

CASE 1646: Amerada Petr. Corp. applica-  
tion for oil-oil dual of Ida Wimberley Well  
#9, Sec. 25-25S-37E.

# END OF ROLL

41

ROLL NUMBER

DOCUMENT TYPE

Case files

DATE OF FILMING

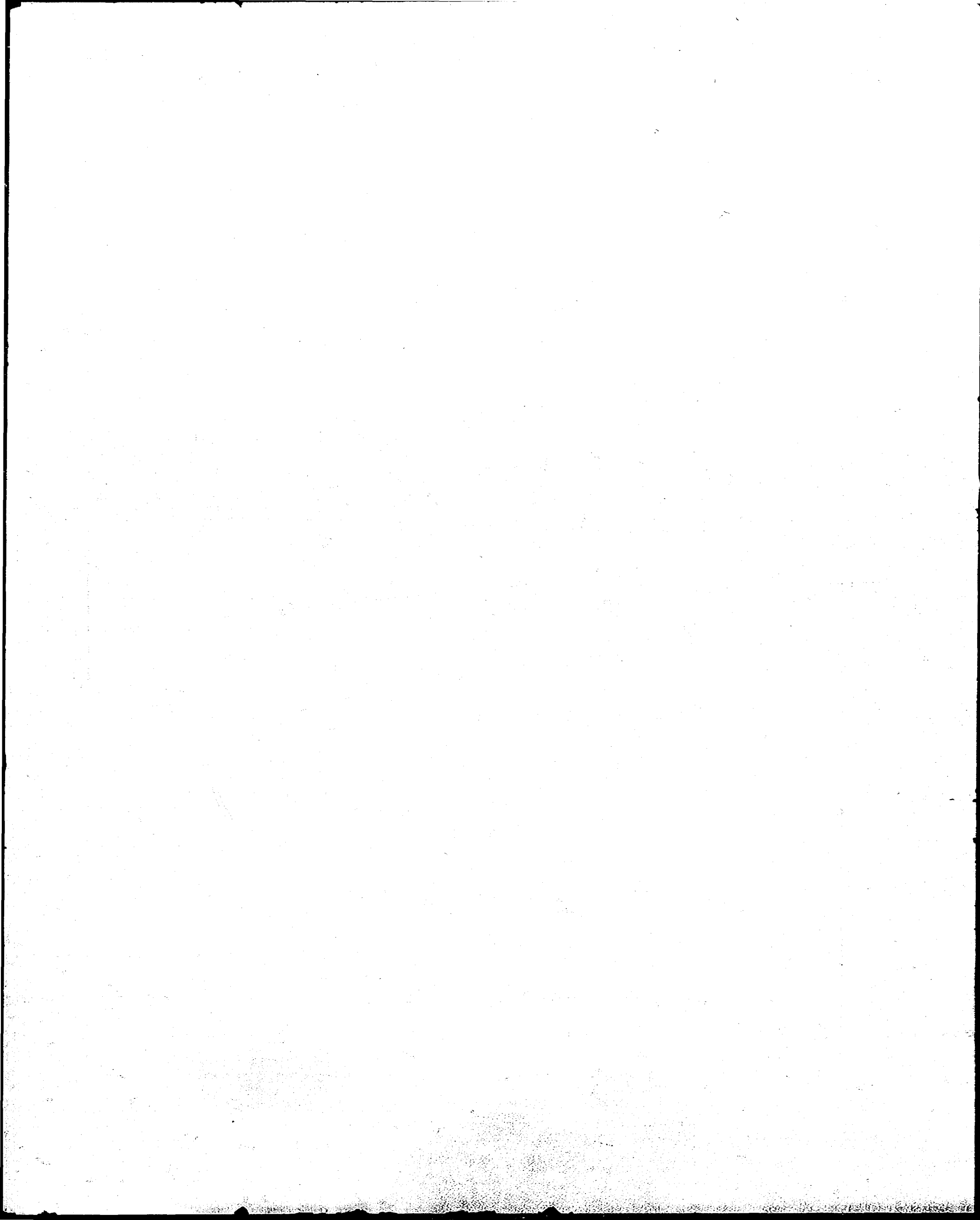
11-6-84

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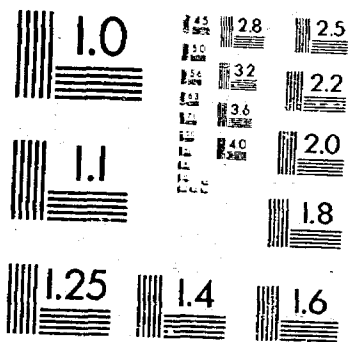
Frank Marquis

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Case # 11645 Order # R-1385 page 2



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R. David Ortiz  
SUPERVISOR

STATE OF NEW MEXICO    )  
                                  )    SS.  
COUNTY OF VALENCIA    )

Sworn and Subscribed to me, A Notary Public,

This 1st day of December, 19 93

Stephen Croghan  
NOTARY PUBLIC

MY COMMISSION EXPIRES: 10-2-86

CERTIFICATE OF AUTHENTICITY

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Frank Marquis  
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R. David Ortiz  
SUPERVISOR

STATE OF NEW MEXICO    )  
                                  )    SS.  
COUNTY OF VALENCIA    )

Sworn and Subscribed to me, A Notary Public,

This 1st day of December, 19 93

Lybini Aragon  
NOTARY PUBLIC

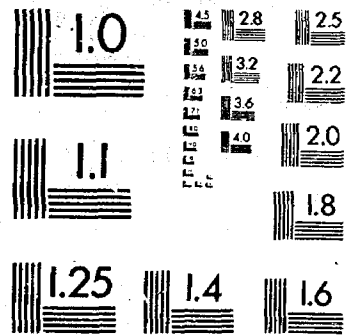
MY COMMISSION EXPIRES: 10-2-86

CERTIFICATE OF AUTHENTICITY

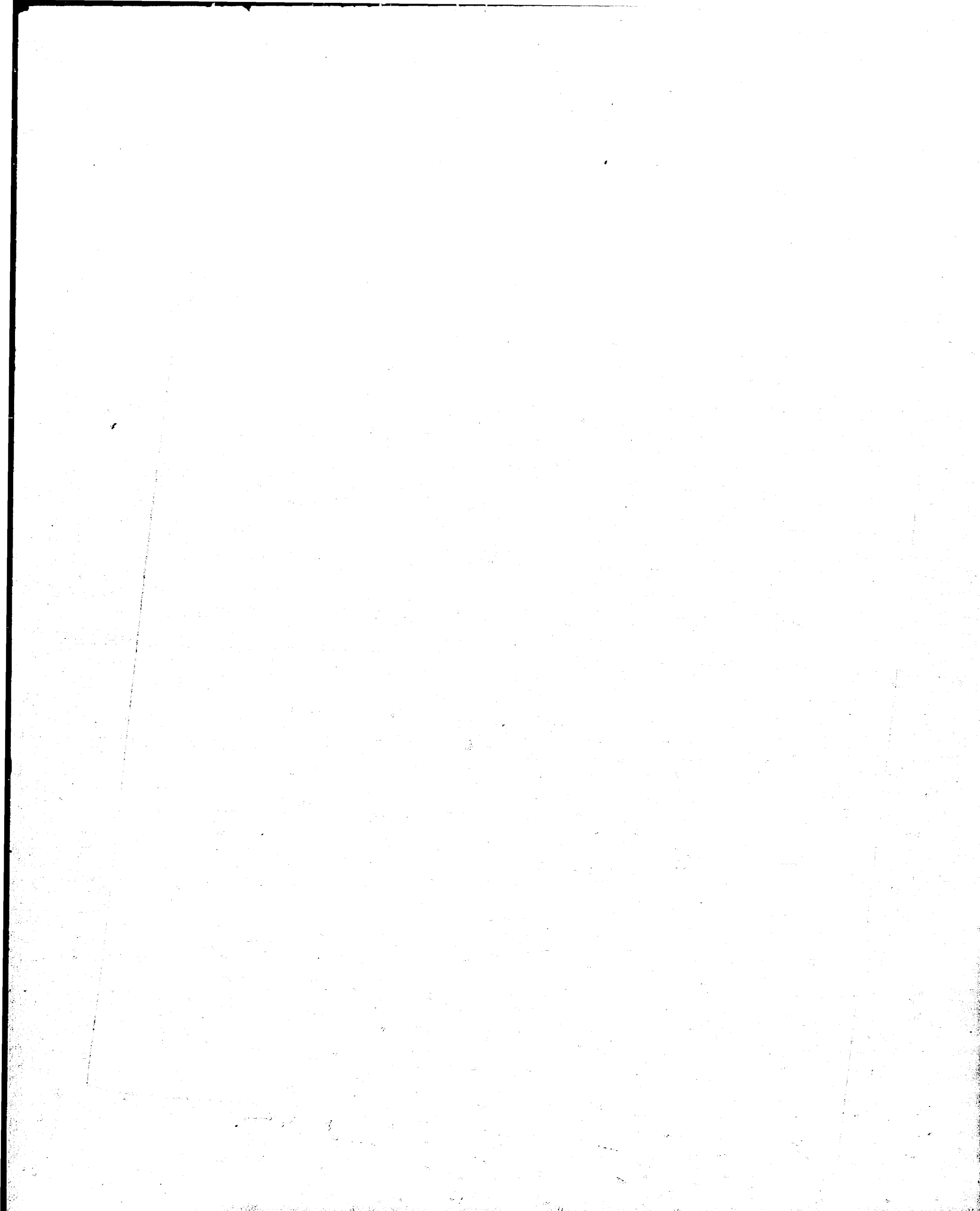
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Frank Marquis  
CAMERA OPERATOR

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# START OF ROLL

41

ROLL NUMBER

DOCUMENT TYPE Case files

DATE OF FILMING 11-7-84

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BEGINNING DOCUMENT Folder, case file 11646

CASE 1646: Amerada Petr. Corp. applica-  
tion for oil-oil dual of Ida Wimberley Well  
#9, Sec. 25-25S-37E.

Case No.

1646

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Application, Transcript,  
Small Exhibits, Etc.

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1646

TRANSCRIPT OF HEARING

APRIL 22, 1959

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

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
APRIL 22, 1959

IN THE MATTER OF:

CASE 1646 Application of Amerada Petroleum Corporation for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Ida Wimberley Well No. 9 located 1650 feet from the North line and 990 feet from the West line of Section 25, Township 25 South, Range 37 East, Lea County, New Mexico, in such manner as to permit the production of oil from the Blinebry formation adjacent to the Justis-Blinebry Oil Pool and the production of oil from the Justis-Drinkard Pool through parallel strings of 2-3/8 inch tubing.

BEFORE:

Daniel S. Nutter, 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. NUTTER: The hearing will come to order, please. We will take the next case.

MR. PAYNE: Case 1646. Application of Amerada Petroleum Corporation for an oil-oil dual completion.

MR. KELLAHIN: Kellahin & Fox, Santa Fe, New Mexico, appearing for the applicant. We have one witness, Mr. Broschot.

(Witness sworn)

R. E. BROSCOT,

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please.

A My name is R. E. Broschot.

Q By whom are you employed?

A I am employed by Amerada Petroleum Corporation, Monument,  
New Mexico.

Q Have you testified before this commission in the past  
and have you expert qualifications?

A Yes, I have.

MR. KELLAHIN: Are the witness' qualifications satis-  
factory?

MR. NUTTER: Yes, they are.

Q (By Mr. Kellahin) Mr. Broschot, are you familiar with  
the application in Case 1646? A Yes, I am.

Q What is proposed in this application?

A In Case 1646 we are applying for a dual completion on  
our Ida Wimberley No. 9; a dual completion in the Blinebry and  
Drinkard zones in the Justis Pool.

Q Is that for the production of oil from both zones?

A Yes. That would be oil productive in both zones.

Q Have you prepared a plat showing the area involved in  
this application? A Yes, I have.

Q Referring to Exhibit No. 1, would you state briefly  
what that shows?

A Exhibit No. 1 is a plat of the Justis area, Lea County, New Mexico. It shows the location of the subject well, the Ida Wimberley No. 9, which is located in the Southwest quarter of the Northwest quarter of Section 25, Township 25 South, Range 37 East.

Q Does the exhibit also show wells that are presently producing in the Blinebry zone or the Drinkard zone?

A I don't have them designated on the map. The wells that are presently drilled in the Justis field are shown with two circles.

Q And does the plat reflect the lease ownership in the area involved?

A Yes, it does.

Q Now, what is the present status of the subject well, the Wimberley No. 9? What zone is it producing from?

A At the present time we are producing this well from the Blinebry zone.

Q Now, referring to Exhibit No. 2, Mr. Broschot, does that show the proposed completion on this well?

A Yes. Exhibit No. 2 is a diagrammatic sketch of the proposed dual completion on this well.

Q Now, referring to the exhibit, would you discuss briefly the casing program, cementing, and other information delineated on the exhibit?

A This exhibit shows our surface casing which is set at 511 feet. It is 13 3/8 set at 3269, and the top of the cement at 1499, and 7 inch production stream of casing set at 6050. The

Blinebry zone is perforated from 5278 to 5444; Drinkard from 5861 to 5918, with a Baker Model "D" Packer set at 5800 feet. We will be producing through two strings of 2 3/8 tubing.

MR. NUTTER: I believe you stated the Drinkard zone was perforated to 5918. Would you like to correct that?

A Yes. I'd like to correct that. It would be 5861 to 5909 and from 5918 to 5942.

Q (By Mr. Kellahin) Now, is this a type of completion which has heretofore been approved by this Commission for oil duals?

A Yes, it is.

Q Is the completion of such nature as will protect the producers?

A Yes, it is.

Q What kind of tests can you make in regard to leakage, Mr. Broschot?

A We can conduct packer leakage tests as specified by the Commission with this completion.

Q Do you have a log of the subject well?

A Yes, I have.

Q Referring to Exhibit No. 3 will you state what that is?

A Exhibit No. 3 is an electric log of the Ida Wimberley No. 9 on which the perforations in the Blinebry and Drinkard zones have been marked.

Q Are those the perforations you have described in connection with Exhibit No. 2?

A Yes, they are.

Q Do you have any pressure information on the Drinkard



and Blinebry zones?

A Yes, I have.

Q State what those are.

A Initial bottom pressure in the Drinkard zone at a minus 2800 feet sub sea was 2539 p.s.i. Initial bottom hole pressure on the Blinebry zone at a minus 2200 feet was 2214 p.s.i.

Q Now, what are the gravities of the fluids in the two zones?

A Gravity of the Drinkard zone was 35.3 degrees. Gravity of the Blinebry zone was 39 degrees.

Q Are the gas-oil ratios the same on the two zones?

A Roughly the same at the present time. Initial gas ratio in the Drinkard zone was 669; Blinebry zone was 474.

Q Would you expect any change as a result of production in either one of the zones?

A Several other operators in the Justis-Blinebry Pool have had an increase in gas-oil ratio, and we believe that our well may do the same.

Q Would that be in the Blinebry zone? A Yes.

Q Now, is there any way you would detect packer leakage aside from the routine tests required by the Commission?

