

CASE 1375: Application of CONTINENTAL
for non-standard gas pro. unit & for
an order force-pooling interests
therein.

John - be sure to send
copy of docket to

M.F. Taylor
PO Box 574
Amarillo, Tex

and

R.B. Glenn
PO Box 441 (461)
Amarillo, Tex

and

USGS
Ronnie Kestner

Doctate
sent
1-18-60
JR

Case No.

1875

Application, Transcript,
Small Exhibits, Etc.

C
O
P
Y

February 8, 1960

Mr. Jason Kellahin
P. O. Box 1713
Santa Fe, New Mexico

Dear Mr. Kellahin:

On behalf of your client, Continental Oil Company, we
enclose two copies of each of the following orders which
were issued by the Oil Conservation Commission this date:

Order No. R-1590 in Case No. 1835
Order No. R-1594 in Case No. 1876
Order No. R-1596 in Case 1878
Order No. R-1602 in Case 1875
Order No. R-1607 in Case 1877

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

lr/

OCC Districts

KLH:AW
2/12/57
M-24-57

GAS COMMUNITIZATION AND POOLING AGREEMENT
BLINEBRY GAS POOL HORIZON
LOTS 6, 10, 11 AND 12, SECTION 3,
T-21-S, R-37-E
LEA COUNTY, NEW MEXICO

THIS AGREEMENT, made and entered into the 15 day of February, 1957, by and between THE ATLANTIC REFINING COMPANY, a corporation, CONTINENTAL OIL COMPANY, a corporation, PAN AMERICAN PETROLEUM CORPORATION, a corporation, SHELL OIL COMPANY, a corporation, and STANDARD OIL COMPANY OF TEXAS, a corporation, hereinafter called "Operators", and the other parties who execute this instrument or approve, consent to, or ratify it by separate instrument, hereinafter called "Royalty Owners";

W I T N E S S E T H: That,

WHEREAS, Operators are the owners of leasehold or other operating interests in the Blinebry gas pool horizon in Lots 6, 10, 11 and 12, of Section 3, Township 21 South, Range 37 East, Lea County, New Mexico, which said interests are described in Exhibit "A", attached hereto and made a part hereof for all purposes; and

WHEREAS, Royalty Owners own, subject to Operators' rights, land, mineral rights, royalties, overriding royalties or other interests and rights in said Lots; and

WHEREAS, all of the parties desire to communitize and pool all their interests in said Lots in so far as the gas rights in the said Blinebry Gas Pool are concerned, (which said Lots as to said rights are hereinafter referred to as "Unit") in order to be consistent with existing rules and regulations governing well spacing and production allowables;

NOW, THEREFORE, in consideration of the premises, of the mutual covenants herein contained and of the mutual benefits to be derived herefrom, the parties hereto do hereby agree among themselves and with each other as follows:

I.

DEFINITIONS

For all purposes of this agreement, the following terms herein used are defined as follows:

(a) "Communitized Tracts" shall mean and include said Lots 6, 10, 11 and 12.

(b) "Oil" shall mean any liquid hydrocarbon, regardless of gravity, produced and capable of being produced in liquid form at the wellhead by ordinary production methods and which is not the result of the condensation of vaporous hydrocarbons after leaving the reservoir.

(c) "Gas" shall mean and be limited to all hydrocarbons and associated substances produced and capable of being produced, through a gas well or gas wells located on the Communitized Tracts, from the Blinebry Gas Pool, as described in Order No. R-464 of the New Mexico Oil Conservation Commission.

(d) "Gas Well" shall mean a well defined as a gas well by the Oil Conservation Commission of New Mexico.

(e) "Oil Well" shall mean a well producing oil and which is not a gas well as hereinabove defined.

(f) A dually completed well shall be treated and considered as a separate and distinct well in each zone of completion.

II.

UNIT FORMED

(a) Subject to the other provisions hereof, all leases and lands comprising the Communitized Tracts, together with all interests of Operators and Royalty Owners therein and thereunder, are hereby communitized for all purposes of this agreement in so far as gas in the said Blinebry Gas Pool and the rights therein and thereto are concerned, and Operators may develop and operate the Communitized Tracts for such purposes to the same extent and in the same manner as if all such lands and interests were covered by a single lease; provided, however, that nothing herein shall be deemed to result in the actual transfer of all or any part of any party's legal title in any Communitized Tract to any other party.

(b) This agreement shall not include or affect in any manner whatsoever any of the production of hydrocarbons from any oil well located on the Communitized Tracts or any of the production of hydrocarbons from other than the Blinebry Gas Pool.

III.

PARTICIPATION

(a) On and after the effective date of this agreement there shall be allocated to each of the lots comprising the Communitized Tracts a certain portion, as hereinbelow provided, of the gas produced and saved from the Unit, after deducting that used for development and operation of the Unit in connection with gas and that lost in handling.

(b) Such allocation to the several lots shall be made on a net communitized acreage basis, each lot being allocated a portion of such gas in the ratio or proportion that the number of net communitized acres in such lot bears to the total number of net communitized acres in all of the said lots. All parties hereto agree that the number of gross acres designated in Exhibit "A" for each lot shall be conclusive upon the parties hereto for the purpose of making such allocations to the said lots and for all other purposes of this agreement.

(c) The Operator or Operators owning interests in a lot shall own and receive the gas so allocated to such lot, subject to the rights of Royalty Owners therein, and the rights of Operators and Royalty Owners to such gas so allocated or to the value thereof or proceeds therefrom shall be determined in accordance with the lease or leases and other contracts and interests affecting such lot to the same extent and in the same manner as if the gas so allocated to such lot had been produced therefrom and this agreement were not in effect.

(d) Each Operator individually shall be solely responsible and liable for payment to Royalty Owners and any other party or parties owning interests under each lease and interest contributed to the Unit by such Operator of all rentals, royalties, overriding royalties, payments out of production and other interests applicable or due with respect to gas. Payments of rentals, royalties, overriding royalties, payments out of production and other interests, with respect to gas, which are made upon the basis herein stipulated shall constitute full performance of all obligations to make such payments to Royalty Owners as to gas under the provisions of their several

leases and other contracts, and Royalty Owners hereby waive the payment of their royalty and other interests in the Unit on any basis other than as specified in this agreement.

IV.

EFFECT OF UNITIZATION - UNIT OPERATOR NAMED

(a) The drilling and reworking of wells and other operations on, and the production of gas from, any part of the Unit, in so far as such drilling, reworking operations and production involve gas and the rights therein and thereto, shall, except for the purpose of determining payments to Royalty Owners, be considered for all purposes as drilling, reworking and operations on and production of gas from each and all of the lands subject hereto, and such drilling, reworking operations or production shall be deemed to be operations or production as to each lease committed hereto.

(b) Shell Oil Company is named by Operators to have charge of unit operations hereunder. Should a vacancy in that position occur, a successor may be designated by the leasehold interests, each of whom shall have a voting power equal to the net mineral leasehold acres owned by it in the communitized tracts. Four executed copies of a designation of successor operator shall be filed with the Oil and Gas Supervisor.

V.

EFFECTIVE DATE AND TERM

(a) Providing that it has been executed by Shell Oil Company, without whose execution it shall never be effective, this agreement shall become effective on the first day of the first calendar month after it is approved by the Oil Conservation Commission of the State of New Mexico.

(b) Once it becomes effective, this agreement shall continue for one year certain and thereafter until terminated by mutual agreement of the parties or the happening of any one of the following events:

1. The expiration or surrender of all of Operators' leases as to acreage within the Communitized Tracts;
2. The abandonment by Operators as a dry hole of a well drilled to or recompleted in the Blinebry Gas Pool on the

Communitized Tracts, or the completion by Operators of such well (if located on Lots 6, 10 or 11) as an oil well, at a time when there is no other well completed on the Unit capable of producing gas, or, after production of gas has been obtained on the Unit, the cessation of such production, provided, that termination shall not occur on the happening of any of such events if Operators commence additional drilling or reworking operations for the purpose of producing gas from the Unit within ninety (90) days after the happening of the event so long as such operations are prosecuted with no cessation of more than thirty (30) days and if such operations result in gas production so long as gas is produced, or still further operations for gas production from the Unit are being conducted on the Unit.

3. The completion on Lot 12 for production from the Blinebry Gas Pool reservoir of a well as an oil well; however, in the event of the completion of such a well on Lots 6, 10 or 11, this agreement shall terminate as to the lot on which the said well is located but shall remain in full force and effect as to the other lots.

VI.

