

1

CASE 1857: Application of CHAMBERS
to the court for a 200-acre non-
contiguous gas operation unit & for
an additional gas well location.

Case No.

2167

Application, Transcript,
Small Exhibits, Etc.

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

FORM C-128
 Revised 5/1/57

SEE INSTRUCTIONS FOR COMPLETING THIS FORM ON THE REVERSE SIDE

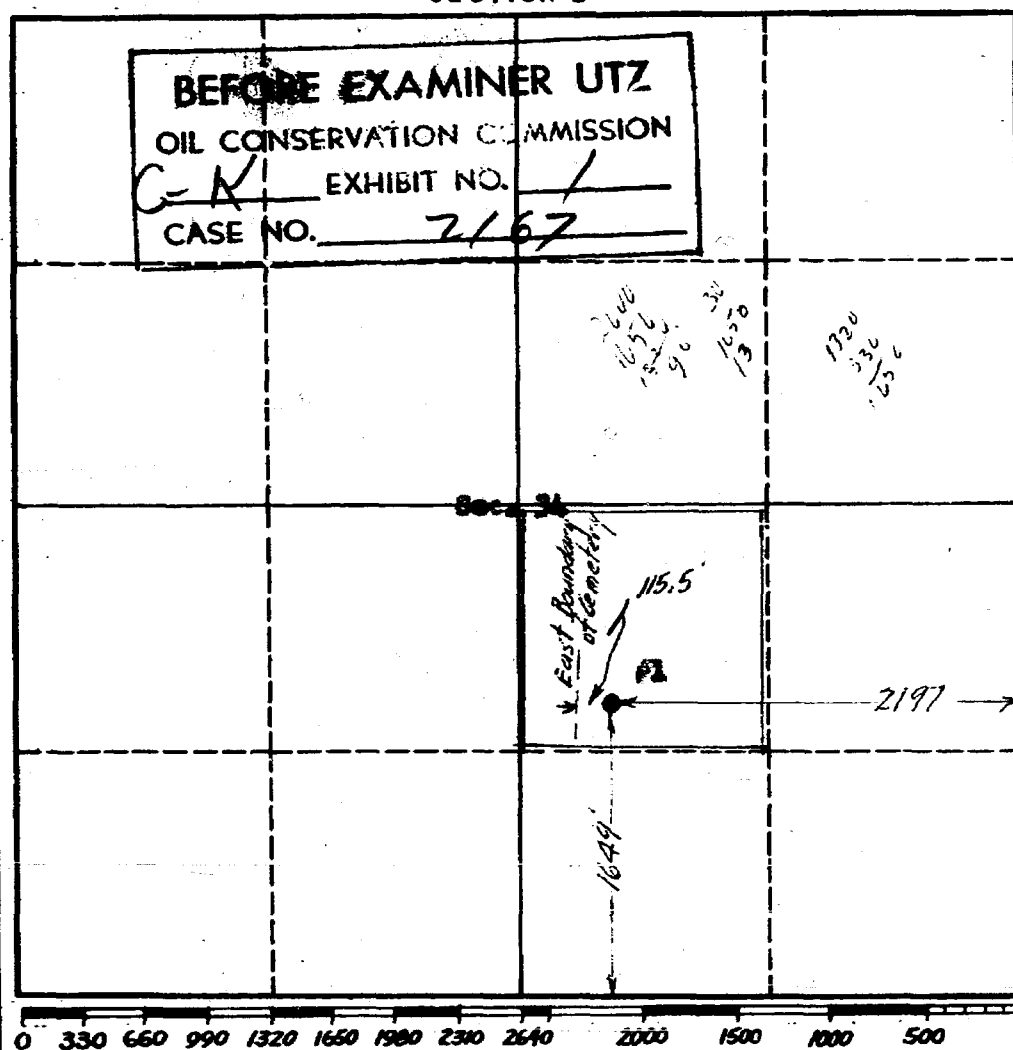
SECTION A

| | | | | | |
|--|--|-------------------------|---------------------------------------|----------------------|----------------------|
| Operator Chambers & Kennedy | | | Lease MONUMENT STATE | | Well No. 1 |
| Unit Letter J | Section 34 | Township 19 S | Range 37 E | County Lea | |
| Actual Footage Location of Well: 1449 feet from the South line and 2197 feet from the East line | | | | | |
| Ground Level Elev. | Producing Formation Green-Crayburg | Pool Monument | Dedicated Acreage: 40 Acres | | |

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below? YES ☒ NO ____ . ("Owner" means the person who has the right to drill into and to produce from any pool and to appropriate the production either for himself or for himself and another. (65-3-29 (e) NMSA 1935 Comp.)
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? YES ____ NO ____ . If answer is "yes," Type of Consolidation _____
3. If the answer to question two is "no," list all the owners and their respective interests below:

| Owner | Land Description |
|-------|------------------|
| | |
| | |

SECTION B



CERTIFICATION

I hereby certify that the information in SECTION A above is true and complete to the best of my knowledge and belief.