A We would be able with a two-pen pressure recorder to obtain casing and tubing pressures on the two zones, and from that I believe we would be able to determine any packer leaks that may occur.

Q In your opinion, is the approval of this application

in the interests of conservation and the prevention of waste?

A Yes, it is.

Q And is it adequate to protect the producing horizons?

A Yes, it is.

Q Were Exhibits 1 and 2 prepared by you or under your direction and supervision?

A They were prepared under my direction.

Q And Exhibit No. 3, what is that?

A Exhibit No. 3 is an electric log as run by a logging company on this well.

MR. KELLAHIN: At this time we'd like to offer Exhibits 1, 2, and 3 inclusive.

MR. NUTTER: Without objection Exhibits 1 through 3 will be received.

MR. KELLAHIN: That's all the questions I have, Mr. Examiner.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Broschot, I don't believe you stated what size of tubing you are using in this well.

A It will be two strings of 2 3/8.

Q Is this a liner or a full string casing?

A This 2 3/8 inch is a full string casing.

Q What type of packer do plan to use?

A A Baker Model "D" production packer.

Q What is the pressure differential that will exist across the packer?

A Bottom hole pressure?

Q Yes, sir.

A Approximately 400 pounds.

Q Is this Baker Model "D" differential in that magnitude?

A Yes, it is.

MR. NUTTER: Any further questions of Mr. Broschot?

QUESTIONS BY MR. FISCHER:

Q As a matter of curiosity, are there any Baker Model "D" packers that are not permanent? Are you familiar with any?

A I don't believe Baker has a retrievable packer. But it's not classified as a Model "D"; they have a different designation.

QUESTIONS BY MR. NUTTER:

Q One other question, Mr. Broschot. I notice in the application that the name "Wimberley" is spelled W-i-m-b-e-r-l-y. This question of the correct spelling has come before us.

A The correct spelling is: W-i-m-b-e-r-l-e-y. It is misspelled on our plat.

MR. NUTTER: Thank you. If there is no further questions of Mr. Broschot, he may be excused.

(Witness excused)

MR. NUTTER: If there is nothing further in this case, we will take it under advisement and take the next case, Case 1647.

STATE OF NEW MEXICO ( )  
COUNTY OF BERNALILLO ( ) SS

I, Ned A. Greenig, Court Reporter in and for the County of Bernalillo, State of N w 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 that the same is a true and correct record to the best of my knowledge, skill, and ability.

*Ned A. Greenig*  
COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of case No. 1646 heard by me on 4-22, 1959.

*Samuel M. ...* Examiner  
New Mexico Oil Conservation Commission

AMERADA PETROLEUM CORPORATION

DRAWER "D"  
MONUMENT, NEW MEXICO

PHONE HOBBS, N. M. — EX 3-2145

March 23, 1959

*H. C. Capps*

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

Gentlemen:

Enclosed herewith please find Application for dual completion with attached diagrammatic sketch of dual completion, plat and electrical log for our Ida Wimberley Well No. 9 located in Unit "E", Section 25, T-25-S, R-37-E, Lea County, New Mexico, to permit production of oil from the Blinebry and Drinkard formations.

Yours very truly,

*D. C. Capps*  
D. C. Capps  
Dist. Superintendent

DCC/dw

Encl.

cc: N.M. Oil Conservation Comm. - Hobbs, N.M.  
El Paso Natural Gas Co.  
Olsen Oil Company  
Amerada - Tulsa  
Amerada - Midland

*Docket Mailed  
4-11-59  
EP*

NEW MEXICO OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

7-3-58

APPLICATION FOR DUAL COMPLETION

Field Name Justis Drinkard Justis Blinebry		County Lea	Date March 23, 1959
Operator Amerada Petroleum Corporation		Lease Ida Wimberley	Well No. 9
Location of Well	Unit Ug#	Section 25	Township 25-S Range 37-E

1. Has the New Mexico Oil Conservation Commission heretofore authorized the dual completion of a well in these same pools or in the same zones within one mile of the subject well? YES \_\_\_\_\_ NO X
2. If answer is yes, identify one such instance: Order No. \_\_\_\_\_ ; Operator, Lease, and Well No.:

3. The following facts are submitted:

	Upper Zone	Lower Zone
a. Name of reservoir	Blinebry	Drinkard
b. Top and Bottom of Pay Section (Perforations)	5278' to 5444'	5861' to 5909' 5918' to 5942'
c. Type of production (Oil or Gas)	Oil	Oil
d. Method of Production (Flowing or Artificial Lift)	Flowing	Flowing

4. The following are attached. (Please mark YES or NO)

- Yes a. Diagrammatic Sketch of the Dual Completion, showing all casing strings, including size and setting, top of cement, perforated intervals, tubing strings, including diameters and setting depth, location and type of packers and side door chokes, and such other information as may be pertinent.
- Yes b. Plat showing the location of all wells on applicant's lease, all offset wells on offset leases, and the names and addresses of operators of all leases offsetting applicant's lease.
- Yes c. ~~Waivers consenting to such dual completion from each offset operator, or in lieu thereof, evidence that said offset operators have been furnished copies of the application. \*~~
- Yes d. Electrical log of the well or other acceptable log with tops and bottoms of producing zones and intervals of perforation indicated thereon. (If such log is not available at the time application is filed, it shall be submitted as provided by Rule 112-A.)

5. List all offset operators to the lease on which this well is located together with their correct mailing address.

El Paso Natural Gas Co. - P. O. Box 1384 - Jal, New Mexico

Olsen Oil Company - 2811 Liberty Nat'l. Bank Bldg. - Oklahoma City, Oklahoma

6. Were all operators listed in Item 5 above notified and furnished a copy of this application? YES X NO \_\_\_\_ . If answer is yes, give date of such notification March 25, 1959

CERTIFICATE: I, the undersigned, state that I am the District Superintendent of the Amerada Petroleum Corporation (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

D. C. Capps  
D. C. Capps

D. C. Capps  
Signature

- \* Should waivers from all offset operators not accompany an application for administrative approval, the New Mexico Oil Conservation Commission will hold the application for a period of twenty (20) days from date of receipt by the Commission's Santa Fe office. If, after said twenty-day period, no protest nor request for hearing is received by the Santa Fe office, the application will then be processed.
- NOTE: If the proposed dual completion will result in an unorthodox well location and/or a non-standard perforation unit in either or both of the producing zones, then separate application for approval of the same should be filed simultaneously with this application.