GENERAL

(a) This agreement may be executed in counterparts, in which event all counterparts hereof shall be treated as one original instrument, or the same may be ratified by any party by a separate instrument in writing referring to this agreement.

(b) All production of gas and disposal thereof shall be in conformity with allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statute. The provisions of this agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations which affect performance of any of the provisions of this agreement and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such law, order, rule or regulation.

(c) The Operators hereby agree to furnish the Secretary of the Interior, or his duly authorized representative, with the log and history of any Unit well or wells; the monthly report of operations; the statement of oil and gas runs and royalties, together with such reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations for any well within the Communitized Tracts and outside the parcel leased by the United States.

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

(e) This agreement shall supersede and amend all existing leases and other agreements covering the Communitized Tracts to the extent, but only to the extent, that the provisions thereof are in conflict with the provisions of this agreement. The undersigned owners of mineral and royalty interests under each lease covering land in the Communitized Tracts hereby declare such lease to be in full force and effect.

(f) This agreement shall extend to, be binding upon and inure to the benefit of the parties hereto, their respective successors, heirs, legal representatives and assigns, even though same is not executed by all of those parties owning mineral, royalty and similar interests in the Communitized Tracts, and shall constitute a covenant running with the leases and lands covered hereby.

(g) Nothing contained in this agreement shall inure to the benefit of any party who is not bound by this agreement.

IN TESTIMONY WHEREOF, this instrument is executed as of the day and year first written above.

ATTEST:

Secretary

OPERATORS:

THE ATLANTIC REFINING COMPANY

By _____
President

**EXHIBIT A TO GAS COMMUNITIZATION AND
POOLING AGREEMENT DATED
1957, EMBRACING THE BLINEBRY GAS POOL
FORMATION UNDER LOTS 6, 10, 11 AND 12,
SECTION 3, T-21-S, R-37-E, LEA COUNTY,
NEW MEXICO.**

DESCRIPTION OF LEASES COMMITTED

Tract No. 1:

Lessors: M. F. Taylor and wife, Anna Taylor, and M. O. Glenn
and wife, Frances Glenn.

Lessee of Record: Shell Oil Company.

Date of Lease: April 13, 1939.

Description of Lands Committed: Lots 6, 10, and 11, Section 3,
T-21-S, R-37-E, Lea County, New Mexico.

Number of Acres: 40 acres in each of said lots - an aggregate of 120
acres in the three lots.

Working Interest and Percentage: Shell Oil Company 100% subject to
production payments and overriding
royalties listed below.

O.R.R.I. and Percentage: Lots 6 and 11 - Production payments payable
out of 1/8 of 7/8 owned as follows:
L. H. Puckett et ux, Lela W. Puckett - 25%
Cecil H. Kyte, Trustee for David Bond
Kyte under declaration of trust dated
May 24, 1941, executed by C. H. Kyte
et ux, Mariee I. Kyte - 25%
Betty M. Dreesen - 25%
Max W. Coll II -.0625
James N. Coll -.0625
Charles H. Coll -.0625
Jon F. Coll -.0625

Lot 10 - Overriding Royalty of 1/8 of 7/8,
owned as follows:
J. B. Headley - 25%
W. R. Hines - 25%
Howard P. Holmes - 25%
J. C. Crain - 25%

Provision of Fee Lease Authorizing Pooling: None

Tract No. 2:

Lessor: United States of America

Lessee of Record: Estate of Wilbur C. Hawks, deceased

Serial No. of Lease: LC-031741(b)

Date of Lease: January 13, 1938

Description of Lands Committed: Lot 12, Section 3, T-21-S, R-37-E,
Lea County, New Mexico.

Number of Acres: 40

Working Interest and Percentage: The Atlantic Refining Company - 25%
Continental Oil Company 33%
Pan American Petroleum Corp. 33%
Standard Oil Company of Texas - 25%

O.R.R.I. and Percentage: None

Provision of Lease Authorizing Pooling: None

Case 1875



RECEIVED DEC 30

12:13 PM 1959

CONTINENTAL OIL COMPANY

825 PETROLEUM BUILDING
ROSWELL, NEW MEXICO
December 29, 1959

WM. A. MEAD
DIVISION SUPERINTENDENT
OF PRODUCTION
NEW MEXICO DIVISION

*Jan 27th
Ex. hearing*

New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr., Secretary-Director

Re: Continental Oil Company's
Application for Forced
Pooling for Gas Production
Purposes, Lots 6, 10, 11, &
12, of Sec. 3, T-21S, R-37E,
NMPM, Lea County, New Mexico

Gentlemen:

We are attaching three copies of Continental Oil Company's application for the forced pooling for gas production purposes from the Blinbry formation, of Lots 6, 10, and 11, under lease to Shell Oil Company, and Lot 12, under lease to Continental Oil Company et al, located in Section 3, T-21S, R-37E, NMPM, Lea County, New Mexico.

Please set this matter for hearing at your earliest convenient date.

Yours very truly,

W. A. Mead

WAM-PD
Enc

*Docket
mailed
1-18-60
gfk*

PIONEERING IN PETROLEUM PROGRESS SINCE 1875

DOCKET: EXAMINER HEARING JANUARY 27, 1960OIL CONSERVATION COMMISSION - 9 a.m., MABRY HALL, STATE CAPITOL, SANTA FE

The following cases will be heard before Elvis A. Utz, Examiner, or A. L. Porter, Jr., Secretary-Director:

- CASE 1866: Application of British-American Oil Producing Company for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its West Bisti-Lower Gallup Sand Unit Agreement, which Unit is to comprise 14,331 acres, more or less, in Townships 25 and 26 North, Ranges 13 and 14 West, San Juan County, New Mexico.
- CASE 1867: Application of British-American Oil Producing Company for a pressure maintenance project in the Bisti-Lower Gallup Oil Pool and promulgation of special rules in connection therewith. Applicant, in the above-styled cause, seeks an order authorizing a pressure maintenance project in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico, by the injection of water into the Lower Gallup formation through 17 wells. Applicant further proposes that special rules be adopted governing said project including the transfer of allowables from injection and shut-in wells to producing wells in the project and for establishment of an administrative procedure to convert additional wells to injection.
- CASE 1868: Application of Hamilton Dome Oil Company, Ltd. 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 Justis-Drinkard Pool, the Justis-Fusselman Pool and an undesignated Tubb pool from wells on a lease consisting of the S/2 SE/4 of Section 25, Township 25 South, Range 37 East, Lea County, New Mexico.
- CASE 1869: Application of Newmont Oil Company for approval to convert five additional wells in the Loco Hills Pool to water injection. Applicant, in the above-styled cause, seeks an order authorizing it to convert to water injection five additional wells in its water flood project in the Loco Hills Pool, Eddy County, New Mexico. Said wells are the Brigham Well No. 1-A, Yates Well No. 4, Yates A Well No. 10, Yates A Well No. 12, and Coppedge Well No. 2, located respectively in the SE/4 SE/4 of Section 31, Township 17 South, Range 30 East, NE/4 SW/4 of Section 6, SW/4 SW/4 of Section 6, NE/4 NE/4 of Section 6, and NW/4 NW/4 of Section 5, all in Township 18 South, Range 30 East.

CASE 1870:

Application of Newmont Oil Company for permission to install four separate automatic custody transfer systems. Applicant, in the above-styled cause, seeks an order authorizing it to install a separate automatic custody transfer system on each of four leases in applicant's water flood project in the Loco Hills Pool, Eddy County, New Mexico.

CASE 1871:

Application of Union Oil Company of California for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its North Anderson Ranch Unit Agreement, which Unit is to comprise 360 acres, more or less, consisting of portions of Sections 32 and 33, Township 15 South, Range 32 East, Lea County, New Mexico.

CASE 1872:

Application of Gulf Oil Corporation for authority to commingle the production from four separate leases and for approval of an automatic custody transfer system to handle said commingled production. Applicant, in the above-styled cause, seeks permission to commingle the production from the following four separate leases and to install an automatic custody transfer system to handle the Pearl-Queen Pool production from all wells located thereon:

Lea-State "AP" lease, E/2 of Section 30;
Lea-State "AQ" lease, N/2 of Section 32;
Lea-State "BG" lease, N/2 of Section 33;
Lea-State "IH" lease, W/2 SW/4 and W/2 SE/4
of Section 29,

all in Township 19 South, Range 35 East, Lea County, New Mexico.

CASE 1873:

Application of The Atlantic Refining Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Langlie Federal "A" Well No. 1, located in Unit H, Section 14, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Justis-Blinbry Pool and the production of oil from an undesignated Tubb pool through parallel strings of tubing.