Name *W. J. Albrecht*

Position

Company
Chambers & Kennedy
 Date

I hereby certify that the well location shown on the plat in SECTION B was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
September 3, 1960

Registered Professional Engineer and/or Land Surveyor

Charles P. Miller
 Certificate No. **182**

FIG. 2

CASE NO. 2167 NEW MEXICO OIL CONS. COMM.

PROPOSED GAS UNIT

CHAMBERS & KENNEDY NO. 1 MONUMENT STATE

Top Penrose: Int. 25'

BEFORE EXAMINER USE

OIL CONSERVATION COMMISSION

EXHIBIT NO. 2

CASE NO. 2167

T19S R37E

SCALE 1" = 1000'

LEGEND



EUMONT GAS WELL



EUMONT OIL



MONUMENT GRAYBURG-SAN ANDRES OIL

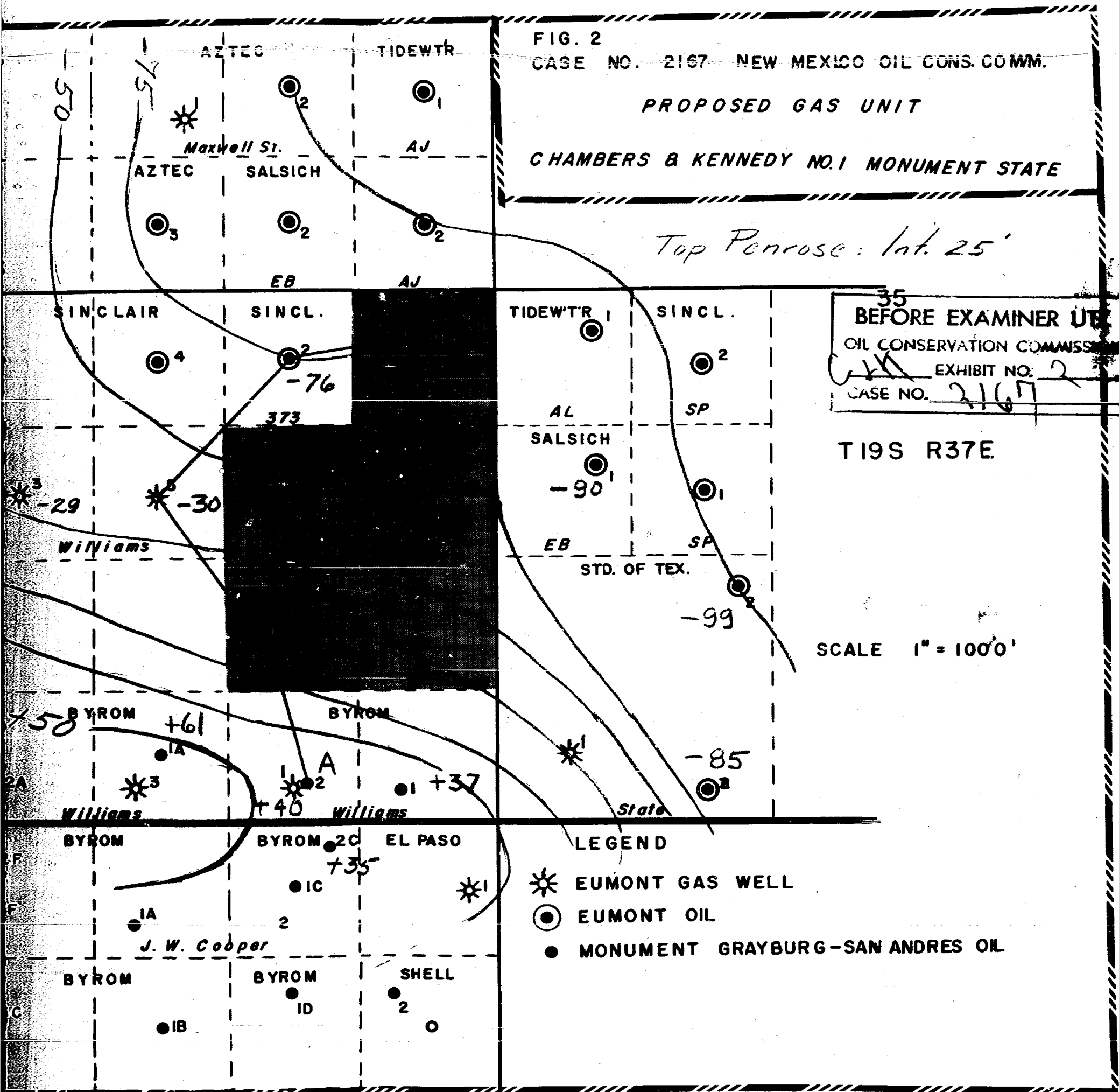
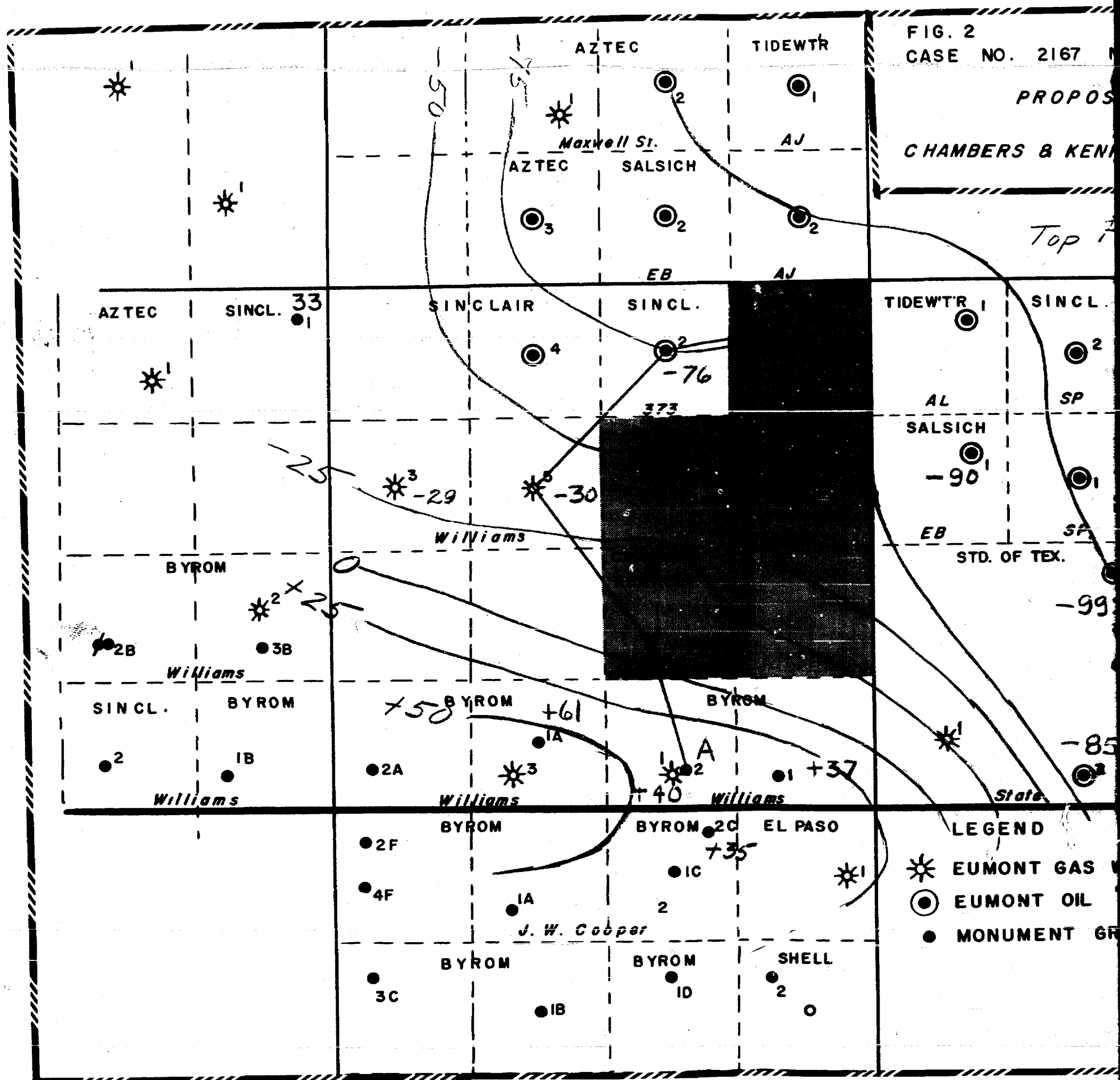