511

1499

3269

2886

5278-5444

5775

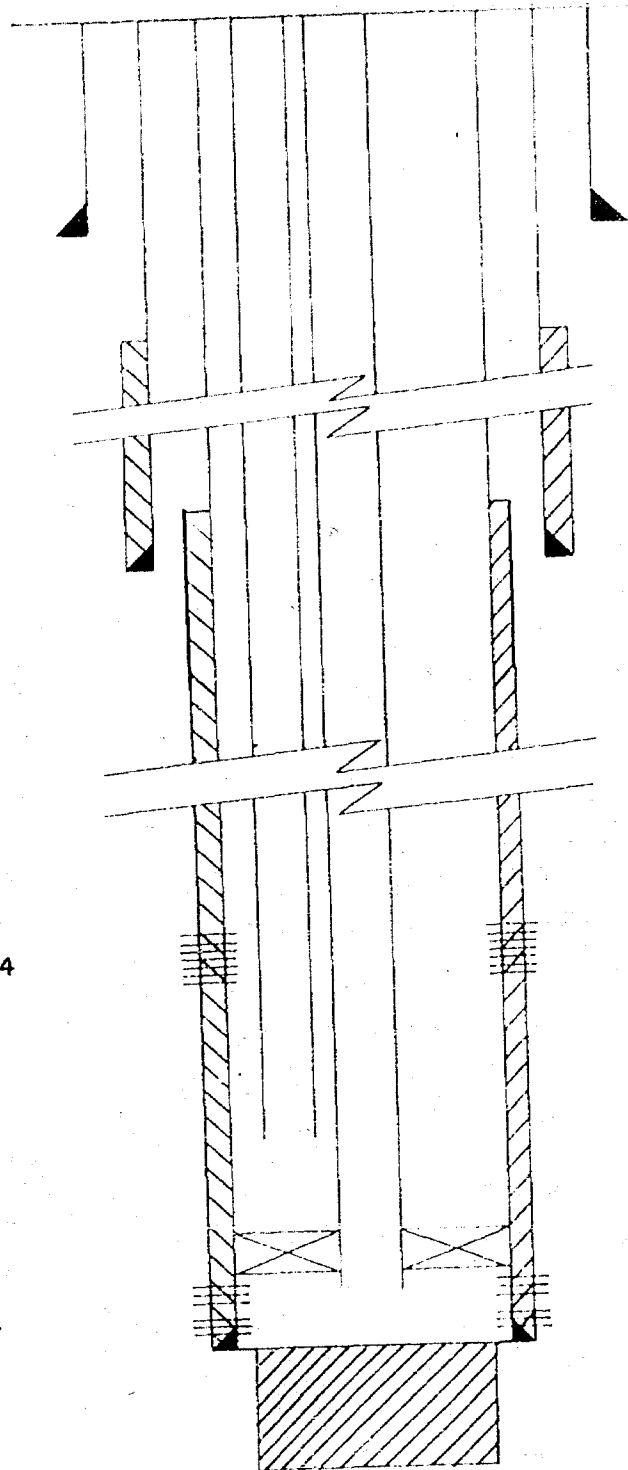
5800

5861-5909

5918-5942

6050

7105



13 3/8 CASING

TOP OF CEMENT

9 5/8 CASING

TOP OF CEMENT

BLINEBRY ZONE

2 3/8 TUBING

BAKER MODEL "D" PACKER

DRINKARD ZONE

7 CASING

TOTAL DEPTH

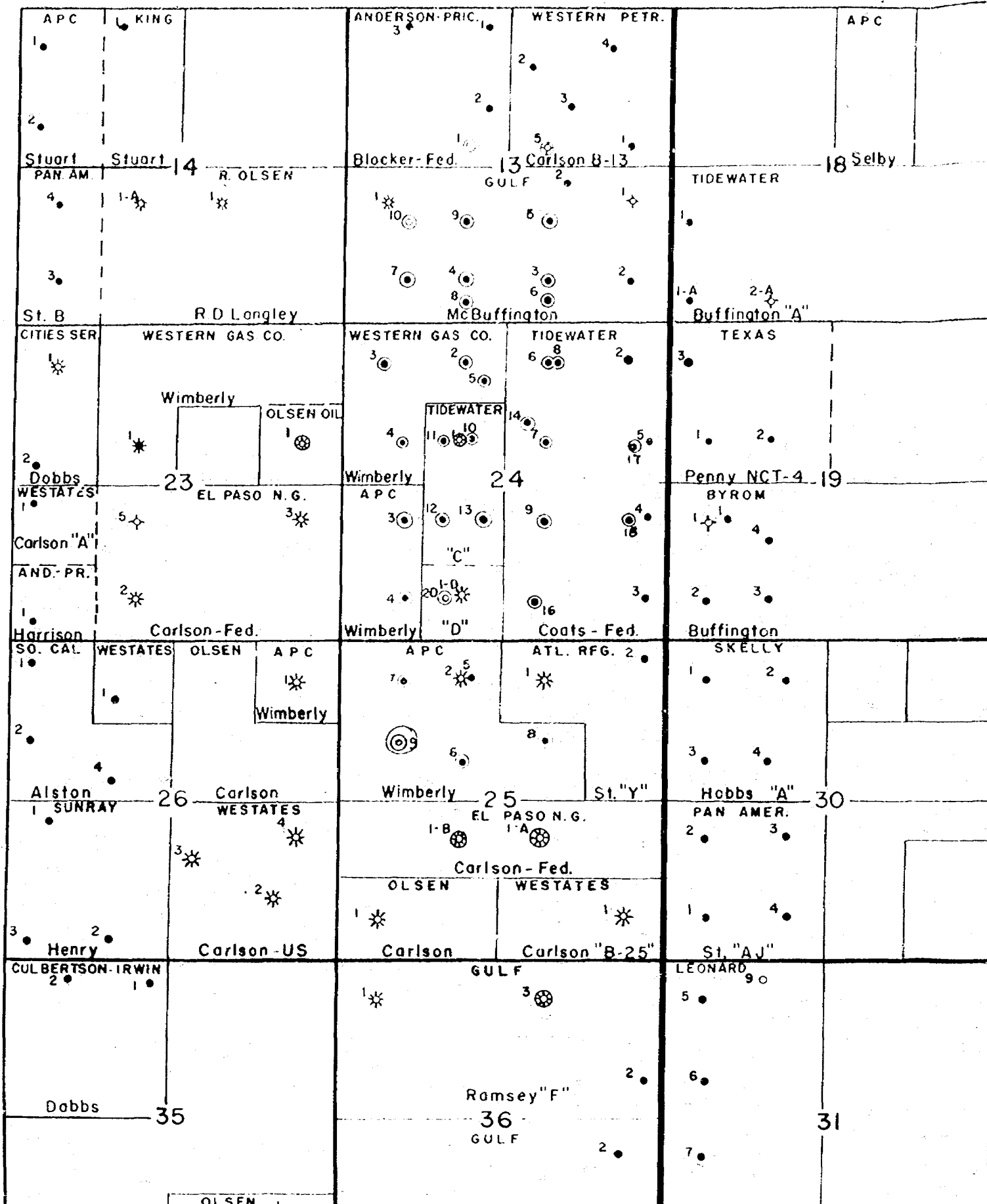
AMERADA PETROLEUM CORPORATION

OIL-OIL DUAL

IDA WIMBERLEY NO. 9

R-37-E

R-38-E



T  
25  
S



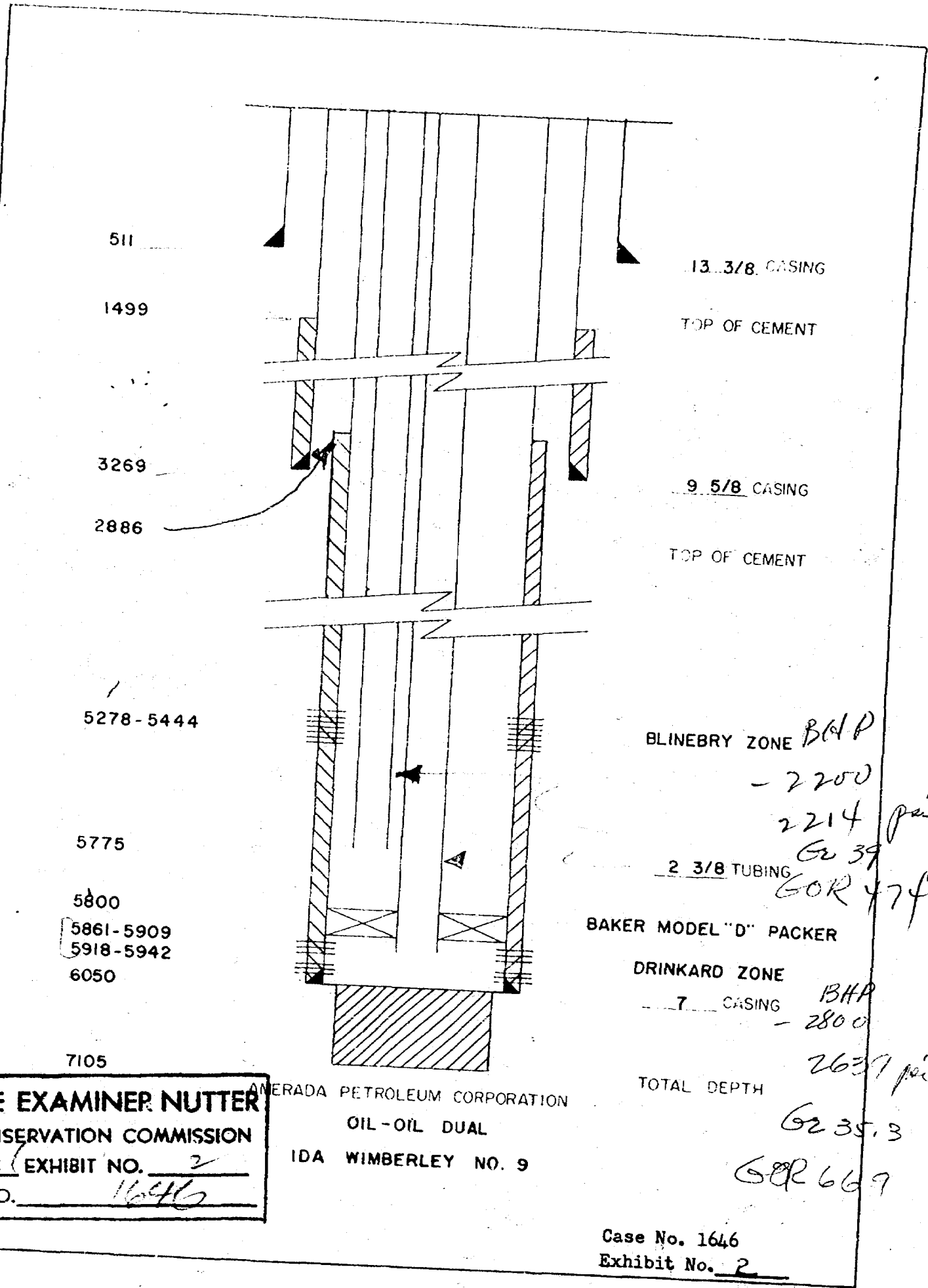
	3	4	3	6	
	Gregory-Fed	Vinson et al	Ginsberg-Fed		

*Field*  
JUSTIS AREA

LEA COUNTY, NEW MEXICO

SCALE: 1" = 2000'

Exhibit No. \_\_\_\_\_



**BEFORE EXAMINER NUTTER**  
**OIL CONSERVATION COMMISSION**  
 EXHIBIT NO. 2  
 CASE NO. 1646

ANERADA PETROLEUM CORPORATION  
 OIL-OIL DUAL  
 IDA WIMBERLEY NO. 9

Case No. 1646  
 Exhibit No. 2

DOCKET: EXAMINER HEARING APRIL 22, 1959

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

The following cases will be heard before DANIEL S. NUTTER, Examiner:

- CASE 728: Application of Hamilton Dome Oil Company, Ltd., for an exception to Order R-586-E. Applicant, in the above-styled cause, seeks an order excepting its Westates Carlson Federal "A" Well No. 1 located in the NW/4 SE/4 of Section 25, Township 25 South, Range 37 East, Lea County, New Mexico, from the requirement in Order R-586-E that wells not within the defined vertical limits of the Justis Gas Pool, as established in said order, be plugged back so as to be open only within the said vertical limits.
- CASE 1641: Application of W. R. Weaver for the promulgation of special rules and regulations governing the Angels Peak-Gallup Oil Pool. Applicant, in the above-styled cause, seeks an order promulgating special rules and regulations governing the drilling, spacing, and production of oil and gas wells in the Angels Peak-Gallup Oil Pool in San Juan County, New Mexico.
- CASE 1642: Application of Delhi-Taylor Oil Corporation for an amendment to Orders R-60, R-1169, and R-1170. Applicant, in the above-styled cause, seeks an order amending Orders R-60, R-1169, and R-1170 to change the dedicated acreage in three non-standard gas proration units in Sections 30 and 31, Township 29 North, Range 8 West, San Juan County, New Mexico, based on a resurvey; two of said units are in the Aztec-Pictured Cliffs Pool and one is in the Blanco Mesaverde Pool.
- CASE 1643: Application of El Paso Natural Gas Company for an unorthodox oil well location. Applicant, in the above-styled cause, seeks an order authorizing an unorthodox oil well location in the Angels Peak-Gallup Oil Pool for its Huerfano Unit Well No. 107 located 1460 feet from the North line and 1180 feet from the West line of Section 35, Township 27 North, Range 10 West, San Juan County, New Mexico.
- CASE 1644: Application of J. E. Bedingfield for an exception to Rule 104 (c) of the Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an exception to Rule 104 (c) so that he may re-enter a well located 1980 feet from the South and East lines of Section 32, Township 17 South, Range 28 East, Eddy County, New Mexico, said well being located closer than 660 feet to a producing well.
- CASE 1645: Application of Sinclair Oil & Gas Company for permission to commingle the production from three separate pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Monument-McKee Gas Pool, the Eunice-Monument Pool, and the Monument-Blinbry Pool on its J. R. Phillips "A" Lease consisting of the SW/4 of Section 31, Township 19 South, Range 37 East, Lea County, New Mexico.

CASE 1646: Application of Amerada Petroleum Corporation for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Ida Wimberley Well No. 9 located 1650 feet from the North line and 990 feet from the West line of Section 25, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Blinebry formation adjacent to the Justis-Blinebry Oil Pool and the production of oil from the Justis-Drinkard Pool through parallel strings of 2-3/8 inch tubing.

CASE 1647: Application of Olsen Oils, Inc., for a non-standard gas proration unit and an unorthodox gas well location. Applicant, in the above-styled cause, seeks an order establishing an 80-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the W/2 NW/4 of Section 28, Township 26 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to applicant's Gregory "B" Well No. 1 located 2310 feet from the North line and 990 feet from the West line of said Section 28. Applicant further seeks approval for the unorthodox location of said gas well.

CASE 1648: Application of W. R. Weaver for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Angels Peak-Dakota Gas Pool and the Angels Peak-Gallup Oil Pool on its McAdams Lease comprising Section 34, Township 27 North, Range 10 West, San Juan County, New Mexico.

CASE 1649: Application of Amerada Petroleum Corporation for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its L. W. Ward Well No. 2 located 1983 feet from the South line and 520 feet from the East line of Section 11, Township 13 South, Range 38 East, Lea County, New Mexico, in such a manner as to permit the production of oil from an undesignated Mississippian pool and the production of oil from the Bronco-Devonian Pool through parallel strings of 2-1/16 inch tubing.

CASE 1650: Application of Pan American Petroleum Corporation for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its Martin Ranch Unit Agreement embracing approximately 35,193 acres of federal, state, and patented acreage in Townships 3 and 4 South, Ranges 22 and 23 East, Chaves and DeBaca Counties, New Mexico.

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Date 4/28/59

CASE NO. 1646

HEARING DATE 4/22/59

DSN @ SF @ 9<sup>00</sup> am

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

Enter an order approving the  
Blueby - Drinkard dual completion  
requested by Amerada in the  
subject case.

The mechanics of the proposed  
dual appear to be all right  
and the two zones appear  
to be compatible for dually  
completing.

Samuel  
Staff Member  
Examiner

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

May 7, 1959

Mr. Jason Kellahin  
Box 1713  
Santa Fe, New Mexico

Dear Mr. Kellahin:

On behalf of your client, Amerada Petroleum Corporation, we enclose two copies of Order No. R-1386 and two copies of Order R-1387 issued May 7, 1959, by the Oil Conservation Commission.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ir/

Enclosures

C  
O  
P  
Y

*sent to Mr. Coffey*

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. 1646  
Order No. R-1386

APPLICATION OF AMERADA PETROLEUM  
CORPORATION FOR AN ORDER AUTHORIZING  
AN OIL-OIL DUAL COMPLETION IN THE  
BLINEBRY FORMATION ADJACENT TO THE  
JUSTIS-BLINEBRY OIL POOL AND IN THE  
JUSTIS-DRINKARD 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 April 22, 1959, 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 7th day of May, 1959, 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, Amerada Petroleum Corporation, is the owner and operator of the Ida Wimberley Well No. 9, located 1650 feet from the North line and 990 feet from the West line of Section 25, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico.
- (3) That the applicant proposes to dually complete the said Ida Wimberley Well No. 9 in such a manner as to permit the production of oil from the Blinebry formation adjacent to the Justis-Blinebry Oil Pool and the production of oil from the Justis-Drinkard Pool through parallel strings of 2-3/8 inch tubing.
- (4) That the mechanics of the proposed dual completion are feasible and in accord with good conservation practices.
- (5) That approval of the subject application will not cause waste or impair correlative rights.

-2-

Case No. 1646  
Order No. R-1386

IT IS THEREFORE ORDERED:

That the applicant, Amerada Petroleum Corporation, be and the same is hereby authorized to dually complete its Ida Wimberley Well No. 9, located 1650 feet from the North line and 990 feet from the West line of Section 25, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, in such a manner as to permit the production of oil from the Blinbry formation adjacent to the Justis-Blinbry Oil Pool and the production of oil from the Justis-Drinkard Pool through parallel strings of 2-3/8 inch tubing.

PROVIDED HOWEVER, That applicant shall complete, operate, and produce said well in accordance with the provisions of Section V, Rule 112-A.

PROVIDED FURTHER, That applicant shall take packer-leakage tests upon completion and annually thereafter during the Annual Gas-Oil Ratio Test Period for the Justis-Drinkard Pool.

IT IS FURTHER ORDERED: That jurisdiction of this cause is hereby retained by the Commission for such further order or orders as may seem necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of applicant to comply with any requirement of this order, after proper notice and hearing the Commission may terminate the authority hereby granted and require applicant or its successors and assigns to limit its activities to regular single-zone production in the interests of conservation.

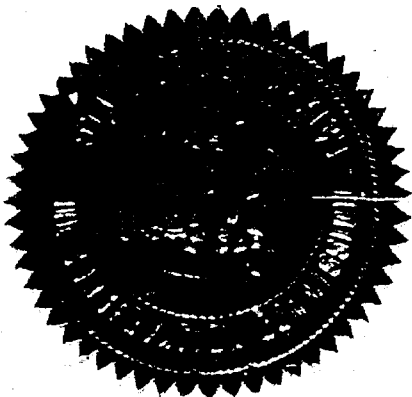
DONE at Santa Fe, New Mexico on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*John Burroughs*  
JOHN BURROUGHS, Chairman

MURRAY E. MORGAN, Member

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



ir/



R. 13 26

NEW MEXICO OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

6-1-56

PACKER-SETTING AFFIDAVIT  
(Dual Completions)

STATE OF New Mexico )  
County of Lea ) ss

Mr. B.A. Moore, being first duly sworn according to law, upon his oath deposes and says:

That he is of lawful age and has full knowledge of the facts herein below set out.

That he is employed by Amerada Petroleum Corporation in the capacity of Asst. Dist. Supt. and as such is its authorized agent.

That on 3-13-, 1959, he personally supervised the setting of a Baker W.L. Model "D" in Amerada Petroleum Corporation's  
(Make and Type of Packer) (Operator)

Ida Wimberley Well No. 9, located in Unit  
(lease)  
Letter E, Section 25, Township 25, Range 37-E, NMPM,  
Lea County, New Mexico.

That said packer was set at a subsurface depth of 5800' feet, said depth measurement having been furnished by Wire Line.

That the purpose of setting this packer was to effect a seal in the annular space between the two strings of pipe where the packer was set so as to prevent the commingling, within the well-bore, of fluids produced from a stratum below the packer with fluids produced from a stratum above the packer. That this packer was properly set and that it did, when set, effectively and absolutely seal off the annular space between the two strings of pipe where it was set in such manner as that it prevented any movement of fluids across the packer.

Amerada Petroleum Corporation  
(Company)

B. A. Moore  
(its Agent)

Subscribed and sworn to before me this the 6th day of May, AD, 1960.

May W. Hart  
Notary Public in and for the County  
of Lea

My Commission Expires 8-31-61.

CASE 1647: Olsen Oils, Inc. application  
for 80-acre NS gas proration unit, Jalmat  
Gas Pool & unorthodox location.

Case No.

1647

Application, Transcript,  
Small Exhibits, Etc.

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1647

TRANSCRIPT OF HEARING

April 22, 1959

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

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
April 22, 1959

-----  
IN THE MATTER OF: :

CASE 1647 Application of Olsen Oils, Inc., for a non-  
standard gas proration unit and an unorthodox  
gas well location. Applicant, in the above  
styled cause, seeks an order establishing an  
80-acre non-standard gas proration unit in the  
Jalmat Gas Pool consisting of the W/2 NW/4 of  
Section 28, Township 26 South, Range 37 East,  
Lea County, New Mexico, said unit to be dedi-  
cated to applicant's Gregory "B" Well No. 1  
located 2310 feet from the North line and 990  
feet from the West line of said Section 28.  
Applicant further seeks approval for the un-  
orthodox location of said gas well. :  
----- :

BEFORE:

Daniel S. Nutter, 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. GIRAND: If the Examiner please, I would like the  
record to show Girand & Neal of South Hobbs, New Mexico as attorneys  
for the applicant. I have one witness I would like to have sworn.

(Witness sworn)

DEWEY WATSON,

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

MR. GIRAND: Take the stand, Mr. Watson.

DIRECT EXAMINATION

BY MR. GIRAND:

Q State your name, please.

A Dewey Watson.

Q And where do you live, Mr. Watson.

A Jal, New Mexico.

Q By whom are you employed?

A Olsen Oils, Incorporated.

Q In what capacity are you employed?

A As a geological engineer.

Q Have you had occasion to testify before the Oil Conservation Commission on previous occasions in the capacity of a petroleum engineer?

A Yes, I have.

MR. GIRAND: Is the Examiner satisfied with the witness' qualifications?

MR. NUTTER: Yes, sir.

Q (By Mr. Girand) Are you familiar with the application of Olsen Oils as being Case No. 1647?

A Yes, I am.

Q State when the well, or application for drilling, was filed with the U. S. G. S., if you will, please.

A It was filed on November the 13th, '58.

Q And when was it approved?

A November the 20th, '58.

MR. GIRAND: I would like to correct those dates. In my application I show that as November the 23rd and November the 26th. There is a date error. The copy of the notice of intention to drill is on file with the Commission.

Q (By Mr. Girand) Now, Mr. Watson, the Olsen Oil Company Gregory "B" Well No. 1, what was it intended to be at the time the drilling operation commenced?

A Well, it was drilled as an oil test.

Q And is it within what has previously been designated as the Rhodes Oil Pool?

A Yes, sir. It was.