CASE 1874:

Application of Val R. Reese & Associates, Inc., for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Lybrook Well No. 1-19, located in Unit C, Section 19, Township 24 North, Range 6 West, Rio Arriba County, New Mexico, in such a manner

as to permit the production of gas from an undesignated Gallup pool and the production of gas from an undesignated Dakota pool through parallel strings of tubing.

CASE 1875:

Application of Continental Oil Company for a non-standard gas proration unit and for an order force-pooling the interests therein. Applicant, in the above-styled cause, seeks the establishment of a 160-acre non-standard gas proration unit in the Blinebry Gas Pool consisting of lots 6, 10, 11, and 12 of Section 3, Township 21 South, Range 37 East, Lea County, New Mexico, to be dedicated to Shell Oil Company's Taylor-Glenn Well No. 1, located 3226 feet from the North line and 1980 feet from the West line of said Section 3. Applicant further seeks an order force-pooling the interests of those in said non-standard gas proration unit who have gas rights within the vertical limits of the Blinebry Gas Pool, including M. F. Taylor, P. O. Box 574, Amarillo, Texas, and R. B. Glenn, P. O. Box 461, Amarillo, Texas.

CASE 1876:

Application of Continental Oil Company 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 Weir (Drinkard) Oil Pool and Weir-Tubb Gas Pool from all wells on its Britt B-15 lease consisting of the W/2 and the W/2 E/2 of Section 15, Township 20 South, Range 37 East, Lea County, New Mexico.

CASE 1877:

Application of Continental Oil Company for permission to install an automatic custody transfer system and for permission to produce more than 16 wells in a common tank battery. Applicant, in the above-styled cause, seeks an order authorizing it to install an automatic custody transfer system to handle the production from all Skaggs Pool oil wells on its Southeast Monument Unit comprising lands located in Township 20 South, Ranges 37 and 38 East, Lea County, New Mexico.

CASE 1878:

Application of Continental Oil Company 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 Weir (Drinkard) Oil Pool and the Weir-Tubb Gas Pool from all wells on that portion of the Southeast Monument Unit consisting of the W/2 W/2 of Section 14 and the E/2 E/2 of Section 15, Township 20 South, Range 37 East, Lea County, New Mexico.

CASE 1879:

Application of Amerada Petroleum Corporation for a gas-oil dual completion and for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its State EM "A" Well No. 2, located 660 feet from the South and West lines of Section 22, Township 19 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Eumont Gas Pool and the production of oil from the Eumont Gas Pool through the casing-tubing annulus and the tubing respectively. Applicant further seeks the establishment of a 160-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the SW/4 of said Section 22 to be dedicated to the said State EM "A" Well No. 2.

CASE 1880:

Application of Texaco Inc. for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the production from the Blinebry Oil Pool and the Drinkard Pool from all wells on its V. M. Henderson lease consisting of the N/2 of Section 30, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 1881:

Application of Texaco Inc. for approval of an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the installation of automatic custody transfer facilities to handle the Crossroads-Devonian Pool production from the U. D. Sawyer lease comprising the E/2 of Section 34, Township 9 South, Range 36 East, Lea County, New Mexico.

CASE 1882:

Application of Texaco Inc. for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the production from the Tubb Pool and the Blinebry Oil Pool from all wells located on its Mittie Weatherly lease comprising the NW/4 of Section 17, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 1883:

Application of Texaco Inc. for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the production from the Culwin (Queen) Pool and the Culwin-Yates Pool from all wells located on its Federal Lease comprising the NE/4, E/2 NW/4, N/2 SE/4 and the NE/4 SW/4 of Section 6, Township 19 South, Range 31 East, Eddy County, New Mexico.

CASE 1842:

(Continued)

Application of Skelly Oil Company for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the production from the Langlie-Mattix Pool and the Drinkard Pool from all wells on its Baker "A" lease comprising the NW/4 of Section 26, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 1884:

Application of Skelly Oil Company for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the production from the Langlie-Mattix Pool and the Drinkard Pool from all wells on that portion of the J. V. Baker lease comprising the SE/4 SW/4 of Section 22, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 1885:

Application of Skelly Oil Company for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the production from the Drinkard Pool and the Tubb Gas Pool from all wells on its State "K" lease comprising the N/2 NW/4 of Section 32, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 1886:

Application of E. P. Campbell for an exception to Rule 107 (e) of the Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an exception to Rule 107 (e) in order to recomplete his No. 1 Cleveland Well, located in NW/4 NE/4 of Section 33, Township 18 South, Range 26 East, Eddy County, New Mexico, as a "slim-hole" completion in the Pennsylvanian formation at a depth greater than 5000 feet.

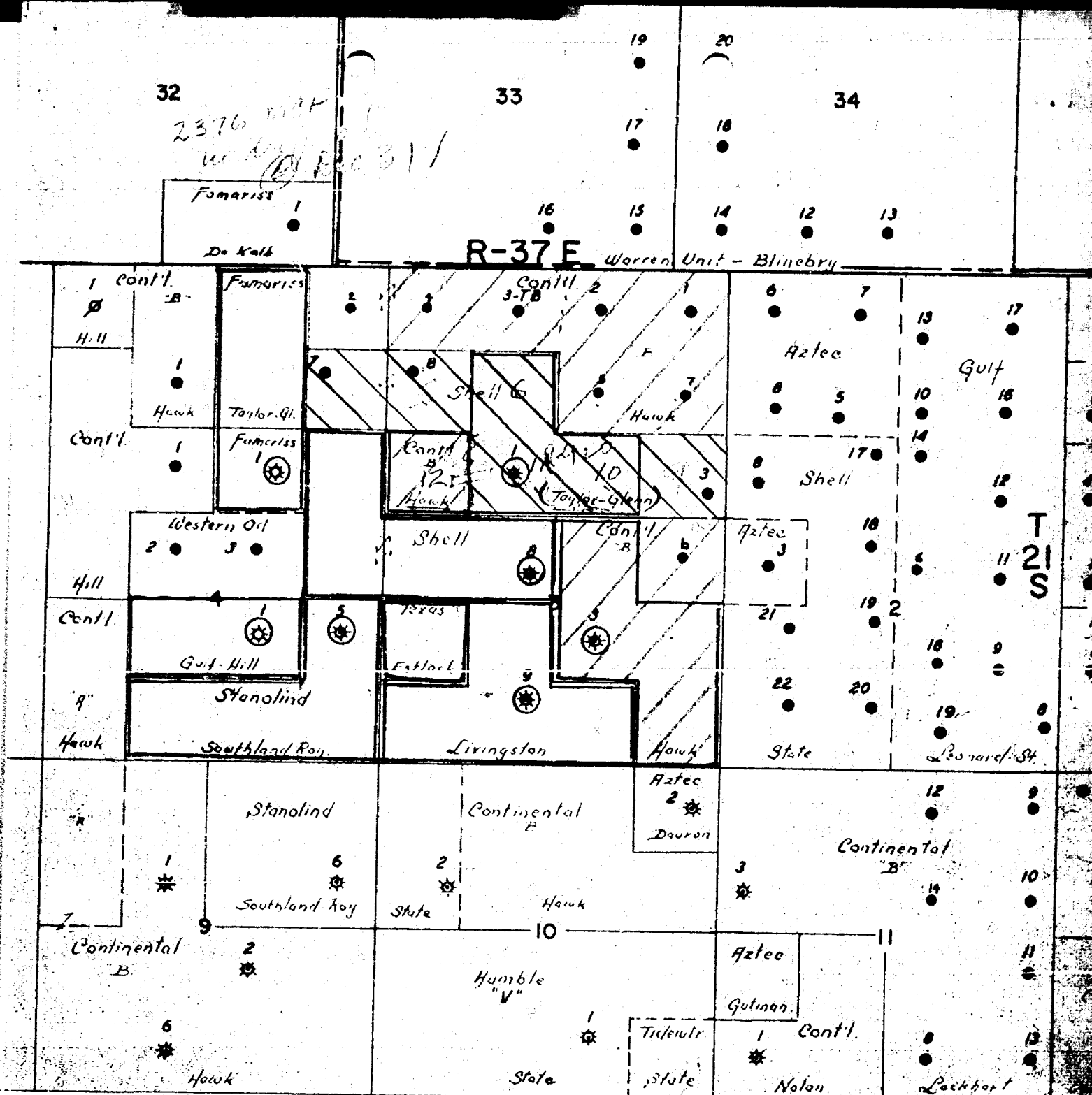
CASE 1887:

Application of Monsanto Chemical Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks an exception to February 15, 1960, to the "no-flare" provision of Order R-1427 for five wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1888:

Application of C. W. Trainer for off-lease storage of oil production. Applicant, in the above-styled cause, seeks permission to store the Pearl-Queen Oil Pool production from his Rushing lease, consisting of the W/2 NE/4 of Section 22, Township 19 South, Range 35 East, Lea County, New Mexico, in a tank battery located on his Signal State lease, consisting of the E/2 NW/4 of said Section 22.

