Expires Mar. 29, 1960.

Grace Kone
Notary Public in and for California
County, State of California

EXHIBIT "A"

To a Communitization Agreement dated _____, 1958, embracing the following described land in Lea County, New Mexico, to-wit:

Township 25 South, Range 37 East, N.M.P.M.
Section 9: NW/4 & Section 4: SE/4 SW/4
Containing 200.00 acres, more or less

Operator of Communitized Area: El Paso Natural Gas Company
Well Name: El Paso Natural Gas Company-Wells Federal #11 Well

Description of Leases Committed

Tract No. 1

Lease Committed by: El Paso Natural Gas Company
Lessor: United States of America
Original Lessee: E. J. Wells
Lessee of Record: Anderson-Prichard Oil Corporation and First Chicago Corporation
Serial Number of Lease: LC 055546
Lease Date: January 4, 1935
Description of land committed: Township 25 South, Range 37 East, N.M.P.M. Section 4: SE/4 of the SW/4 containing 40 acres, more or less

Operating Agreements: Gas Operating and Development Contract dated November 6, 1939, by Anderson-Prichard Oil Corporation and the Illinois Oil Company to El Paso Natural Gas Company. Operating Agreement dated May 18, 1955, between Anderson-Prichard Oil Corporation, First Chicago Corporation, El Paso Natural Gas Company, and Indian Petroleum Company.

Tract No. 2

Lease Committed by: El Paso Natural Gas Company
Lessor: United States of America
Original Lessee: Anderson-Prichard Oil Corporation
Lessee of Record: Anderson-Prichard Oil Corporation
Serial Number of Lease: LC 032511 (F)
Lease Date: November 1, 1935
Description of land committed: Township 25 South, Range 37 East, N.M.P.M. Section 9: N/2 NW/4 containing 80 acres, more or less

Operating Agreements: Gas Operating and Development Contract dated November 6, 1939, by Anderson-Prichard Oil Corporation and the Illinois Oil Company, to El Paso Natural Gas Company.

Tract No. 3

Lease Committed by:	El Paso Natural Gas Company
Lessor:	United States of America
Original Lessee:	Anderson-Prichard Oil Corporation
Lessee of Record:	Anderson-Prichard Oil Corporation
Serial Number of Lease:	LC 032511 (E)
Lease Date:	November 1, 1935
Description of land committed:	Township 25 South, Range 37 East, N.M.P.M. Section 9: S/2 NW/4 containing 80 acres, more or less
Operating Agreements:	Gas Operating and Development Contract dated November 6, 1939, by Anderson- Prichard Oil Corporation and the Illinois Oil Company to El Paso Natural Gas Company.

MM 44-1
MM 46
MM 87