Q I see. Now, I hand you here what has been identified and marked for identification as Exhibit No. 3 and ask you if you can identify that instrument?

A This is a survey plat of the area made by John West in Hobbs showing the location of the offset wells in the Olsen Oils' acreage and the location of the Gregory "B" 1.

Q Now, I hand you what has been marked for identification as Exhibit No. 4. Will you state what that exhibit purports to show?

A Well, this is a map that has the wells plotted immediately offsetting the acreage, and shows the available tops on it and where we had logs to correlate with the plus or minus on top of the Yates, and also the oil wells producing or that have been producing in the area as a minus.

Q It is my understanding that the Gregory "B" No. 1 well is the only gas well in the immediate vicinity there, is that correct?

A Yes, sir. There is nothing closer than four locations

which would be the City Service State No. 2 to the South and West.

Q Is that the only other gas well in the immediate vicinity?

A Yes, sir.

Q As shown by your Exhibit No. 4?

A Right.

Q All the other wells are oil wells producing at this time?

A Well, the ones that aren't plugged and abandoned are producing, yes, sir.

Q Now, I hand you here what has been marked Exhibit No. 5. What is that?

A This is a tabulation of the shut-in pressure surveys taken by El Paso on the Rhodes Storage Area; of their injection wells and the wells surrounding the area that they operate. It is taken every four months, and it is reported in the Rhodes report. This particular report here was taken September of '58.

Q Now, from the report you have there and as shown by your Exhibit 5, do you have any wells reported there that have a comparable shut-in pressure to the Gregory "B" No. 1?

A No, sir. The pressures are from about three to four hundred pounds lower than the shut-in pressure in the Gregory "B" with one exception. That's the Missouri Federal No. 2.

Q Now, basing your answer on your qualifications or on your study of the area and from the exhibits you have investigated in your office and the office of the El Paso and other companies, in your opinion, do you believe that there is a communication of



your gas with the gas in what is known as the Rhodes Storage Area?

A No, sir. I believe it's separate.

Q Now, have you had a test run on your well?

A Yes, sir. There was a four point Baker pressure test conducted by El Paso on February the 26th, 1959, and reported to the Commission.

Q Is that on their Form 122? A Yes, it is.

Q And part of their files? A Right.

Q And what did that test show as to the production of this particular well?

A Well, the absolute open flow of 4,800,000 cubic feet per day, with the liquid of 5 barrels per minute.

Q Now, the location of the Gregory "B" No. 1 well is in the ~~excepted~~ area in the Jalmat Gas Pool, is that correct? It's the area that has been excluded to the Jalmat Pool?

A It has been excluded. Yes, sir.

Q And is a gas well in what is known as the Rhodes Oil Pool, is that right? A Yes, sir.

Q There are no gas rules covering the particular area in which this well is located?

A None, except for the storage area.

Q General rules? A Yes, sir.

Q Now, if the Commission grants this application, would the inclusion of this property, this 80 acres into the Jalmat Pool be satisfactory with the operator of Olsen Oils? A Yes, sir.

7

MR. NUTTER: What was that question again, please?

MR. GIRAND: If the application was acted on favorably, would the adoption of the Jalmat Pool rules for this area or including this into the Jalmat Pool area be satisfactory with the applicant? He answered it would.

MR. NUTTER: I see.

Q (By Mr. Girand) The well is definitely a gas well under the rules and regulations of the Commission?

A Yes, it is.

MR. GIRAND: I believe that's all I have of this witness.

MR. NUTTER: Does anyone have any questions of the witness?

CROSS EXAMINATION

QUESTIONS BY MR. PAYNE:

Q Mr. Watson, you say the well in question was drilled for oil? A Yes, it was.

Q Was the location orthodox for an oil well?

A Yes, sir. It was.

Q Have any attempts been made to unitize with the Anderson-Pritchard acreage?

A Yes, there has been.

Q And those proved unsuccessful, did they?

A Yes, they did.

Q I believe you stated in your application that this

well is not completed in any designated gas pool, is that right?

A Yes, sir.

Q Paragraph 6 says, " Applicant will fully show that the well was not located within any designated gas pool."

A Yes, sir. That's true.

Q Now, do you know by that that the Jalmat rules do not apply to this well because it was not within the horizontal limits of the Jalmat Gas Pool?

A It is within the Jalmat. It was extended to cover the acreage. It would be within the limits.

Q Well, what I am getting at, it is within the horizontal limits now, is it not?

A Yes, sir.

Q Even though the --

MR. PORTER: I'd like to clarify this a little. From his discussion here I take it that this well is located within what has been referred to as the Rhodes Storage Area, which in itself is encompassed by the Jalmat Gas Pool, but in which the Jalmat rules do not apply, is that it?

MR. GIRAND: That is correct. This particular tract was deleted from the order RF-250 along with other tracts designated as the Rhodes Storage Area.

MR. PORTER: Excuse me, Mr. Payne, I just wanted to clear that up.

Q (By Mr. Payne) So that this well would not be covered by the Jalmat Pool rules and, therefore, the statewide rules would

apply?

A Yes. Under the present system.

Q So it would be a non-prorated gas well?

A Right.

MR. PAYNE: I believe that's all I have at this time.

QUESTIONS BY MR. NUTTER:

Q Mr. Watson, is it your contention by showing these pressure differentials on Exhibit No. 5 that this well is not completed in the actual physical Rhodes Storage Area?

A Yes, that's right.

Q Although it is within the boundaries of the so called storage area?

A That's correct.

Q Do you feel that perhaps the storage area boundaries are unduly large then?

A Well, evidently they are, some. I mean as far as unduly is concerned I don't know, but evidently there is a barrier somewhere between the two areas.

Q Now, are any of the wells that you showed pressure on Exhibit No. 5, are any of those wells shown here on No. 4?

A No, sir, they are not, except the City Service No. 2.

Q What is the location of that well?

A It's in Section 32, Northwest of the Northeast.

Q Are all of these wells outside of the area that is shown by this Exhibit No. 4 or you just haven't placed them on the

exhibit?

A Well, they are outside of the area.

Q I see.

A There might be two or three of them right at the very top but it's not -- there are two in Section 21. I don't know the exact location on those as far as the injection wells are concerned.

Q Then the two that would be in Section 21 are the nearest of any of these, is that correct? A Yes, sir.

MR. NUTTER: Now, you stated in your application, Mr. Girand, that you had attached a copy of the notice of intention to drill which was filed with the Department of the Interior?

MR. GIRAND: Yes, sir. The notice that I have attached there is the wrong notice.

MR. NUTTER: Do you have a copy of the notice of intention to drill that was filed?

MR. GIRAND: Yes, sir. The copy has been filed with the Commission.

Q (By Mr. Nutter) This well, Mr. Watson, was projected originally as an oil well in the Rhodes Oil Pool? A Yes, sir.

Q What are the vertical limits of the Rhodes Oil Pool?

A That I don't know as far as the vertical limits.

Q What formation did you project the well through?

A It was Seven Rivers. I would assume -- I mean that the vertical limits of the Jalmat would include the gas area of the Rhodes, but I wouldn't be sure about that.

Q You believe the vertical limits of the Jalmat go down through the upper and middle Seven Rivers formation?

A Yes. There may be a difference between the Rhodes oil area because those other wells are producing higher in the section.

Q There is no possibility of this being a high gas-oil ratio oil well in the Rhodes Oil Pool, is there?

MR. PAYNE: It actually produces from the Jalmat Gas Pool, is that right?

A Yes. The limits of the Jalmat Gas Pool. See, the well was drilled to 3365 and the zone that we were looking for came in about 3388.

Q (By Mr. Nutter) Do you have a log of this -- an electric log of this well?

A Yes, sir, I have, if you would like to look at it.

Q Can you furnish the Commission a copy of the electric log of the well with the perforated interval marked on that, Mr. Watson?

A Yes, sir.

MR. NUTTER: Off the record.

(Discussion off the record.)

Q (By Mr. Nutter) Mr. Watson, it commonly referred to the area of the Rhodes Storage Area as an area that is defined by a unit agreement, is that correct?

A I believe it is.

Q This unit agreement was approved by the Department of

Interior quite a number of years ago, is that correct?

A And the state. Yes, sir. The state has some acreage in the Rhodes unit somewhere. Now, I'm not saying it's the same agreement.

MR. GIRAND: I think I'm better qualified to answer that than the witness.

MR. NUTTER: Would you answer the question?

MR. GIRAND: There were approximately 800 acres placed in the storage area by the State of New Mexico back in 1944, and the Commission entered the order at that time declaring the Rhodes Storage Area. The U. S. G. S. at the same time or approximately the same time in 1944 entered into an agreement with the El Paso, and certain operators joined in that agreement wherein certain acres were dedicated to the Rhodes Storage Area. However, the acreage in question here was never dedicated to that area, although this is within the boundaries of the area.

MR. NUTTER: It was delineated?

MR. GIRAND: Yes, sir. Of the area that is called the Rhodes Storage Area, this particular acreage has never been committed to that unit agreement.

Q (By Mr. Nutter) In other words, Mr. Watson, this acreage that we have in question here today is not a part of the Rhodes Storage unit acreage? A Yes.

Q And has never been committed to that unit?

A Never been committed, no, sir.

Q And your application here today is for an 80 acre non-standard proration unit in the Jalmat Gas Pool? A Yes, sir.

Q And this well is completed within the vertical limits of the Jalmat Gas Pool? A Right.

Q It lies within the horizontal limits of the Jalmat Gas Pool?

A Yes, sir. It that Jalmat extends through that Rhodes unit, it does. Yes, sir.

REDIRECT EXAMINATION

BY MR. GIRAND:

Q Mr. Watson, in that connection you are also seeking here approval of the unorthodox location for the well?

A Yes, sir.

Q And you are also seeking that the well be assigned some on some basis?

A Preferably the Jalmat.

MR. NUTTER: Any further questions of the witness? If not, he may be excused.

MR. GIRAND: If the Commission please, I have two exhibits that need identification. Exhibit 1 is the receipts showing that the offset lessees to the Gregory "B" No. 1 Well were notified and furnished a copy of the application. Exhibit 2 is a copy of the Commission's order R-520.

Q (By Mr. Girand) Mr. Watson, I hand you here what has been identified as Exhibit No. 6. Can you identify that instrument?



A This is the application to drill sent in to the U.S.G.S. by Olsen Oils, Incorporated to drill the well at Gregory "B" 1.

MR. GIRAND: We would like to introduce Exhibits 1 through 6 inclusive. Exhibit 3 is the map showing the location of Gregory "B" No. 1 Well. Exhibit 4 is a map showing the total depth of all wells in the immediate area. Exhibit 5 is the shut-in pressure of all gas wells in the storage area as well as the well in question. Exhibit 6 is the copy of the notice of intention to drill. Exhibit 1 is the notice and 2 is the copy of order 520, I believe, or R-520.

MR. NUTTER: Without objection applicant's Exhibits 1 through 6 will be entered in evidence. Mr. Watson, you will furnish the Commission with a copy of the log with the perforated interval indicated thereon?

A Yes, sir. I will.

MR. NUTTER: Does anyone have anything further?

MR. WAYNE: David Wayne, El Paso Natural Gas. As operator of the Rhodes Storage unit and as an operator of leases offsetting the proposed non-standard unit, concurs in the application for Olsen Oil Company.

MR. GIRAND: Before the case closes, if the Commission please, I would like to direct the Commission's attention to Cases 680, 681, 682, and 683, which were cases involving undedicated acreage in the Rhodes unit but located in the delineated area of the Rhodes Storage Area.

MR. NUTTER: We will take administrative note of those cases, Mr. Girand. Is there anything further in Case 1647? If not, we will take the case under advisement and take the next case, Case 1649.

STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO )      ss

I, Ned A. Greenig, Court Reporter, 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 that the same is a true and correct record to the best of my knowledge, skill and ability.

*Ned A. Greenig*  
COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1647 heard by me on 4-22, 1959.

*Samuel A. Owen*, Examiner  
New Mexico Oil Conservation Commission

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*Al Conrad Conrad*

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*Robert Quinn*

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*E. C. Lory*

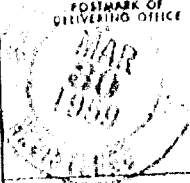
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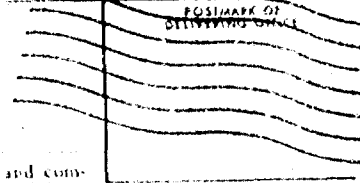
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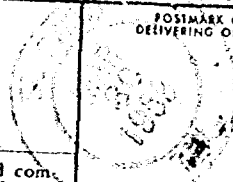
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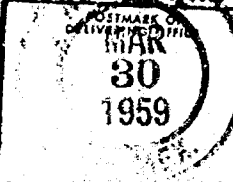
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BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

*Okla.* EXHIBIT NO. *1*

CASE NO. *1247*

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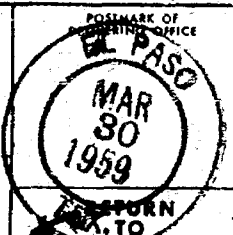
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INSURED NO.	CITY, ZONE AND STATE HOBBS, NEW MEXICO

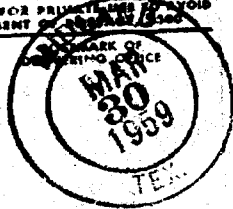
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PENALTY FOR PRIVATE USE TO AVOID  
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CSS-16-71548-4

POD Form 3811 Jan. 1958

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

May 15, 1959

Mr. W. D. Girand  
Girand & Stout  
P. O. Box 1445  
Hobbs, New Mexico

Dear Mr. Girand:

On behalf of your client, Olsen Oils, Inc., we enclose two copies of Order No. R-1391 issued May 13, 1959, by the Oil Conservation Commission in Case No. 1647, which was heard on April 22, 1959 at Santa Fe before an examiner.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ir/

Enclosures

C  
O  
P  
Y

GIRAND & STOUT  
LAWYERS  
204 LEA COUNTY STATE BANK BUILDING  
HOBBS, NEW MEXICO

W. D. GIRAND  
LOWELL STOUT

TELEPHONE  
EXPRESS 3-9110  
POST OFFICE BOX 1445

March 26, 1959.

*Compton  
Hamm  
hearing*

Oil Conservation Commission,  
State Capitol,  
Santa Fe, New Mexico.

Gentlemen:

Enclosed you will find original and two copies of Application of OLSEN OILS, INC. requesting creation of a gas proration unit authorizing unorthodox location of a gas well and exception to Rule 104 and establishing allowable for said well. By copies of this letter, notice is being given to all offset lessees.

We would appreciate your setting this matter down at the earliest possible date.

*Docket Mailed  
4-10-59  
BP*

Very truly yours,

GIRAND & STOUT,

BY: *[Signature]*

G/bc

cc: Anderson-Prichard Oil Corporation,  
Liberty Bank Building, Oklahoma City, Oklahoma.

The Texas Company,  
Midland, Texas.

El Paso Natural Gas Company,  
El Paso, Texas.

Mr. Joe Goodman,  
Box 174, El Paso, Texas.