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CONTINENTAL OIL COMPANY
LOCATION AND OWNERSHIP MAP
T-21S, R-37E, Lea County, N.M.
Scale: 1" = 2000'

BEFORE EXAMINER UTZ

Legend

Cont'l Oil Co., Taylor-Glenn Lease
Present Gas Proration Unit
Unit Well Taylor-Glenn No. 1
Blinebry Gas Well

Continental Oil Co., No. 1-3 Lease
Proposed Gas Proration Unit
Offsetting Gas Proration Unit
Terry Blinebry Oil Well

Case No. _____
Exhibit No. _____

m/p



11 2 57
CONTINENTAL OIL COMPANY

825 Petroleum Building
Roswell, New Mexico
January 29, 1960

Mr. Elvis A. Utz, Examiner
New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Dear Sir:

Re: Application for Forced
Pooling, Case No. 1875
held January 27, 1960

The attached photostatic copy is for your consideration in the subject case. This copy is being furnished as per your request of a signed Gas Communitization and Pooling Agreement by all of the operators involved.

Very truly yours,

J. A. Queen
J. A. QUEEN
Division Engineer

JAQ-PD
Enc.

Case 1875

BEFORE THE OIL CONSERVATION COMMISSION
OF THE
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
CONTINENTAL OIL COMPANY FOR THE FORCED
POOLING FOR GAS PRODUCTION PURPOSES
OF LOTS 6, 10, 11 AND 12 OF SECTION 3,
TOWNSHIP 21S, RANGE 37E, NMPM, LEA
COUNTY, NEW MEXICO

A P P L I C A T I O N

Comes now applicant, Continental Oil Company, and respectfully petitions the Commission for an order pooling the interests in Lots 6, 10 11 and 12, of Section 3, T-21S, R-37E, NMPM, Lea County, New Mexico, for the production of gas from the Blinebry gas pool and in support thereof would show:

1. That leasehold interests in Lot 12 of said Section are as follows:

Continental Oil Company (Operator)	25%
The Atlantic Refining Company	25%
Standard Oil Company of Texas	25%
Pan American Petroleum Corporation	25%

2. That Lots 6, 10 and 11 are under lease to Shell Oil Company

3. That the NMFU owners and Shell Oil Company stated that they agree to execute an agreement of communitization covering the above-mentioned Lots 6, 10, 11 and 12 for gas from the Blinebry Formation.

4. That owners of all royalty interests under the above-mentioned Lots have executed said communitization agreement with the exception of M. F. Taylor, P. O. Box 574, Amarillo, Texas, and R. B. Glenn, P. O. Box 461, Amarillo, Texas, and the United States Geological Survey.

5. That said M. F. Taylor and R. B. Glenn each own an undivided $1/4$ interest in the said Lots 6, 10 and 11, and have refused to execute the said agreement for communitization.

6. That the Commission's Order No. R-920 dated November 27, 1956, in Case No. 1170 approved a 120-acre proration unit consisting of Lots 6, 10 and 11 for Blinebry Gas production to be allocated to Shell Oil Company's Taylor-Glenn No. 1 located 3226 feet from the north line and 1980 feet from the west line of said Section 3.

7. That at the hearing on Case 1170 on October 31, 1956, applicant concurred with Shell Oil Company in its request for the said 120-acre unit provided that Shell would consent to communitize on a fair and equitable basis the said unit with applicant's lease on Lot 12 of said Section 3; which Shell consented to do.

8. That since the entering of the said Order No. R-920 applicant and Shell have diligently attempted to secure the communitization above described but have been unable to secure full approval as indicated in allegations No. 3, 4 and 5 hereinabove.

9. That applicant's lease is isolated from other acreage available for development in the Blinebry gas pool.


10. That Shell Oil Company's Taylor-Glenn No. 1 has been producing gas from the Blinebry gas pool since shortly after the entering of said Order No. R-920.

11. That unless a forced pooling order is entered in this matter the owners of interests in applicant's lease will be deprived of the opportunity to recover their fair share of the gas under said lease.

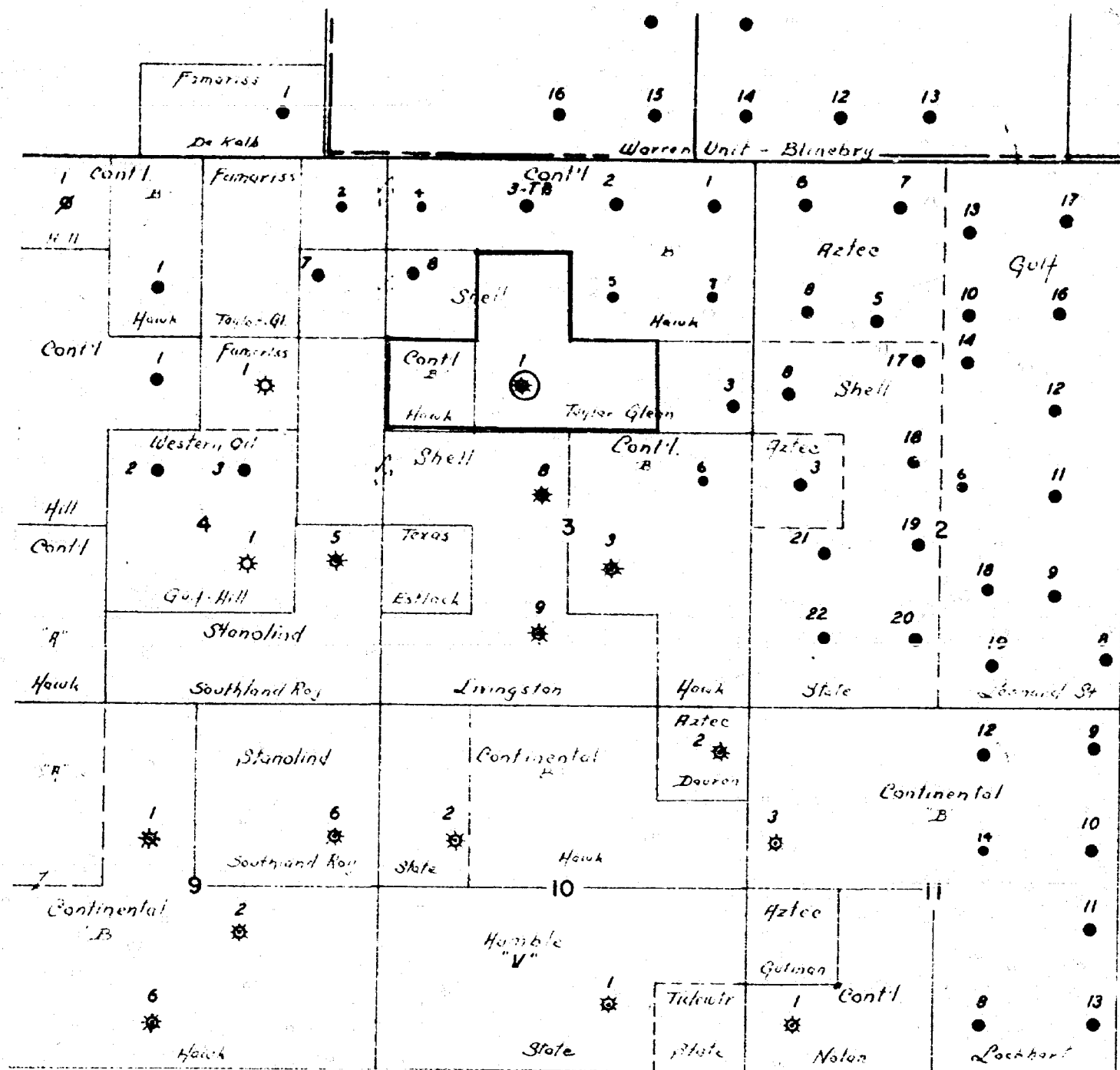
Wherefore, applicant respectfully requests that this application be set for hearing before the Commission's duly appointed examiner; that after notice and hearing as required by law, the Commission enter its order pooling the rights and interests of all persons having the right to drill for, produce or share in the production of oil or gas, or both of them, from the Blinebry gas pool underlying Lots 6, 10, 11 and 12 of Section 3, T-21S, R-37E, Lea County, New Mexico, upon such terms as are just and reasonable, and that a non-standard gas proration unit on 160 acres be approved for allocation to the said Taylor-Glenn well No. 1 and for such other and further relief as may be proper.