Levers Oil Company,  
Box 784, Roswell, New Mexico.

*[Handwritten notes and signatures]*

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. 673  
ORDER NO. R-520

THE APPLICATION OF THE OIL CONSERVATION  
COMMISSION UPON ITS OWN MOTION FOR AN  
ORDER AMENDING, REVISING OR ABROGATING  
EXISTING RULES AND REGULATIONS OF THE  
OIL CONSERVATION COMMISSION, AND/OR  
PROMULGATING RULES AND REGULATIONS,  
RELATING TO GAS POOL DELINEATION, GAS  
PRORATION, AND OTHER RELATED MATTERS,  
AFFECTING OR CONCERNING THE JALCO,  
LANGMAT, EUMONT, AND ARROW GAS POOLS,  
LEA COUNTY, NEW MEXICO.

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 2
CASE NO. 1117

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m., on March 17, 1954, April 15, 1954, May 10, 1954, and May 11, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 12th day of August, 1954, the Commission, a quorum being present, having considered the records and testimony adduced and being fully advised in the premises,

FINDS:

- (1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.
- (2) That under date of February 17, 1953, the Commission issued its Order No. R-264 creating the Jalco, Langmat, Arrow, and Eumont Gas Pools. That Order R-264 defined the vertical and horizontal limits of the Langmat, Jalco, Eumont and Arrow gas pools and that by subsequent orders the Commission extended the horizontal limits of the Jalco and Eumont Gas Pools and extended the vertical limits of the Eumont Gas Pool.
- (3) That under date of September 28, 1953, the Commission issued its Orders Nos. R-368, R-369, R-370 and R-371 and under date of November 10, 1953, the Commission issued its Orders Nos. R-368-A, R-369-A, R-370-A and R-371-A, providing rules, definitions and procedures to be followed in prorating gas in the jalco, Langmat, Eumont and Arrow gas pools; and by subsequent orders issued after due notice and hearing, the Commission allocated production of gas in said pools commencing January 1, 1954.
- (4) That the Eumont and Arrow Gas Pools are separate gas reservoirs and should be defined vertically and horizontally as set forth in this order; that the Jalco and Langmat Gas Pools are in fact one common gas reservoir, and said reservoir should be designated the "Jalmat Gas Pool" and delineated as set forth in this order.



(5) That the producing capacity of the gas wells in the Jalmat, Eumont and Arrow Gas Pools is greater than the market demand for gas from each of such pools.

(6) That for the prevention of waste it is necessary to allocate and prorate the gas production among the gas wells in the Jalmat, Eumont and Arrow Gas Pools in accordance with provisions of this order.

(7) That the protection and proper recognition of correlative rights as such rights are defined by Section 26 (h) Chapter 168, New Mexico Session Laws of 1949, require that the gas production from the Jalmat, Eumont and Arrow gas pools be prorated in accordance with the terms and provisions of this order.

(8) That the Rules and Regulations hereinafter set forth in this order are in all respects in the interests of conservation and provide for the allocation of the allowable production among the gas wells in the Jalmat, Eumont and Arrow gas pools upon a reasonable basis and give appropriate recognition to correlative rights.

(9) That one gas well in the Jalmat, Eumont and Arrow Gas Pools can efficiently drain 640 acres.

(10) That for the prevention of waste, a limiting gas-oil ratio of 10,000-to-1 should be assigned to the units in the following pools, namely: Cooper-Jal Oil Pool, Langlie-Mattix Oil Pool, South Eunice Oil Pool, Penrose-Skelly Oil Pool, Leonard Oil Pool, South Leonard Oil Pool, Hardy Oil Pool, Rhodes Oil Pool, Jalmat Gas Pool, Arrow Gas Pool and Eumont Gas Pool.

(11) To prevent waste, the vertical limits of the following oil pools namely: Eunice-Monument Oil Pool, Arrowhead Oil Pool, South Eunice Oil Pool, Langlie-Mattix Oil Pool, Cooper-Jal Oil Pool, Rhodes Oil Pool, Eaves Oil Pool, Hardy Oil Pool, Penrose-Skelly Oil Pool, Leonard Oil Pool, South Leonard Oil Pool, should be redefined as provided hereinafter in this order so that the vertical limits of the said oil pools will not conflict with the vertical limits of overlying gas pools.

(12) That the horizontal limits of the oil pools named in Finding No. 11 should be defined as hereinafter set forth in this order.

(13) That the Falby-Yates Oil Pool should be abolished.

(14) That in the interests of conservation, the special rules hereinafter set forth governing the production of oil from wells completed within the vertical and horizontal limits of the Jalmat, Eumont and Arrow gas pools should be adopted.

(15) That for the prevention of waste and the protection of correlative rights, the special rules contained in this order should be adopted to govern the production of oil from wells completed or recompleted in such a manner that the bore hole of the well is open in both the upper gas pools and the underlying oil pools.

(16) That for the prevention of waste a "no-flare" rule should be adopted to prohibit the flaring, venting, or wasting of casinghead gas or any other type of gas in any of the gas or oil pools referred to and affected by this order.

**IT IS THEREFORE ORDERED:**

(1) That the Jalmat Gas Pool be and the same hereby is created. The vertical limits of the Jalmat Gas Pool shall extend from the top of the Tansill formation to a point 100

feet above the base of the Seven Rivers formation, thereby including all of the Yates formation. The horizontal limits of the Jalmat Gas Pool shall be the area as described in Exhibit "A" attached hereto and made a part hereof.

(2) That the vertical limits of the Eumont Gas Pool, heretofore created, shall extend from the top of the Yates formation to the base of the Queen formation, thereby including all of the Yates, Seven Rivers and Queen formations. The horizontal limits of the Eumont Gas Pool shall be the area as described in Exhibit "B" attached hereto and made a part hereof.

(3) That the vertical limits of the Arrow Gas Pool, heretofore created, shall extend from the top of the Yates formation to the base of the Queen formation, thereby including all of the Yates, Seven Rivers and Queen formations. The horizontal limits of the Arrow Gas Pool shall be the area as described in Exhibit "C" attached hereto and made a part hereof.

(4) That the vertical limits of the Eunice-Monument Oil Pool, heretofore created, shall include all of the Grayburg and San Andres formations. The horizontal limits of the Eunice-Monument Oil Pool shall be the area as described in Exhibit "D" attached hereto and made a part hereof.

(5) That the vertical limits of the Arrowhead Oil Pool shall include all of the Grayburg formation.

(6) That the vertical limits of the following oil pools, heretofore created, defined and described shall extend from a point 100 feet above the base of the Seven Rivers formation to the base of the Queen formation.

Cooper-Jal Oil Pool  
South Eunice Oil Pool  
Langlie-Mattix Oil Pool

(7) That the horizontal limits of the Cooper-Jal Oil Pool shall be the area as described in Exhibit "E" attached hereto and made a part hereof.

(8) That the horizontal limits of the Langlie-Mattix Oil Pool shall be the area as described in Exhibit "F" attached hereto and made a part hereof.

(9) That the horizontal limits of the South Eunice Oil Pool shall be the area as described in Exhibit "G" attached hereto and made a part hereof.

(10) That no gas, either dry gas or casinghead gas, shall be flared or vented in the following pools unless specifically authorized by order of the Commission after notice and hearings:

Eunice-Monument Oil Pool  
South Eunice Oil Pool  
Hardy Oil Pool  
Penrose-Skelly Oil Pool  
Cooper-Jal Oil Pool  
Arrowhead Oil Pool  
Langlie-Mattix Oil Pool  
Rhodes Oil Pool  
Leonard Oil Pool  
South Leonard Oil Pool

Order No. R-520

Eaves Oil Pool  
Arrow Gas Pool  
Eumont Gas Pool  
Jalmat Gas Pool

This rule shall become effective November 1, 1954. Any operator desiring to obtain exception from the provisions of this rule shall apply for hearing prior to September 15, 1954. All operators shall file Form C-110, in duplicate, designating thereon the disposition of all dry gas or casinghead gas from each well in each pool listed above. Within 15 days after completion of any oil or gas well within the boundaries of the above listed pools, the operator shall file Form C-110 designating the disposition of gas from the well.

Failure to comply with the provisions of this rule within the prescribed time limits will result in the suspension of any further allowable. Extraction plants processing any gas from any of the above designated pools shall comply with the "no-flare" provisions of this rule, provided however, that the restriction may be lifted when mechanical difficulties arise or when the gas flared is of no commercial value.

(11) That oil wells producing from the following named pools shall be allowed to produce a volume of gas each day not exceeding the daily normal unit oil allowable multiplied by 10,000; provided however, that such well shall not be allowed to produce oil in excess of the normal unit allowable as ordered by the Commission under the provisions of Rule 505; Cooper-Jal Oil Pool, Langlie-Mattix Oil Pool, South Eunice Oil Pool, Penrose-Skelly Oil Pool, Leonard Oil Pool, South Leonard Oil Pool, Hardy Oil Pool and Rhodes Oil Pool.

(12) That the Falby-Yates Oil Pool as heretofore created, defined and described shall be abolished and all oil wells presently producing from the Falby-Yates Oil Pool shall be governed by the applicable rules of the Jalmat Gas Pool.

(13) That that portion of the Rhodes Storage Area lying within the defined limits of the Jalmat Gas Pool shall be exempted from the applicable provisions of the Jalmat Gas Pool Rules. The Rhodes Storage Area shall include the following described area:

TOWNSHIP 26 South, RANGE 37 East, NMPM  
Sec. 4: W/2 NW/4, SE/4 SE/4, W/2 SE/4, SW/4;  
Sec. 5: All  
Sec. 6: NE/4 NW/4, NE/4, SE/4 SE/4, N/2 SE/4  
Sec. 7: NE/4 NE/4  
Sec. 8: N/2, N/2 S/2, SE/4 SW/4, S/2 SE/4  
Sec. 9: All  
Sec. 10: W/2 NW/4, SE/4 NW/4, S/2  
Secs. 15 & 16: All  
Sec. 17: E/2 NW/4, E/2  
Sec. 20: E/2  
Secs. 21 & 22: All  
Sec. 23: SW/4 NW/4, SW/4  
Secs. 26, 27, & 28: All  
Sec. 29: E/2 NE/4

That special pool rules applicable to the Jalmat Gas Pool be, and the same hereby are promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR  
THE JALMAT GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts.

**RULE 1.** Any well drilled a distance of one mile or more outside the boundary of the Jalmat Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile outside the boundary of the Jalmat Gas Pool shall be spaced, drilled, operated and prorated in accordance with the regulations in effect in the Jalmat Gas Pool.

**RULE 2.** Each well drilled or recompleted within the Jalmat Gas Pool on a standard proration unit after the effective date of this rule shall be drilled not closer than 1980 feet to any boundary line of the tract nor closer than 330 feet to a quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Jalmat Gas Pool prior to the effective date of this order at a location conforming to the spacing requirements effective at the time said well was drilled shall be considered to be located in conformance with this rule.

**RULE 3.** The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 2 without notice and hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1980-foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all operators within such radius, together with a stipulation that proper notice has been given said operators at the addresses given. The Secretary of the Commission shall wait at least 20 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

**RULE 4.** The provisions of Statewide Rule 104, Paragraph (k), shall not apply to the Jalmat Gas Pool located in Lea County, New Mexico.

GAS PRORATION

**RULE 5. (a)** The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Jalmat Gas Pool, a standard proration unit shall consist of between 632 and 648 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (section) of the U. S. Public Land Surveys with a well located at least 1980 feet from the nearest property lines; provided, however, that a non-standard gas proration unit may be formed after notice and hearing by the Commission, or under the provision of Paragraph (b) of this Rule.

The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio of the area of such non-standard proration unit expressed in acres to 640 acres. Any gas proration unit containing between 632 and 648 acres shall be considered to contain 640 acres for the purpose of computing allowables.

In establishing a non-standard gas proration unit the location of the well with respect to the two nearest boundary lines thereof shall govern the maximum amount of acreage that may be assigned to the well for the purposes of gas proration; provided, however, that any well drilled to and producing from the Jalmat Gas Pool, as defined herein, prior to the effective date of this order at a location conforming with the spacing requirements effective at the time said well was drilled shall be granted a tolerance not exceeding 330 feet with respect to the required distances from the boundary lines. The maximum acreage which shall be assigned with respect to the well's location shall be as follows:

<u>Location</u>	<u>Maximum Acreage</u>
660' - 660'	160 acres
660' - 1980'	320 acres

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 5 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.
2. The non-standard gas proration unit lies wholly within a single governmental section.
3. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.
4. The length or width of the non-standard gas proration unit does not exceed 5280 feet.
5. The applicant presents written consent in the form of waivers from (a) all operators owning interests in the quarter sections in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit, and (b) all operators owning interests within 1500 feet of the well to which such gas proration unit is proposed to be allocated.

6. In lieu of paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

RULE 6. (a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Jalmat Gas Pool and other relevant data and shall fix the allowable production of the Jalmat Gas Pool.

(b) The allowable assigned to any well capable of producing its normal gas allowable in the Jalmat Gas Pool shall be the same proportion of the total remaining allowable allocated to said pool after deducting allowables of marginal wells that the number of acres contained in the gas proration unit for that well bears to the acreage contained in all gas proration units assigned to non-marginal wells in the Jalmat Gas Pool.

RULE 7. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Jalmat Gas Pool. The Commission shall consider the "Prelimin-

ary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 8. In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "supplemental" nomination, showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Jalmat Gas Pool. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month.

Included in the monthly proration schedule shall be (a) a summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month, (b) a tabulation of the net allowable, and production for the second preceding month together with a cumulative overage or underage computation, (c) a tabulation of the current and net allowables for the preceding month, (d) a tabulation of current monthly allowables for the ensuing proration month, and (e) a tabulation of the acreage assigned each well together with a tabulation of the acreage factor assigned each well. For the purpose of allocation a proration unit of 640 acres shall be assigned an acreage factor of 4.00; a proration unit of 160 acres a factor of 1.00, etc.

"Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Jalmat Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Jalmat Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable.

If during a proration month the acreage assigned a well is increased the operator shall notify the Proration Manager in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Proration Manager.

#### BALANCING OF PRODUCTION

RULE 9. Underproduction: The dates 7:00 a.m., January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

If at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable adjusted accordingly.

If during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to the extent that it should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Proration Manager may reclassify a well at any time if production data or deliverability tests reflect the need for such a reclassification.

**RULE 10. Overproductions** A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, and has not been in balance since the end of the preceding proration period, then it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after due notice that complete shut in of the well would result in material damage to the well.

#### GRANTING OF ALLOWABLES

**RULE 11.** No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

**RULE 12.** Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104 and Form C-110 and the plat described above, whichever date is the later.

#### REPORTING OF PRODUCTION

**RULE 13.** The monthly gas production from each well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced.

Each purchaser or taker of gas in the Jalmat Gas Pool shall submit a report to the Commission so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was purchased or taken.

Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

Forms C-111 and C-114 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copy being

Order No. R-520

sent to Box 2045, Hobbs, New Mexico.

Form C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, compressors, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

#### DEFINITIONS

RULE 14. A gas well shall mean a well producing with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil.

RULE 15. A well producing from the Jalmat Gas Pool and not classified as a gas well as defined in Rule 14 shall be classified as an oil well.

RULE 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

RULE 17. No gas, either dry gas or casinghead gas, produced from the Jalmat Gas Pool shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

RULE 18. Oil wells producing from the Jalmat Gas Pool shall be allowed to produce a volume of gas each day not exceeding the daily normal unit oil allowable multiplied by 10,000; provided, however, that such well shall not be allowed to produce oil in excess of the normal unit allowable as ordered by the Commission under the provisions of Rule 505.

PROVIDED FURTHER, After the effective date of this order no well shall be completed or recompleted in such a manner that the producing zone of the overlying gas pool and the producing zone of the underlying oil pool are both open in the same well bore unless specifically authorized by order of the Commission after notice and hearing. Dual completions may be effected in accordance with the provisions of Rule 112-A of the Commission's Rules and Regulations.

Any well presently completed in such a manner that the well bore is open to both the overlying gas pool and the underlying oil pool shall be assigned to either the gas pool or the oil pool by the Commission staff. Any operator of any well completed in such a manner shall submit to the Commission office at Hobbs, New Mexico, all pertinent well completion data on Form C-105, together with electric logs, sample logs, drill stem test records, etc. All data shall be submitted in duplicate on or before September 15, 1954. Failure of any operator to submit the required data will result in cancellation of Form C-110 and subsequent cancellation of allowables.

If the operator is not satisfied with the well's assignment he may apply for a hearing on the matter in accordance with Commission Rule 1203.

PROVIDED FURTHER, Gas-Oil Ratio Tests shall be taken in accordance with the provisions of Rule 301 of the Commission's Rules and Regulations.



Gas-Oil Ratio Tests shall be taken in all oil or gas pools in accordance with the attached schedule, (Exhibit H). This schedule supersedes the annual Gas-Oil Ratio test schedule previously issued only where applicable.

The operator of any oil or gas well who has submitted Form C-116 to the Commission during 1954 in compliance with the 1954 Annual Gas-Oil Ratio test schedule previously adopted is exempted from the requirement of taking another Gas-Oil Ratio test during 1954. If the test previously submitted is not complete the Proration Manager shall so advise the operator and the operator shall submit the required test in conformance with the Gas-Oil Ratio test schedule as outlined in Exhibit "H" attached hereto and made a part hereof.

PROVIDED FURTHER, That for gas allocation purposes and assignment of allowables the combination of the Jalco and Langmat gas pools to the Jalmat Gas Pool shall be effective September 1, 1954.

It is recognized that a great many wells will be reclassified and reassigned as a result of the provisions of this order and that the time involved in the reclassification may cause certain inequities; therefore, the Proration Manager is hereby directed to take such action as he deems advisable to prevent inequitable withdrawals.

PROVIDED FURTHER, That in filing Form C-101 "Notice of Intention to Drill or Re-complete" all operators shall strictly comply with the provisions of Rule 104, paragraph (e).

PROVIDED FURTHER, That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Proration Manager shall notify the operator of the well and the purchaser in writing of the date of allowable cancellation and the reason therefor.

PROVIDED FURTHER, That special pool rules applicable to the Eumont Gas Pool be, and the same hereby are promulgated as follows:

**SPECIAL RULES AND REGULATIONS  
FOR THE EUMONT GAS POOL**

Well Spacing and Acreage Requirements for Drilling Tracts.

RULE 1. Any well drilled a distance of one mile or more outside the boundary of the Eumont Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile outside the boundary of the Eumont Gas Pool shall be spaced, drilled, operated and prorated in accordance with the regulations in effect in the Eumont Gas Pool.

RULE 2. Each well drilled or recompleted within the Eumont Gas Pool on a standard proration unit after the effective date of this rule shall be drilled not closer than 1980 feet to any boundary line of the tract nor closer than 330 feet to a quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Eumont Gas Pool prior to the effective date of this order at a location conforming to the spacing requirements effective at the time said well was drilled shall be considered to be located in conformance with this rule.

RULE 3. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 2 without notice and hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical con-

ditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1980 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all operators within such radius, together with a stipulation that proper notice has been given said operators at the addresses given. The Secretary of the Commission shall wait at least 20 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

RULE 4. The provision of Statewide Rule 104, Paragraph (k), shall not apply to the Eumont Gas Pool located in Lea County, New Mexico.

#### GAS PRORATION

RULE 5. (a) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Eumont Gas Pool, a standard proration unit shall consist of between 632 and 648 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (section) of the U. S. Public Land Surveys with a well located at least 1980 feet from the nearest property lines; provided, however, that a non-standard gas proration unit may be formed after notice and hearing by the Commission, or under the provisions of Paragraph (b) of this Rule.

The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio of the area of such non-standard proration unit expressed in acres to 640 acres. Any gas proration unit containing between 632 and 648 acres shall be considered to contain 640 acres for the purpose of computing allowables.

In establishing a non-standard gas proration unit the location of the well with respect to the two nearest boundary lines thereof shall govern the maximum amount of acreage that may be assigned to the well for the purposes of gas proration; provided, however, that any well drilled to and producing from the Eumont Gas Pool, as defined herein, prior to the effective date of this order at a location conforming with the spacing requirements effective at the time said well was drilled shall be granted a tolerance not exceeding 330 feet with respect to the required distances from the boundary lines. The maximum acreage which shall be assigned with respect to the well's location shall be as follows:

<u>Location</u>	<u>Maximum Acreage</u>
660' - 660'	160 acres
660' - 1980'	320 acres

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 5 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.
2. The non-standard gas proration unit lies wholly within a single governmental section.

3. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

4. The length or width of the non-standard gas proration unit does not exceed 5280 feet.

5. The applicant presents written consent in the form of waivers from (a) all operators owning interests in the quarter sections in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit, and (b) all operators owning interests within 1500 feet of the well to which such gas proration unit is proposed to be allocated.

6. In lieu of paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

RULE 6. (a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Eumont Gas Pool and other relevant data and shall fix the allowable production of the Eumont Gas Pool.

(b) The allowable assigned to any well capable of producing its normal gas allowable in the Eumont Gas Pool shall be the same proportion of the total remaining allowable allocated to said pool after deducting allowables of marginal wells that the number of acres contained in the gas proration unit for that well bears to the acreage contained in all gas proration units assigned to non-marginal wells in the Eumont Gas Pool.

RULE 7. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months from the Eumont Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 8. In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "supplemental" nomination, showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Eumont Gas Pool. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month.

Included in the monthly proration schedule shall be (a) a summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month (b) a tabulation of the net allowable, and production for the second preceding month together with a cumulative overage or underage computation, (c) a tabulation of the current and net allowables for the preceding month, (d) a tabulation of current monthly allowables for the ensuing proration month, and (e) a tabulation of the acreage assigned each well together with a tabulation of the acreage factor assigned each well. For the purpose of allocation a proration unit of 640 acres shall be assigned an acreage factor of 4.00; a proration unit of 160 acres a factor of 1.00, etc.

"Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Eumont Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Eumont Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable) together with any adjustment which the Commission deems advisable.

If during a proration month the acreage assigned a well is increased the operator shall notify the Proration Manager in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Proration Manager.

#### BALANCING OF PRODUCTION

RULE 9. Underproduction: The dates 7:00 a.m., January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

If at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable adjusted accordingly.

If during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to the extent that it should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Proration Manager may reclassify a well at any time if production data or deliverability tests reflect the need for such a reclassification.

RULE 10. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at the end of the first succeeding proration period, the well is still overproduced, and has not been in balance since the end of the preceding proration period, then it shall be shut in and its current monthly allowable charged against said overproduction until the well is in balance. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut in upon a showing at public hearing after

due notice that complete shut in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES.

RULE 11. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 12. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104, and Form C-110 and the plat described above, whichever date is the later.

REPORTING OF PRODUCTION

RULE 13. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced.

Each purchaser or taker of gas in the Eumont Gas Pool shall submit a report to the Commission so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was purchased or taken.

Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

Forms C-111 and C-114 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copy being sent to Box 2045, Hobbs, New Mexico.

Form C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, compressors, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

RULE 14. A gas well shall mean a well producing with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil.

RULE 15. A well producing from the Eumont Gas Pool and not classified as a gas well as defined in Rule 14 shall be classified as an oil well.

RULE 16. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

RULE 17. No gas, either dry gas or casinghead gas, produced from the Eumont Gas Pool shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

RULE 18. Oil wells producing from the Eumont Gas Pool shall be allowed to produce a volume of gas each day not exceeding the daily normal unit oil allowable multiplied by 10,000; provided, however, that such well shall not be allowed to produce oil in excess of the normal unit allowable as ordered by the Commission under the provisions of Rule 505.

PROVIDED FURTHER, That special pool rules applicable to the Arrow Gas Pool be, and the same hereby are promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE ARROW GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts.

RULE 1. Any well drilled a distance of one mile or more outside the boundary of the Arrow Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile outside the boundary of the Arrow Gas Pool shall be spaced, drilled, operated and prorated in accordance with the regulations in effect in the Arrow Gas Pool.

RULE 2. Each well drilled or recompleted within the Arrow Gas Pool on a standard proration unit after the effective date of this rule shall be drilled not closer than 1980 feet to any boundary line of the tract nor closer than 330 feet to a quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Arrow Gas Pool prior to the effective date of this order at a location conforming to the spacing requirements effective at the time said well was drilled shall be considered to be located in conformance with this rule.

RULE 3. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 2 without notice and hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1980 foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all operators within such radius, together with a stipulation that proper notice has been given said operators at the addresses given. The Secretary of the Commission shall wait at least 20 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

RULE 4. The provisions of Statewide Rule 104, Paragraph (k), shall not apply to the Arrow Gas Pool located in Lea County, New Mexico.

GAS PRORATION

RULE 5. (a) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Arrow Gas Pool, a standard proration unit shall consist of between 632 and 648 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (section) of the U. S. Public Land Surveys with a well located at least 1980 feet from the nearest property lines; provided, however, that a non-standard proration unit may be

formed after notice and hearing by the Commission, or under the provisions of Paragraph (b) of this Rule.

The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio of the area of such non-standard proration unit expressed in acres to 640 acres. Any gas proration unit containing between 632 and 648 acres shall be considered to contain 640 acres for the purpose of computing allowables.

In establishing a non-standard gas proration unit the location of the well with respect to the two nearest boundary lines thereof shall govern the maximum amount of acreage that may be assigned to the well for the purposes of gas proration; provided, however, that any well drilled to and producing from the Arrow Gas Pool, as defined herein, prior to the effective date of this order at a location conforming with the spacing requirements effective at the time said well was drilled shall be granted a tolerance not exceeding 330 feet with respect to the required distances from the boundary lines. The maximum acreage which shall be assigned with respect to the well's location shall be as follows:

<u>Location</u>	<u>Maximum Acreage</u>
660' - 660'	160 acres
660' - 1980'	320 acres

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 5 (a) without notice and hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.
2. The non-standard gas proration unit lies wholly within a single governmental section.
3. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.
4. The length or width of the non-standard gas proration unit does not exceed 5280 feet.
5. The applicant presents written consent in the form of waivers from (a) all operators owning interests in the quarter sections in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit, and (b) all operators owning interests within 1500 feet of the well to which such gas proration unit is proposed to be allocated.
6. In lieu of paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

RULE 6. (a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Arrow Gas Pool and other relevant data and shall fix the allowable production of the Arrow Gas Pool.

(b) The allowable assigned to any well capable of producing its normal gas allowable in the Arrow Gas Pool shall be the same proportion of the total remaining allowable allocated to said pool after deducting allowables of marginal wells that the number of acres contained in the gas proration unit for that well bears to the acreage contained in all gas proration units assigned to non-marginal wells in the Arrow Gas Pool.

RULE 7. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months from the Arrow Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 8. In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "supplemental" nomination, showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Arrow Gas Pool. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month.

Included in the monthly proration schedule shall be (a) a summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month, (b) a tabulation of the net allowable, and production for the second preceding month together with a cumulative overage or underage computation, (c) a tabulation of the current and net allowables for the preceding month, (d) a tabulation of current monthly allowables for the ensuing proration month, and (e) a tabulation of the acreage assigned each well together with a tabulation of the acreage factor assigned each well. For the purpose of allocation a proration unit of 640 acres shall be assigned an acreage factor of 4.00; a proration unit of 160 acres a factor of 1.00, etc.

"Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Arrow Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Arrow Gas Pool any well which it finds it being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable) together with any adjustment which the Commission deems advisable.

If during a proration month the acreage assigned a well is increased the operator shall notify the Proration Manager in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Proration Manager.

#### BALANCING OF PRODUCTION

RULE 9. Underproduction: The dates 7:00 a.m., January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be



Order No. 2250

... of gas production periods. The amount of gas allowed to be produced during each production period shall be determined by the Commission. If the amount of gas allowed to be produced during a production period is exceeded, the Commission may suspend the production period and the amount of gas allowed to be produced during the next production period shall be reduced.

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**SHARING OF ALLOWABLES**

**RULE 11** No gas well shall be allowed to produce gas until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the acreage of all wells on the lease.

**RULE 12** Allowables for newly completed gas wells shall commence on the date of completion of gas transportation facility, as determined from an affidavit furnished to the Commission (457 2005, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104, and Form C-110 and the plat described above, whichever date is the later.

**REPORTING OF PRODUCTION**

**RULE 13** The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced.

Each purchaser or taker of gas in the Arrow Gas Pool shall submit a report to the Commission so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was purchased or taken.

Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

Forms C-111 and C-114 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copy being sent to Box 2045, Hobbs, New Mexico.

Form C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, compressors, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

#### DEFINITIONS

RULE 14. A gas well shall mean a well producing with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil.

RULE 15. A well producing from the Arrow Gas Pool and not classified as a gas well as defined in Rule 14 shall be classified as an oil well.

RULE 16. The term "gas Purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

RULE 17. No gas, either dry gas or casinghead gas, produced from the Arrow Gas Pool shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

RULE 18. Oil wells producing from the Arrow Gas Pool shall be allowed to produce a volume of gas each day not exceeding the daily normal unit oil allowable multiplied by 10,000; provided, however, that such well shall not be allowed to produce oil in excess of the normal unit allowable as ordered by the Commission under the provisions of Rule 505.

#### EXHIBIT "A"

Horizontal limits of the Jalmat Gas Pool

Township 21 South, Range 36 East

All of Section 31

SW/4 of Section 32

All of Secs. 33 and 34

Township 22 South, Range 35 East

E/2 Section 13

-20-

Order No. R-520

Exhibit "A" (Cont'd)

Township 22 South, Range 36 East

All of Secs. 3 through 10, inclusive.