Respectfully submitted,

CONTINENTAL OIL COMPANY


Wm. A. MEAD

Division Superintendent



CONTINENTAL OIL COMPANY
 LOCATION AND OWNERSHIP PLAT
 T-21-S, R-37-E, Lea County, N. M.
 Scale: 1" = 2000'

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-122

Revised 12-1-55

MULTI-POINT BACK PRESSURE TEST FOR GAS WELLS

Pool Alibonry Gas Formation Alibonry County Lee, N. M.
 Initial _____ Annual _____ Special X Date of Test Feb. 13-20, 1979
 Company Shell Oil Company Lease Taylor-Glenn Well No. 1
 Unit K Sec. 3 Twp. 21 S Rge. 37 E Purchaser El Paso Natural Gas Company
 Casing 5 1/2" Wt. 17 1/2 I.D. 4.892 Set at 8060 Perf. 5816 To 5850
 Tubing 2 3/8" Wt. 4.7 1/2 I.D. 1.995 Set at 6705 Perf. 6622 To 6627
 Gas Pay: From 5816 To 5850 L 5816 xG Nit 0.791 GL 4600 Bar. Press 13.2
 Producing Thru: Casing X Tubing _____ Type Well G. O. Dual
 Single-Bradenhead-G. G. or G.O. Dual
 Date of Completion: May 22, 1956 Packer 5899 Reservoir Temp. 100° F

OBSERVED DATA

Tested Through <u>(Proven)</u> <u>(Choke)</u> (Meter)						Type Taps _____		Flange _____		
No.	Flow Data					Tubing Data		Casing Data		Duration of Flow Hr.
	(Proven) (Line) Size	(Choke) (Orifice) Size	Press. Line psig	Diff. h_w	Temp. °F.	Press. psig	Temp. °F.	Press. psig	Temp. °F.	
SI								1725		72
1.	4	1.500	603	25.0	83			1279		24
2.	4	1.500	621	49.0	82			1031		24
3.	4	1.500	607	59.3	80			917		24
4.	4	1.500	619	79.2	86			748		24
5.										

FLOW CALCULATIONS

No.	Coefficient (24-Hour)	$\sqrt{h_{wpf}}$	Pressure Pf psia	Flow Temp. Factor Ft	Gravity Factor Fg	Compress. Factor Fpv	Rate of Flow Q-MCFPD @ 15.025 psia
1.	13.99	124.10	616.2	0.9786	0.9245	1.066	1674 16.8
2.	13.99	176.25	634.2	0.9795	0.9245	1.069	2383 24.3
3.	13.99	191.73	620.2	0.9813	0.9245	1.066	2791 28.2
4.	13.99	223.75	632.2	0.9759	0.9245	1.067	3011 30.4
5.							

PRESSURE CALCULATIONS

Gas Liquid Hydrocarbon Ratio 30,500 cf/bbl.
 Gravity of Liquid Hydrocarbons 49 deg.
 F_c 1.812 $(1-e^{-S})$ 0.271
 Specific Gravity Separator Gas 0.702
 Specific Gravity Flowing Fluid 0.784
 P_c 1738.2 P_c^2 3021.3

No.	P_t Pt (psia)	P_t^2	$F_c Q$	$(F_c Q)^2$	$(F_c Q)^2$ $(1-e^{-S})$	P_w^2	$P_c^2 - P_w^2$	Cal. P_w	P_w P_c
1.	1272.2	1618.5	3.033	9.20	2.49	1621.0	1400.3	1273.2	73.2
2.	1044.2	1090.4	4.322	18.68	5.06	1095.5	1925.8	1046.7	60.2
3.	920.2	865.3	4.695	22.04	5.97	871.3	2150.0	933.5	53.7
4.	761.2	579.4	5.456	29.77	8.07	587.5	2433.8	766.5	44.1
5.									

Absolute Potential: 3650 MCFPD; n 0.98

COMPANY Shell Oil Company
 ADDRESS Box 845, Roswell, New Mexico
 AGENT and TITLE A. L. Elmer, Gas Tester
 WITNESSED _____
 COMPANY _____

REMARKS

Case 1875

INSTRUCTIONS

This form is to be used for reporting multi-point back pressure tests on gas wells in the State, except those on which special orders are applicable. Three copies of this form and the back pressure curve shall be filed with the Commission at Box 871, Santa Fe.

The log log paper used for plotting the back pressure curve shall be of at least three inch cycles.

NOMENCLATURE

Q = Actual rate of flow at end of flow period at W. H. working pressure (P_w).
MCF/da. @ 15.025 psia and 60° F.

P_c = 72 hour wellhead shut-in casing (or tubing) pressure whichever is greater.
psia

P_w = Static wellhead working pressure as determined at the end of flow period.
(Casing if flowing thru tubing, tubing if flowing thru casing.) psia

P_t = Flowing wellhead pressure (tubing if flowing through tubing, casing if flowing through casing.) psia

P_f = Meter pressure, psia.

h_w = Differential meter pressure, inches water.

F_g = Gravity correction factor.

F_t = Flowing temperature correction factor.

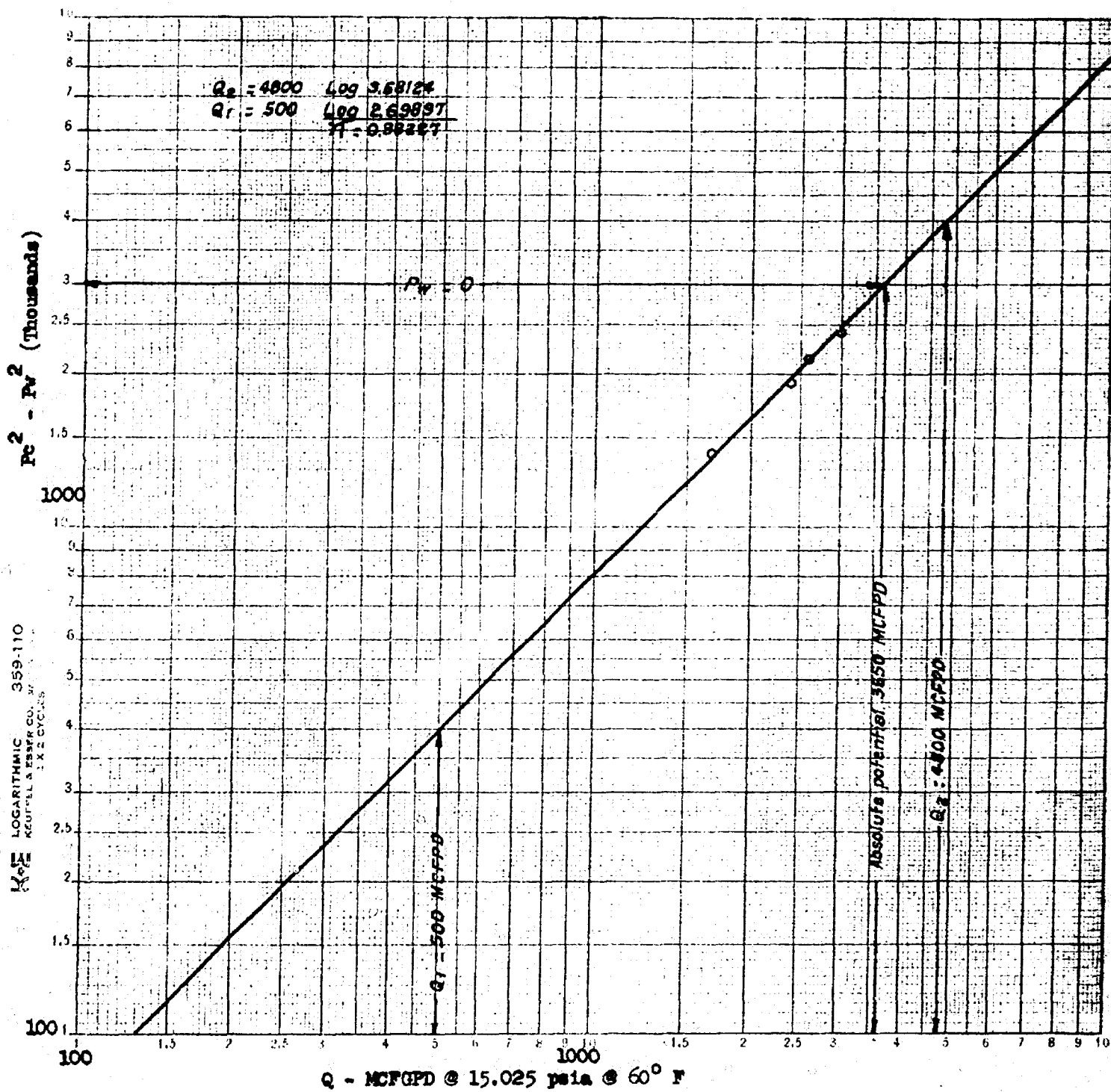
F_{pv} = Supercompressibility factor.

n = Slope of back pressure curve.