W/2 Sec. 11

W/2 Section 14

All of Secs. 15 through 18, inclusive

NE/4 Sec. 19

All of Secs. 20 through 23, inclusive

W/2 Sec. 24

All of Secs. 25 through 29, inclusive

All of Secs. 32 through 36, inclusive

Township 22 South, Range 37 East

SW/4 Sec. 31

Township 23 South, Range 36 East

All of Secs. 1 through 4, inclusive

N/2 and SE/4 Sec. 5

E/2 Sec. 8

All Secs. 9 through 16, inclusive

NE/4 Sec. 17

All Secs. 21 through 27, inclusive

E/2 Sec. 28

E/2 Sec. 33

All Secs. 34, 35 and 36

Township 23 South, Range 37 East

All Secs. 6, 7, S/2 Sec. 8

All Secs. 17 through 21, inclusive

All Secs. 28 through 33, inclusive

Township 24 South, Range 36 East

All of Secs. 1, 2, and 3

E/2 Sec. 4

NE/4 Sec. 9

N/2, SE/4 Sec. 10

All of Secs. 11 through 14, inclusive

E/2 Sec. 15

All Secs. 22 through 26, inclusive

E/2 Sec. 27

E/2 Sec. 34

All Secs. 35 and 36

Township 24 South, Range 37 East

All of Secs. 5, 6, 7 and 8

W/2 Sec. 9

W/2 Sec. 16

All of Secs. 17 through 23, inclusive

All of Secs. 26 through 35, inclusive

Township 25 South, Range 36 East

All of Sec. 1

N/2 Sec. 2

All of Secs. 12, 13, 24 and 25

NE/4 Sec. 36

Township 25 South, Range 37 East

All Sec. 2 through 33, inclusive

W/2 Sec. 34

Exhibit "A" (Cont'd)

Township 26 South, Range 37 East

W/2 Sec. 3  
All Secs. 4 through 9, inclusive  
W/2 Sec. 10  
All of Secs. 15 through 22, inclusive  
All Secs. 27, 28 and 29  
N/2, SE/4 Sec. 30  
E/2 Sec. 31  
All of Secs. 32, 33 and 34

EXHIBIT "B"

Horizontal limits of the Eumont Gas Pool

Township 19 South, Range 36 East

All of Secs. 12, 13, 14, 23, 24, 25, 26  
E/2 Sec. 27  
E/2 Sec. 34  
All of Secs. 35 and 36

Township 19 South, Range 37 East

W/2 Sec. 4  
E/2 Sec. 5  
All of Secs. 7, 8, 17, 18, 19, 20  
W/2 Sec. 9  
W/2 Sec. 21  
W/2 Sec. 27  
All of Secs. 28, 29, 30, 31, 33 and 34

Township 20 South, Range 36 East

All of Secs. 1, 2  
E/2 Sec. 3  
E/2 Sec. 10  
All of Secs. 11, 12, 13 and 14  
NE/4 Sec. 15  
N/2 and SE/4 Sec. 23  
All of Secs. 24 and 25  
E/2 Sec. 26  
E/2 Sec. 35  
All Sec. 36

Township 20 South, Range 37 East

W/2 Sec. 2  
All of Secs. 3 through 10, inclusive  
W/2 Sec. 11  
All of Secs. 15 through 22, inclusive  
S/2 Sec. 23  
All of Secs. 26 through 35, inclusive  
W/2 Sec. 36

Township 21 South, Range 35 East

All of Sec. 1  
SE/4 Sec. 2

77  
Order No. 10000

EXHIBIT "B" (Cont'd)

Exhibit 21, Serials 20001 to 20005  
W/A 800- 31  
All of Ser. 20  
All of Ser. 21 and 22

Exhibit 22, Serials 20006 to 20010  
All of Ser. 3 through 21, inclusive  
W/A and W/A Ser. 22  
W/A Ser. 21  
All of Ser. 20, 21 and 22  
W/A and W/A Ser. 22

Exhibit 23, Serials 20011 to 20015  
All of Ser. 1 and 18

EXHIBIT "C"

Exhibit 24, Serials 20016 to 20020  
W/A 800- 24  
All Ser. 25  
W/A Ser. 26  
All of Ser. 27  
All Ser. 28

Exhibit 25, Serials 20021 to 20025  
All of Ser. 1 and 2  
W/A Ser. 11  
All of Ser. 12  
W/A and W/A Ser. 11

Exhibit 26, Serials 20026 to 20030  
W/A Ser. 10  
W/A Ser. 12

EXHIBIT "D"

EXHIBIT "D" (Cont'd)

Exhibit 27, Serials 20031 to 20035  
W/A Ser. 13  
All of Ser. 14  
All of Ser. 15  
All of Ser. 16 and 17

Exhibit 28, Serials 20036 to 20040  
W/A Ser. 18  
All of Ser. 19  
All of Ser. 20  
All of Ser. 21  
All of Ser. 22  
All of Ser. 23  
All of Ser. 24  
All of Ser. 25  
All of Ser. 26  
All of Ser. 27  
All of Ser. 28  
All of Ser. 29  
All of Ser. 30

Exhibit "D" (Cont'd)

Township 20 South, Range 36 East

All Secs. 1, 2 and 3  
All Secs. 10 through 14, inclusive  
E/2 Sec. 15  
All Secs. 23 through 26, inclusive  
E/2 Sec. 27  
All Secs. 35 and 36

Township 20 South, Range 37 East

All Secs. 3 through 10, inclusive  
All Secs. 15 through 21, inclusive  
W/2 Sec. 22  
All Secs. 29 through 33, inclusive

Township 21 South, Range 35 East

All Secs. 1, 12, 13, 24  
E/2 Sec. 25

Township 21 South, Range 36 East

SW/4 Sec. 1  
All of Secs. 2 through 11, inclusive  
W/2 Sec. 12  
W/2 Sec. 13  
All Sec. 14 through 22, inclusive  
NW/4 Sec. 23  
W/2 Sec. 27  
All Secs. 28, 29 and 30  
N/2 and SE/4 Sec. 32  
All Sec. 33  
W/2 Sec. 34

EXHIBIT "E"

Horizontal limits of the Cooper-Jal Oil Pool

Township 23 South, Range 36 East

All of Secs. 4, 5, 8, 9, 15, 16, 17,  
20, 21, 22, 27, 28, 33 and 34

Township 24 South, Range 36 East

W/2 Sec. 2  
All of Secs. 3 and 4  
N/2 Sec. 9  
All Sec. 10  
W/2 Sec. 11  
SW/4 Sec. 13  
All Secs. 14 and 15  
All Secs. 22, 23  
NW/4 and W/2 SW/4 Sec. 24  
W/2 Sec. 25  
All Secs. 26, 27, 34 and 35  
W/2 Sec. 36

Township 25 South, Range 36 East

All Secs. 1, 2, 3, 11, 12, 13, 14, 23,  
24, 25, 26 and 36

Township 25 South, Range 37 East

SW/4 Sec. 6  
W/2 Sec. 7  
W/2 Sec. 18  
W/2 and W/2 E/2 Sec. 19  
W/2 Sec. 30  
All Sec. 31  
SW/4 Sec. 32

EXHIBIT "F"

Horizontal limits of the Langlie-Mattix Oil Pool

Township 23 South, Range 36 East

All of Secs. 1, 2, 3, 10, 11, 12, 13,  
14, 23, 24, 25, 26, 35 and 36

Township 23 South, Range 37 East

W/2 Sec. 6  
All of Secs. 7, 18, 19  
W/2 W/2 Sec. 26  
All Sec. 27  
S/2 Sec. 28  
All Secs. 29 through 35, inclusive

Township 24 South, Range 36 East

All Sec. 1  
E/2 Sec. 2  
E/2 Sec. 11  
All Sec. 12  
N/2 and SE/4 Sec. 13  
E/2 and E/2 SW/4 Sec. 24  
E/2 Sec. 25  
E/2 Sec. 36

Township 24 South, Range 37 East

All of Secs. 2 through 11, inclusive  
All of Secs. 14 through 23, inclusive  
SW/4 Sec. 25  
All Secs. 26 through 35, inclusive  
W/2 Sec. 36

Township 25 South, Range 37 East

All of Secs. 2 through 5, inclusive  
N/2 and SE/4 Sec. 6  
E/2 Sec. 7  
All of Secs. 8 through 11, inclusive  
W/2 Sec. 13  
All Secs. 14 through 17, inclusive  
E/2 Sec. 18  
E/2 E/2 Sec. 19  
All Secs. 20 through 23, inclusive  
W/2 Sec. 24  
All Sec. 25

-25-

Order No. R-520

Exhibit "F" (Cont'd)

Township 25 South, Range 37 East (Cont'd)

All Secs. 26 through 29, inclusive

E/2 Sec. 30

N/2, SE/4 Sec. 32

All Secs. 33, 34 and 35

W/2 Sec. 36

Township 26 South, Range 37 East

NW/4 Sec. 1

NE/4 Sec. 2

EXHIBIT "G"

Horizontal limits of the South Eunice Oil Pool

Township 21 South, Range 35 East

E/2 Sec. 36

Township 21 South, Range 36 East

All Sec. 31

SW/4 Sec. 32

Township 22 South, Range 35 East

E/2 Sec. 1

Township 22 South, Range 36 East

W/2 Sec. 3

All Secs. 4 through 10, inclusive

SW/4 Sec. 11

W/2 Sec. 14

All Secs. 15 through 23, inclusive

All Secs. 25 through 29, inclusive

E/2 Sec. 30

NE/4 Sec. 31

All Secs. 32 through 36, inclusive



EXHIBIT "H"  
GAS-OIL RATIO TEST SCHEDULE

NAME OF POOL	GOR LIMIT	TEST PERIOD		DEADLINE FOR FILING FORM C-116
<u>Oil Pools</u>				
Arrowhead	3500	Nov.	Dec.	Jan. 15, 1955
Cooper-Jal	10000	Sept.		October 15, 1954
Eunice	6000	Oct.	Nov.	January 15, 1955
Monument	3000	July	Aug.	October 15, 1954
South Eunice	10000	Sept.	Sept.	November 15, 1954
Hardy	10000	Sept.	Oct.	November 15, 1954
Langlie-Mattix	10000	Sept.	Oct.	October 15, 1954
Leonard	10000	Sept.		October 15, 1954
South Leonard	10000	Sept.		October 15, 1954
Penrose-Skelly	10000	Sept.	Oct.	October 15, 1954
Rhodes	10000	Sept.	Oct.	December 15, 1954
			Nov.	November 15, 1954
<u>GAS POOLS</u>				
Arrow	10000	Oct.	Nov.	December 15, 1954
Eumont	10000	Oct.	Nov.	January 15, 1955
Jalmat	10000	Sept.	Oct.	December 15, 1954

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

S E A L

DOCKET: EXAMINER HEARING APRIL 22, 1959

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

The following cases will be heard before DANIEL S. NUTTER, Examiner:

- CASE 728: Application of Hamilton Dome Oil Company, Ltd., for an exception to Order R-586-E. Applicant, in the above-styled cause, seeks an order excepting its Westates Carlson Federal "A" Well No. 1 located in the NW/4 SE/4 of Section 25, Township 25 South, Range 37 East, Lea County, New Mexico, from the requirement in Order R-586-E that wells not within the defined vertical limits of the Justice Gas Pool, as established in said order, be plugged back so as to be open only within the said vertical limits.
- CASE 1641: Application of W. R. Weaver for the promulgation of special rules and regulations governing the Angels Peak-Gallup Oil Pool. Applicant, in the above-styled cause, seeks an order promulgating special rules and regulations governing the drilling, spacing, and production of oil and gas wells in the Angels Peak-Gallup Oil Pool in San Juan County, New Mexico.
- CASE 1642: Application of Delhi-Taylor Oil Corporation for an amendment to Orders R-60, R-1169, and R-1170. Applicant, in the above-styled cause, seeks an order amending Orders R-60, R-1169, and R-1170 to change the dedicated acreage in three non-standard gas proration units in Sections 30 and 31, Township 29 North, Range 8 West, San Juan County, New Mexico, based on a resurvey; two of said units are in the Aztec-Pictured Cliffs Pool and one is in the Blanco Mesaverde Pool.
- CASE 1643: Application of El Paso Natural Gas Company for an unorthodox oil well location. Applicant, in the above-styled cause, seeks an order authorizing an unorthodox oil well location in the Angels Peak-Gallup Oil Pool for its Huerfano Unit Well No. 107 located 1460 feet from the North line and 1380 feet from the West line of Section 35, Township 27 North, Range 10 West, San Juan County, New Mexico.
- CASE 1644: Application of J. E. Bedingfield for an exception to Rule 104 (c) of the Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an exception to Rule 104 (c) so that he may re-enter a well located 1980 feet from the South and East lines of Section 32, Township 17 South, Range 28 East, Eddy County, New Mexico, said well being located closer than 660 feet to a producing well.
- CASE 1645: Application of Sinclair Oil & Gas Company for permission to commingle the production from three separate pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Monument-McKee Gas Pool, the Eunice-Monument Pool, and the Monument-Blinbry Pool on its J. R. Phillips "A" Lease consisting of the SW/4 of Section 31, Township 19 South, Range 37 East, Lea County, New Mexico.

CASE 1646: Application of Amerada Petroleum Corporation for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Ida Wimberley Well No. 9 located 1650 feet from the North line and 990 feet from the West line of Section 25, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Blinebry formation adjacent to the Justis-Blinebry Oil Pool and the production of oil from the Justis-Drinkard Pool through parallel strings of 2-3/8 inch tubing.

CASE 1647: Application of Olsen Oils, Inc., for a non-standard gas production unit and an unorthodox gas well location. Applicant, in the above-styled cause, seeks an order establishing an 80-acre non-standard gas production unit in the Jalmat Gas Pool consisting of the W/2 NW/4 of Section 28, Township 26 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to applicant's Gregory "B" Well No. 1 located 2310 feet from the North line and 990 feet from the West line of said Section 28. Applicant further seeks approval for the unorthodox location of said gas well.

CASE 1648: Application of W. R. Weaver for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Angels Peak-Dakota Gas Pool and the Angels Peak-Gallup Oil Pool on its McAdams Lease comprising Section 34, Township 27 North, Range 10 West, San Juan County, New Mexico.

CASE 1649: Application of Amerada Petroleum Corporation for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its L. W. Ward Well No. 2 located 1983 feet from the South line and 520 feet from the East line of Section 11, Township 13 South, Range 38 East, Lea County, New Mexico, in such a manner as to permit the production of oil from an undesignated Mississippian pool and the production of oil from the Bronco-Devonian Pool through parallel strings of 2-1/16 inch tubing.

CASE 1650: Application of Pan American Petroleum Corporation for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its Martin Ranch Unit Agreement embracing approximately 35,193 acres of federal, state, and patented acreage in Townships 3 and 4 South, Ranges 22 and 23 East, Chaves and DeBaca Counties, New Mexico.

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. 1647  
Order No. R-1391

APPLICATION OF OLSEN OILS, INC.,  
FOR AN 80-ACRE NON-STANDARD GAS  
PRORATION UNIT IN THE JALMAT GAS  
POOL, LEA COUNTY, NEW MEXICO, AND  
FOR APPROVAL OF AN UNORTHODOX  
GAS WELL LOCATION

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 22, 1959, 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 13<sup>th</sup> day of May, 1959, 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, Olsen Oils, Inc., is the owner and operator of the W/2 NW/4 of Section 28, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant proposes the establishment of an 80-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the above-described acreage to be dedicated to its Gregory "B" Well No. 1, located 2310 feet from the North line and 990 feet from the West line of said Section 28.