Note: If P_w cannot be taken because of manner of completion or condition of well, then P_w must be calculated by adding the pressure drop due to friction within the flow string to P_t .

GAS WELL BACK PRESSURE CURVE

County Lee, N. Mex. Field Blinberry Gas
Operator Shell Oil Company
Lease Taylor-Glenn Well No. 1
Volume 3650 MCF/24hr.
Date February 24, 1929



**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. 1875
Order No. R-1602**

**APPLICATION OF CONTINENTAL OIL
COMPANY FOR A 160-ACRE NON-
STANDARD GAS PRORATION UNIT IN
THE BLINEBRY GAS POOL, LEA
COUNTY, NEW MEXICO, AND FOR AN
ORDER FORCE-POOLING THE INTERESTS
OF THOSE IN SAID UNIT WHO HAVE
GAS RIGHTS WITHIN THE VERTICAL
LIMITS OF THE BLINEBRY GAS POOL**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 27, 1960, at Santa Fe, New Mexico, before Elvis A. Utz, 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 8th day of February, 1960, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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 by Order No. R-920, a 120-acre non-standard gas proration unit in the Blinebry Gas Pool was established, consisting of lots 6, 10, and 11 of Section 3, Township 21 South, Range 37 East, NEPM, Lea County, New Mexico.
- (3) That the applicant proposes the establishment of a 160-acre non-standard gas proration unit in the Blinebry Gas Pool consisting of the above-described 120 acres plus lot 12 of said Section 3, which 160-acre unit would be dedicated to Shell Oil Company's Taylor-Glenn Well No. 1, located 3226 feet from the North line and 1980 feet from the West line of said Section 3.

-2-
Case No. 1875
Order No. R-1602

(4) That the applicant further seeks an order force-pooling the interests of those in the above-described 160 acres who have gas rights within the vertical limits of the Blinebry Gas Pool.

(5) That all parties owning working interests in the above-described acreage have agreed to communitization.

(6) That the applicant has made diligent efforts to communitize all royalty interests in the above-described 160-acre unit, but has been unable to secure the consent of all royalty owners.

(7) That all known parties owning an interest in the above-described acreage were given actual notice of the hearing in this case and the Commission received no objection to approval of the application.

(8) That denial of the application would tend to deprive those persons owning an interest in said lot 12 of the opportunity to recover their just and equitable share of the hydrocarbons, in the Blinebry Gas Pool, since all acreage surrounding said lot 12 which is productive from the Blinebry Gas Pool is dedicated to other Blinebry gas proration units.

IT IS THEREFORE ORDERED:

(1) That a 160-acre non-standard gas proration unit in the Blinebry Gas Pool consisting of lots 6, 10, 11, and 12 of Section 3, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, be and the same is hereby established. Said unit is to be dedicated to the Taylor-Glenn Well No. 1, located 3226 feet from the North line and 1980 feet from the West line of said Section 3.

(2) That the interests of all persons or firms having the right to drill for, produce, or share in the production of dry gas and associated liquid hydrocarbons from the Blinebry Gas Pool underlying lots 6, 10, 11, and 12 of Section 3, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, be and the same are hereby force-pooled.

(3) That this order shall become effective on March 1, 1960; provided, however, that if the said Taylor-Glenn Well No. 1 is not in balance on March 1, 1960, this order shall become effective on the first day of the month following the month in which the well has been brought to a balanced status. The applicant shall notify the proration manager, Hobbs, New Mexico, as soon as possible after the subject well is brought into balance. Order No. R-920 is hereby cancelled as of the effective date of this order.

-3-
Case No. 1875
Order No. R-1601

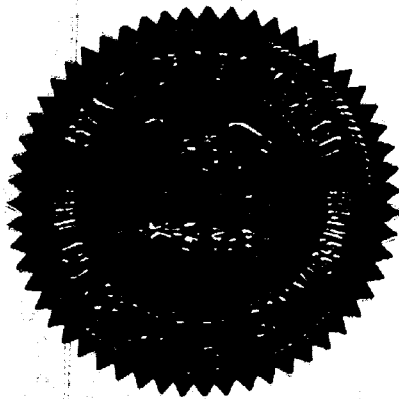
DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John Burroughs
JOHN BURROUGHS, Chairman

Murray E. Morgan
MURRAY E. MORGAN, Member

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



vem/

DRAFT

OEP:ven
Febr. 2

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. 1875

Order No. R- 1602

APPLICATION OF CONTINENTAL
OIL COMPANY FOR A 160-ACRE NON-
STANDARD GAS PRORATION UNIT IN
THE BLINEBRY GAS POOL, LEA
COUNTY, NEW MEXICO, AND FOR AN
ORDER FORCE-POOLING THE INTERESTS
OF THOSE IN SAID UNIT WHO HAVE
GAS RIGHTS WITHIN THE VERTICAL
LIMITS OF THE BLINEBRY GAS POOL

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
January 27, 1960, at Santa Fe, New Mexico, before
Elvis A. Utz, Examiner duly appointed by the Oil
Conservation Commission of New Mexico, hereinafter referred to
as the "Commission," in accordance with Rule 1214 of the Com-
mission Rules and Regulations.

NOW, on this day of February, 1960, the Commission,
a quorum being present, having considered the application, the
evidence adduced, and the recommendations of the Examiner,
Elvis A. Utz, 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-

Case No. 1875

Order No. R-_____

(2) That by Order No. R-920, a 120-acre non-standard gas proration unit in the Blinebry Gas Pool was established, consisting of lots 6, 10, and 11 of Section 3, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant proposes the establishment of a 160-acre non-standard gas proration unit in the Blinebry Gas Pool consisting of the above-described 120 acres plus lot 12 of said Section 3, which ^{160-acre} unit would be dedicated to Shell Oil Company's Taylor-Glenn Well No. 1, located 3226 feet from the North line and 1980 feet from the West line of said Section 3.

(4) That the applicant further seeks an order force-pooling the interests of those in the above-described 160 acres who have gas rights within the vertical limits of the Blinebry Gas Pool.

(5) That all parties owning working interests in the above-described acreage have agreed to communitization.

(6) That the applicant has made diligent efforts to communitize all royalty interests in the above-described 160-acre unit, but has been unable to secure the consent of all royalty owners.

(7) That all known parties owning an interest in the above-described acreage were given actual notice of the hearing in this case and ~~that~~ the Commission ~~has~~ received no objection to approval of the application.

(8) That denial of the application would tend to deprive those persons owning an interest in said lot 12 of the opportunity to recover their just and equitable share of the hydrocarbons, in the Blinebry Gas Pool, since all acreage surrounding said lot 12 which is productive from the Blinebry Gas Pool is dedicated to other Blinebry gas proration units.

-3-

Case No. 1875

Order No. R-_____

IT IS THEREFORE ORDERED:

(1) That a 160-acre non-standard gas proration unit in the Blinebry Gas Pool consisting of lots 6, 10, 11, and 12 of Section 3, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, be and the same is hereby established. Said unit is to be dedicated to the Taylor-Glenn Well No. 1, located 3226 feet from the North line and 1980 feet from the West line of said Section 3.

(2) That the interests of all persons or firms having the right to drill for, produce, or share in the production of dry gas and associated liquid hydrocarbons from the Blinebry Gas Pool underlying lots 6, 10, 11, and 12 of Section 3, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, be and the same are hereby force-pooled.

(3) That this order shall become effective on March 1, 1960; provided, however, that if the said Taylor-Glenn Well No. 1 is ^{not in production} underproduced on March 1, 1960, this order shall become effective on the first day of the month following the month in which the well ^{has been brought to a balanced status} does not have an underproduced status. Order No. R-920 is hereby cancelled as of the effective date of this order.