(4) That by Order No. R-520, said Section 28 was exempt from the provisions of the Jalmat Gas Pool Rules.

(5) That the said Gregory "B" Well No. 1 is completed within the vertical and horizontal limits of the Jalmat Gas Pool and should be subject to all the provisions governing wells in said Jalmat Gas Pool.

-2-

Case No. 1647  
Order No. R-1391

(6) That the applicant further seeks approval of the unorthodox gas well location for said Gregory "B" Well No. 1.

(7) That approval of the subject application will not cause waste or impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That an 80-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the W/2 NW/4 of Section 28, Township 26 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 Gregory "B" Well No. 1, located 2310 feet from the North line and 990 feet from the West line of said Section 28.

(2) That the said Gregory "B" Well No. 1 shall be subject to all the provisions governing wells in the Jalmat Gas Pool.

(3) That the said Gregory "B" Well No. 1 shall be assigned an acreage factor for allowable purposes in the proportion that the acreage in the non-standard unit bears to the acreage in a standard gas proration unit in the Jalmat Gas Pool, subject to the provisions of the Special Rules and Regulations for said pool.

(4) That the unorthodox gas well location of the said Gregory "B" Well No. 1 be and the same is hereby approved.

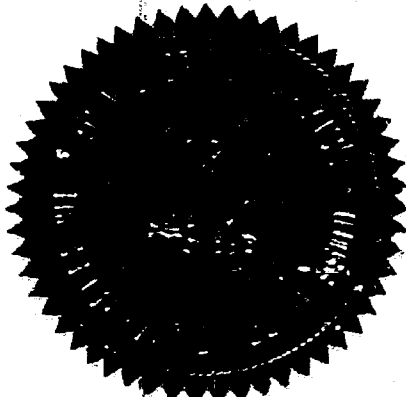
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*John S. Burroughs*  
JOHN BURROUGHS, Chairman

*Murray E. Morgan*  
MURRAY E. MORGAN, Member

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



vem/

*Shalin Pressure*

Survey Taken September 1958

*7870 72 hrs*

Rhodes Area Storage El Paso Natural Gas Company Injection Wells

Moberly B-1	825
Moberly B-2	741
Cagle B-1	807
Cagle B-2	800
Gregory B-1	812
Rhodes A-1	800
Rhodes A-2	726
State A-1	837
State Y-1	811

Wells of El Paso Natural Gas Company Close to Area

Bates #1	695
Moberly C-3	539
Moberly 1	645
Elliott Fed. #1	568
Moberly Fed. #2	922
Elliott Fed. #3	520
Parker #1	607

Cities Service	
State O #2	624
State O #3	742

Olsen Oils, Inc.	
Gregory B-1	1100

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
<i>Olson</i>	EXHIBIT NO. <i>4-5</i>
CASE NO.	<i>1647</i>

(SUBMIT IN TRIPLICATE)

Land Office Las Alamos

Lease No. 10 05 216

Unit 100 017 5

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY



SUNDRY NOTICES AND REPORTS ON WELLS

NOTICE OF INTENTION TO DRILL.....	<input checked="" type="checkbox"/>	SUBSEQUENT REPORT OF WATER SHUT-OFF.....	
NOTICE OF INTENTION TO CHANGE PLANS.....		SUBSEQUENT REPORT OF SHOOTING OR ACIDIZING.....	
NOTICE OF INTENTION TO TEST WATER SHUT-OFF.....		SUBSEQUENT REPORT OF ALTERING CASING.....	
NOTICE OF INTENTION TO RE-DRILL OR REPAIR WELL.....		SUBSEQUENT REPORT OF RE-DRILLING OR REPAIR.....	
NOTICE OF INTENTION TO SHOOT OR ACIDIZE.....		SUBSEQUENT REPORT OF ABANDONMENT.....	
NOTICE OF INTENTION TO PULL OR ALTER CASING.....		SUPPLEMENTARY WELL HISTORY.....	
NOTICE OF INTENTION TO ABANDON WELL.....			

(INDICATE ABOVE BY CHECK MARK NATURE OF REPORT, NOTICE, OR OTHER DATA)

November 13, 1953, 19

Well No. 1 is located 2510 ft. from  N line and 290 ft. from  E line of sec. 28

28  
(1/4 Sec. and Sec. No.)

28N  
(Twp.)

37E  
(Range)

141W  
(Meridian)

Jalmat  
(Field)

Lea  
(County or Subdivision)

New Mexico  
(State or Territory)

The elevation ~~of the corner~~ above sea level is 2955 ft.

DETAILS OF WORK

(State names of and expected depths to objective sands; show sizes, weights, and lengths of proposed casings; indicate mudding jobs, cementing points, and all other important proposed work)

We propose to drill the subject well with rotary tools to a TD of approximately 3200'. We propose to set 9 5/8" 36# surface casing at 300' with 250 sx cement and 7" 23# oil string at 3200' with 250 sx cement at shoe and 100 sx at 14' Tool. at top of salt between 100-1500'

BEFORE EXAMINER NUTTER  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 6  
CASE NO. 1647

I understand that this plan of work must receive approval in writing by the Geological Survey before operations may be commenced.

Company Olsen Oils, Inc.

Address Box 691

Jal, New Mexico

By Jonathan Wilson

Title Production Foreman

Examined by party of L.C. 03 25103

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF OLSEN )  
OILS, INC. TO CREATE A NON-STANDARD GAS )  
PRORATION UNIT CONSISTING OF EIGHTY (80) )  
ACRES, TO-WIT: THE WEST ONE-HALF OF THE )  
NORTHWEST QUARTER ( $W\frac{1}{2}NW\frac{1}{4}$ ) IN SECTION 28, )  
TOWNSHIP 26 SOUTH, RANGE 37 EAST, N.M. )  
P.M., LEA COUNTY, NEW MEXICO, AND THE )  
APPROVAL OF THE LOCATION OF ITS GAS WELL )  
KNOWN AS OLSEN OILS, INC. - GREGORY B )  
NO. 1 LOCATED 2310 FEET FROM THE NORTH )  
LINE AND 990 FEET FROM THE WEST LINE OF )  
SECTION 28, TOWNSHIP 26 SOUTH, RANGE 37 )  
EAST, N.M.P.M., LEA COUNTY, NEW MEXICO, )  
AND ESTABLISHING A GAS ALLOWABLE FOR SAID )  
WELL. )

COMES NOW Olsen Oils, Inc. and files this its  
Application for the establishing of a gas proration unit  
consisting of eighty (80) acres comprised of the  $W\frac{1}{2}$  of the  
 $NW\frac{1}{4}$  of Section 28, Township 26 South, Range 37 East,  
N.M.P.M., Lea County, New Mexico, and further, for an  
exception to the well spacing Rule No. 104, sub-paragraph  
D 1, and for cause would show:

1. That on November 25, 1958, R. Olsen Oil Company,  
now Olsen Oils, Inc., filed its Notice of Intention to Drill  
with the United States Department of Interior, a copy thereof  
being filed with the Oil Conservation Commission of the State  
of New Mexico, a copy of said Notice being attached hereto  
and made a part hereof, marked Exhibit "A". This Notice of  
Intention to Drill was approved on November-26, 1958.



2. That said well was drilled as an exploratory well for the discovery of oil.

3. That said well failed to be completed as an oil well, but was completed as a gas well.

4. That the well was completed on February 26, 1959 and on twenty-four hour test produced 4800 MCFs of gas, plus 5.5 barrels of oil per 1000 MCFs.

5. Applicant would further show that attempt has been made with Anderson-Pritchard Oil Corporation to unitize the  $W\frac{1}{2}NW\frac{1}{4}$  with the  $E\frac{1}{2}NW\frac{1}{4}$  of Section 28, Township 26 South, Range 37 East, and these efforts have failed.

6. Applicant would further show that the well is not located within any designated gas pool.

7. Applicant would further show that the subject well is definitely a gas well under the rules, regulations and interpretations of the Commission and that this Application should be granted allowing this applicant to produce from its Gregory B No. 1 well gas.

8. That an allowable should be established for said well.

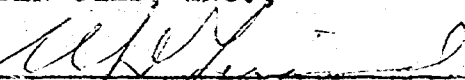
9. That attached hereto and marked Exhibit "B"

is a certified plat showing the exact location of the subject well and all offset operators.

WHEREFORE, applicant prays that the Commission enter its Order creating a non-standard gas unit comprised of the  $W\frac{1}{2}NW\frac{1}{4}$  in Section 28, Township 26 South, Range 37 East, and that it authorize the unorthodox location of the well known as the Olsen Oils, Inc.-Gregory B. No. 1 to be located 2310 feet from the North line and 990 feet from the West line of Section 28, Township 26 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and that an allowable be fixed for said well.

Respectfully submitted,

OLSEN OILS, INC.,

BY   
ATTORNEY.

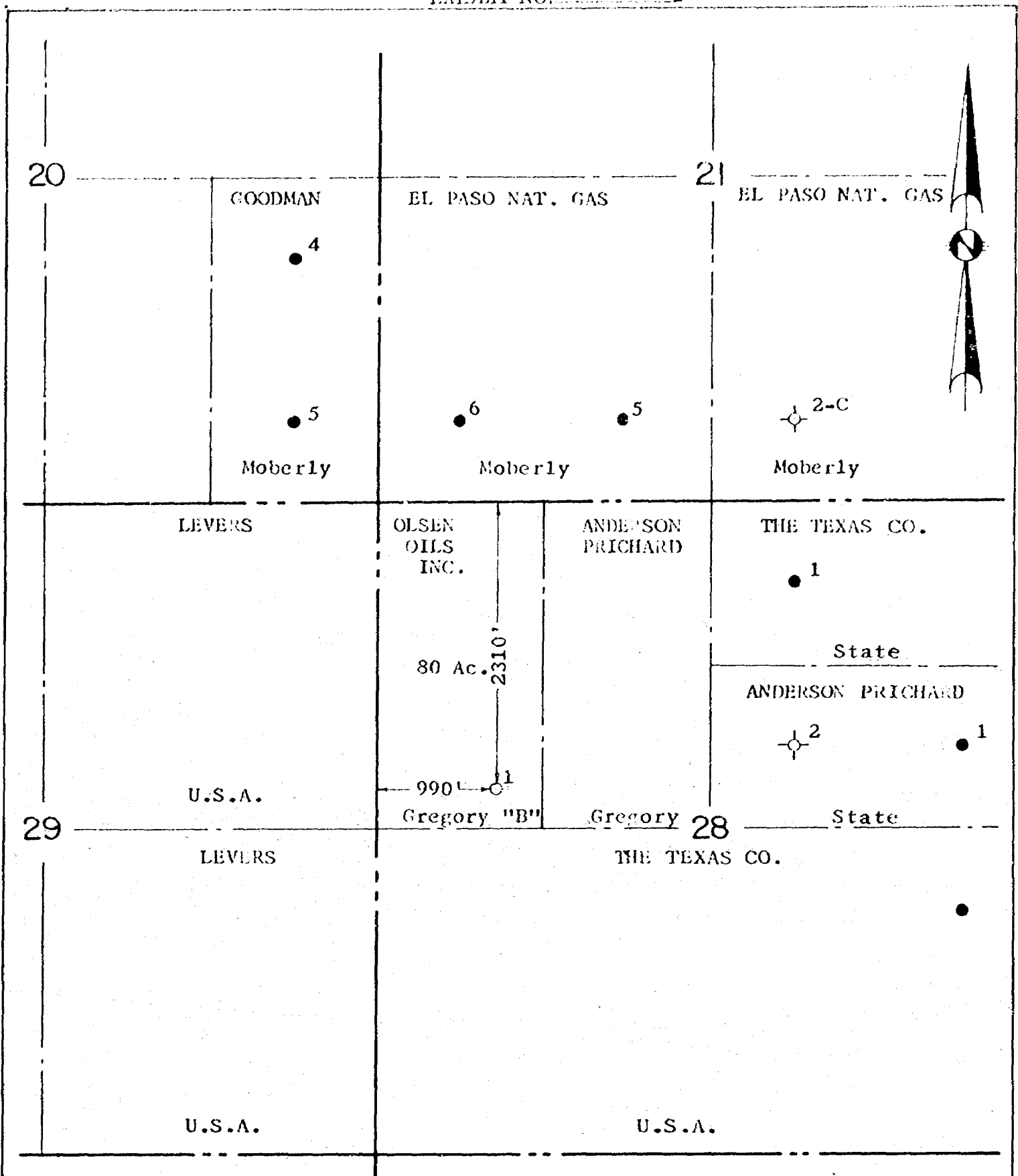
G/bc

EXHIBIT NO. A

APPROVED Nov. 26, 1958  
s/ A. P. Klyeman, District Engineer

RECEIVED  
NOV. 28, 1958, JAL OFFICE

ILLEGIBLE



Legend

- Oil Wells
- Dry Wells
- Section Lines
- Lease Lines

**BEFORE EXAMINER NUTTER**  
 OIL CONSERVATION COMMISSION  
 EXHIBIT NO. 5  
 CASE NO. 1617

I HEREBY CERTIFY THAT THIS PLAT WAS MADE FROM NOTES TAKEN IN THE FIELD IN A BONA FIDE SURVEY MADE UNDER MY SUPERVISION, AND THAT THE SAME IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

*John W. West*  
 JOHN W. WEST, N.M. P.E. & L.S. NO. 676  
 TEXAS R.P.S. NO. 1138

**OLSEN OILS INC.**

Gregory "B" Lease (80 Acres)  
 Located in the W $\frac{1}{2}$ NW $\frac{1}{4}$  Section 28, T26S,  
 R37E, NMPM, Lea County, New Mexico

JOHN W. WEST ENGINEERING COMPANY  
 CONSULTING ENGINEERS HOBBS, NEW MEXICO

Scale 1" = 1000'	Drawn by H.E.J.
Date 3-14-59	Sheet 1 of 1 Sheets

R 37E  
T 26S

20

EPNG GOODMAN

21

EPNG TEXAS

22

TD - 330

TD - 330

TD - 378



nobly  
US

Y +30

nobly  
US

Y +10

G. LEVERS

OLSEN OILS  
INC

AP

TD-393 TEXAS  
"AD"

"gregory"



TD - 399  
BPoy - 357

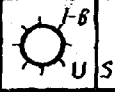
A.F



29

ONEIL

Y-13



28

TEXAS

State

TD - 350



27

OLSEN OILS  
INC



Y +8



Y +5

US

"nobly"  
US

"nobly"  
US

CITIES SERVICE

T.F. HODGE

T.F. HODGE



Y -32



US

32

State

33

Lea County  
New Mexico

34

Texas

BEFORE EXAMINER NUTTER  
 OIL CONSERVATION COMMISSION  
 Exhibit No. 1  
 CASE NO. 1617

R 37E  
T 26S