DONE at SFNM-----

The operator shall notify the proration manager, Hobbs, N. Mex., as soon as possible after the subject well is brought into balance.

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 1-28-60

CASE 1875

Hearing Date 1-27-60

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

1. Approve Contentment's application for forced pooling of a ~~Pool~~ 160 Ac. Blinby unit consisting of:

215-37E, Lots 6, 10, 11, 12
Section 3,
Lots 6, 10, 11, 12

2. F. M. Taylor, P. O. Box 574, Amarillo, Tex and R. B. Glenn, P. O. Box 461, Amarillo, Tex are overriding royalty owners in, 215-37E, Sec. 3, Lots 6, 10 and 11 and these interests shall be pooled with the other interests in the 160 Ac. unit.
3. Their interest in the production from this unit shall be in the proportion that their interest in Lots 6, 10, 11 bears to the entire unit.

Thos. H. [Signature]

Staff Member

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 27, 1960

IN THE MATTER OF:

APPLICATION OF CONTINENTAL OIL COMPANY
for a non-standard gas proration unit
and for an order force-pooling the
interests therein. Applicant, in the
above-styled cause, seeks the estab-
lishment of a 160-acre non-standard gas
proration unit in the Blinebry Gas
Pool consisting of lots 6, 10, 11, and
12 of Section 3, Township 21 South, Range
37 East, Lea County, New Mexico, to be
dedicated to Shell Oil Company's Taylor-
Glenn Well No. 1, located 3226 feet from
the North line and 1980 feet from the West
line of said Section 3. Applicant further
seeks an order force-pooling the interests
of those in said non-standard gas proration
unit who have gas rights within the vertical
limits of the Blinebry Gas Pool, including
M. F. Taylor, P. O. Box 574, Amarillo,
Texas, and R. B. Glenn, F. O. Box 461,
Amarillo, Texas.

CASE NO.
1875

BEFORE:

ELVIS A. UTZ - EXAMINER

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: Case 1875.

MR. PAYNE: Application of Continental Oil Company for a
non-standard gas proration unit and for an order force-pooling
the interests therein.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691



DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6491

I N D E X

WITNESS

PAGE

JOHN A. QUEEN

Direct Examination by Mr. Kellahin . . . 3

Questions by Mr. Payne 9

O. V. LAWRENCE

Direct Examination by Mr. Kellahin . . . 13

Questions by Mr. Payne 15

E X H I B I T S

<u>NUMBER</u>	<u>EXHIBIT</u>	<u>MARKED FOR IDENT.</u>	<u>RECEIVED</u>
App's. 1	- Location and owner- ship Plat	4	9
App's. 2	- Structural Map	5	9
App's. 3	- Comm. Agreement	6	9
App's. 4	- Multipoint Press. Tests	7	9



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ALBUQUERQUE, NEW MEXICO

MR. KELLAHIN: Jason Kellahin of Kellahin & Fox, Santa Fe, representing the Applicant. We will have two witnesses, Mr. Queen and Mr. Lawrence.

(Witnesses sworn)

MR. UTZ: Any other appearances to be made in this case?

(No response)

JOHN A. QUEEN

a witness, called by and on behalf of the Applicant, having been duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name please?

A John A. Queen.

Q By whom are you employed, Mr. Queen? And in what position?

A Continental Oil Company, as Division Engineer.

Q What Division?

A Southeast New Mexico.

Q You have previously testified before the Oil Conservation Commission of the Petroleum Engineers, have you not?

A Yes.

MR. KELLAHIN: Are the witnesses qualifications acceptable?

MR. UTZ: Yes, sir.

QUESTIONS BY MR. KELLAHIN: Are you familiar with the application



in Case 1875?

A Yes.

Q Would you state briefly what is proposed?

A This is an application of Continental Oil Company for the force-pooling for gas production in the Blinebry Gas Pool in Lots 6, 10, 11 and 12 of Section 3, Township 21 South, Range 27 East, Lea County, New Mexico.

Q Do you have a plat of that?

A I do have. Here is a complete set.

(Thereupon the documents referred to above was marked Applicant's Exhibit 1 for identification.)

Q Referring to what has been marked as Exhibit No. 1, will you state what that shows?

A Exhibit No. 1 is a location and ownership plat showing the leases involved in this matter and the immediately surrounding area. The Shell Oil Company Taylor-Glenn lease is shown cross-hatched in brown. Continental Oil Company's Hawk B-3 lease is shown cross-hatched in yellow. The proposed unit is outlined in red as shown, consists of Lots 6, 10, 11 and 12, Section 3-21S-36E. It is proposed to allocate this acreage to Shell Oil Company's Taylor-Glenn No. 1, shown circled in red.

Order No. R-920 approved a 120-acre gas proration unit, consisting of Lots 6, 10 and 11 for the purpose of allocation of gas.

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ALBUQUERQUE, NEW MEXICO

Q I believe you said 21 South, 36 East, is that correct?

A I believe I did, and its 21 South, 37 East. This unit has been assigned as a Blinebry Gas Well and it has an allowable assigned to it as a Blinebry Gas Well. We have shown also on Exhibit 1 the outline of some gas proration units offsetting the area as shown in yellow and in brown.

Q Under the situation which presently exists, is all of the acreage in the area dedicated to a unit with the exception of Continental's acreage?

A Yes. Immediately surrounding the area. I would also like, when I said in yellow and in brown, it is also in green.

Q Is there any acreage available in any other well available to which the Continental acreage would be dedicated?

A Not suitably located.

Q Will you discuss Exhibit No. 2?

(Thereupon the document referred to above was marked Applicant's Exhibit 2 for identification.)

A Exhibit 2 is a structural map of the same area as Exhibit 1. The structural configuration of Blinebry marker as shown by contour lines of an interval of 25 feet of structural relief. The proposed unit is shown outlined in red. The proposed unit well is shown circled in red, the Taylor-Glenn No. 1. Other Blinebry Gas Wells are shown circled in green and from the struc-



tural position of the unit in relation to other Blinebry gas wells, it is reasonable to presume that the entire proposed unit is productive of gas from the Blinebry zone.

Q Have there been any communitization agreements entered into covering the acreage involved in this application?

A Yes.

(Thereupon the document referred to above was marked Applicant's Exhibit 3 for identification.)

Exhibit 3 is an unsigned copy that I had passed to the Examiner of the gas communitization agreement with a Blinebry Gas Pool horizon for these Lots 6, 10, 11, 12 of Section 3.

Q Have all the working interest owners signed this agreement?

A All have signed except M. F. Taylor, who owns 1/4th of the royalty and R. D. Glenn who owns 1/4th.

Q Have all the working interest owners signed?

A Yes, and all the royalty, with the exception of the two names that I just mentioned. I have in my possession a signed and executed copy by all the working interest owners and all the royalty interest owners that, if the Commission so desires, a photostatic copy can be made available. These are legal documents and we desire not to release them.

Q Have you made any effort to contact the Taylors or the Glenns in regards to this?

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A No, sir, we, as Continental Oil Company have not, but Shell Oil Company has, however.

(Thereupon the document referred to above was marked Applicant's Exhibit 4 for identification.)

Q Referring to what has been marked as Exhibit No. 4, Mr. Queen, would you discuss that?

A Exhibit No. 4 is a copy of the latest multipoint pressure tests on the Shell Taylor-Glenn No. 1. This, and the fact that the well was over-produced as of January the 1st, 1960, by 2,376 MCF indicates that the well is capable of producing a 160 acre allowable.

Q Would it be nominable for Continental to drill a well on the acreage presently held by them?

A In our opinion it would not be. The estimated cost to drill and equip a gas well and to develop Lots No. 12, which Continental owns, for Blinbry Gas production is estimated at \$90,000. The total revenue after deducting royalty, operating costs, income taxes and taking advantage of the depreciation and depletion allowances is only \$77,000, or a loss of \$13,000.

Q Would you consider the drilling of another well would constitute waste?

A Yes, sir.

Q For what reason?

A As I pointed out, Continental Oil Company would not

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receive a return on investment. In fact, they would not even receive their investment. Lot No. 12 can reasonably be presumed to be productive of gas and yet it cannot be economically developed by drilling.

Q To the extent that it is uneconomical to develop this on behalf of Continental, would Continental be delivered of its opportunity to produce its share of the gas underlying the tract, Lot 12?

A We would and so would the royalty owners.

Q Is the royalties under the Continental tract Lot 12 Federal acreage?

A It is.

Q Has that been approved by the Federal Government?

A No, sir. In discussing this matter with the U.S.G.S. it was their contention that they would delay the signing of the agreement until after this hearing with the approval of the State, but we have had no objection from them in this matter.

Q Now, to sum up your testimony, in your opinion, is Lot 12 reasonably to be presumed productive of gas?

A Yes.

Q Is it available for allocation to a gas well on contiguous acreage?

A Yes, sir, it is.

Q Shell Oil Company has operated the well?

A Yes, sir, they have, upon the approval of this



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PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

hearing by the Commission.

Q In your opinion, is Lot 12 now suffering drainage as a result of production from adjacent tracts?

A It definitely is.

Q Is it economically feasible to do anything other than dedicate it to a well presently drilled?

A No, sir.

Q Were Exhibits 1 through 4 made under your supervision?

A Yes, sir.

MR. KELLAHIN: I would like to offer the Exhibits at this time.

MR. UTZ: Without objections, they will be received in evidence.

(Thereupon the documents referred to above, Applicant's Exhibits 1, 2, 3 and 4, were received in evidence.)

QUESTIONS BY MR. PAYNE:

Q What's the cross-hatching in brown?

A The cross-hatching in brown, and I see that I must correct myself, is the Shell Taylor-Glenn lease of which Lots 6, 10 and 11 have been assigned to the Taylor-Glenn No. 1 for gas allowable purposes in the Blinebry formation.

Q Is Lot 9 assigned to any Blinebry well?

A No, sir. Lot 9 is not assigned to any Blinebry well.



As I recall, this well is producing sufficient liquids in it for the Blinebry formation to be an oil well.

Q Its not eligible for Blinebry well in the completion?

A That is my opinion.

Q Is that same situation true in regard to Lot 5?

A I am not familiar enough with Shell's operation, did not check enough about this, but I believe when this was originated, as lots of this gas, back to the time that this was originated, is true, and I believe its still to be true to this date. If not, they would have had no reason to assign it when they originally asked for this at the hearing. At the hearing, Continental Oil wrote Shell Oil Company National Commission a letter and said they would have no objection to consent to the unitization. This was over two years ago in an attempt to unitize the royalty owners.

Q What is the yellow?

A The yellow is Continental Oil Company acreage consisting of Hawk B-3 lease of which this 40-acre tract is one part of.

Q Now parts 1, 2, 3, 4, 7 and 8 are dedicated to Blinebry oil wells?

A Yes, sir, and not gas wells.

Q So there's no acres there available for Blinebry gas dedication?

A No, sir. If you will notice, Mr. Payne, on the Exhibit No. 2, the structure dips down to the north.

Q Now, are the green units the Blinebry units?

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-5651

ALBUQUERQUE, NEW MEXICO

A Yes, sir.

Q The Blinebry gas units?

A Yes, sir.

Q What is the situation with regards to the northeast of the northeast unless its another Lot?

A I didn't follow. For clarification they are called the Terry Blinebry wells. I referred to this a minute ago as Terry Blinebry wells to completely clarify what pool they are assigned to.

Q All the oil wells in this unit are Terry Blinebry oil wells?

A That is correct.

Q Then, the Terry Blinebry oil pool overlaps the Blinebry gas pool?

A There is no overlapping as far as I can see here. There is no dual dedication, if this is what you mean.

Q Well, the horizontal limits, Mr. Queen of the Blinebry gas pool are the same as the Blinebry oil pool, are they not, the horizontal and the vertical?

A That's correct, I believe, sir.

Q Then I don't see how this can be Terry Blinebry oil wells?

A I don't believe there are any Terry Blinebry oil wells on the same 40-acre unit as dedicated to the Blinebry gas well.

Q You see the No. 6 well which is an oil well, Section



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3?

A Yes, sir, I see the well.

Q Now, that particular 40-acre tract is not dedicated to Blinebry gas either is it?

A No, sir, the No. 3 Taylor-Glenn well is also not dedicated to the gas unit.

Q So, Continental's 40-acre tract here in Lot 12 is the only acreage in the area which is not dedicated to Blinebry gas wells or an oil well?

A That is correct and it is offset by the south, east, and west by gas production, and I do not believe there is any dual dedication in this particular case.

MR. KELLAHIN: To clarify the matter, the unit dedicated was approved by order 920. I don't know whether you got that in his testimony or not.

MR. UTZ: Any questions of the witness? If not, the witness may be excused.

MR. QUEEN: May I ask the Examiner if he would desire a signed copy of the royalty owners and such in a photostatic copy?

MR. UTZ: You mean the working interest owners?

MR. QUEEN: Yes, it is not on either one that I passed out.

MR. UTZ: The attorney advises me that we should have.

MR. QUEEN: Would they so desire those having the royalty owners too?



MR. PAYNE: You have all royalty owners committed with the exception of Taylor and Glenn?

MR. QUEEN: Yes, sir.

MR. PAYNE: That won't be necessary.

(Witness excused)

MR. KELLAHIN: I'd like to call Mr. Lawrence.

O. V. LAWRENCE

a witness, called by and on behalf of the Applicant, having been duly sworn, testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. KELLAHIN:

Q By whom are you employed and in what position?

A Shell Oil Company, Roswell, Division Land Manager.

Q In connection with your duties as Division Land Manager, do you have anything to do with the area involved in the application in Case No. 1875?

A Yes, I have. I contacted the royalty owners under this particular acreage, Shell's acreage.

Q How long have you been Division Land Manager?

A I have been Division Land Manager for 6 years.

Q Have you previously testified before this Commission?

A I have.

MR. KELLAHIN: Are the witnesses qualifications acceptable?

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MR. UTZ: Yes, sir.

QUESTIONS BY MR. KELLAHIN:

Q Mr. Lawrence, are you familiar with the application before the Commission at the present time?

A I am.

Q In connection with your duties, have you ever contacted Mr. M. F. Taylor or Mr. R. D. Glenn, or both of them?

A Yes, I have.

Q Would you describe briefly to the Commission what actions you have taken in connection with attempting to secure their signature to the communitization agreement?

A On January 27, 1958, I wrote a letter to all of the royalty owners under Shell Oil Company's Oil and Gas Lease covering Lots 6, 10 and 11 of Section 3, Township 27 South, Lea County. In this letter, I told them what we proposed to do, expand our present gas unit to include this lot 12 that belonged to Continental. With the letter, I also enclosed a gas communitization and pooling agreement for their consideration and asked them to sign it and return it to us. This pooling agreement covered the Blinbry gas pool horizon. In a short time I had all of the agreements returned and executed with the exception of these two gentlemen. On February the 25th, 1958, I wrote another letter to these two gentlemen requesting that they consider the instruments I sent to them and return it to us as soon as possible. I had no answer to this letter and so on April 4, 1958, I went to Amarillo to discuss the problem with these people

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and I did spend several hours with them. Again, on August 1, 1958, I wrote a letter to these two gentlemen, Messrs. Taylor and Glenn, but I did not receive an answer. During the period, I'd say from January 27, 1958 to October 1, 1958, I made at least 4 telephone calls to Mr. M. F. Taylor asking that he execute the instrument and also contact Mr. Glenn who lived in the same town and see if they wouldn't execute the instrument and return it. To-date, all effort to obtain joinder by these two gentlemen have failed.

Q In your opinion, is it possible to obtain their agreement through the communitization?

A No, sir.

Q Are you familiar with the terms?

A Yes, sir.

Q In your opinion, is it fair to all parties in this area, including royalty owners?

A It certainly is.

MR. KELLAHIN: I have no further questions.

MR. UTZ: Any questions?

QUESTIONS BY MR. PAYNE:

Q Mr. Lawrence, since this is a forced-pooling application, after the well is drilled, are the interests in Lot 12 going to pay for a part of the cost of the unit well which has already been drilled?

A Yes, sir, they are going to pay a percentage of the cost, which was agreed upon by both Continental and their partners



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and Shell.

Q Now, in view of the fact that the well be assigned a 160-acre allowable now, rather than a 120-allowable, there's no way that the present royalty owners in the 120-acre tract could be injured, is there?

A There is not one possible way for them to be injured.

Q And the well is capable of making a 160-acre allowable?

A Yes, sir, it is.

MR. PAYNE: Thank you, that's all.

MR. UTZ: Any other questions? If not, the witness may be excused.

(Witness excused.)

The case is to be taken under advisement.



STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, LAURA MORENO, Court Reporter, 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 under my personal supervision and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my hand this 6 day of February, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Laura Moreno
Laura Moreno, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiners hearing of Case No. 4875, heard by me on Jan. 27, 1960.

[Signature], Examiner
New Mexico Oil Conservation Commission

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