FIG. 2
CASE NO. 2167

PROPOS

CHAMBERS & KENN

Top



DOCKET: EXAMINER HEARING - WEDNESDAY, JANUARY 25, 1961
OIL CONSERVATION COMMISSION - 9 a.m., CONFERENCE ROOM - STATE LAND OFFICE
BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz Examiner, or Oliver E. Payne, attorney, as alternate examiner:

CASE 2159: Application of Continental Oil Company for three non-standard gas proration units. Applicant, in the above-styled cause, seeks the establishment of the following-described non-standard gas proration units in the Jalmat Gas Pool, Lea County, New Mexico:

A 320-acre non-standard gas proration unit consisting of the W/2 E/2 and E/2 W/2 of Section 19, Township 25 South, Range 37 East, to be dedicated to the Sholes B-19 Well No. 1, located in the center of the SE/4 SW/4 of said Section 19.

A 320-acre non-standard gas proration unit consisting of the E/2 and NE/4 NW/4 of Section 1, Township 25 South, Range 36 East, to be dedicated to the Wells B-1 Well No. 1, located in the center of the NE/4 NE/4 of said Section 1.

A 360-acre non-standard gas proration unit consisting of the SE/4, E/2 W/2 and SW/4 SW/4 of Section 29, Township 22 South, Range 36 East, to be dedicated to the Meyer A-29 Well No. 3, located in the center of the SE/4 SW/4 of said Section 29.

CASE 2160: Application of Continental Oil Company for a quadruple completion. Applicant, in the above-styled cause, seeks an order authorizing the quadruple completion of its North-east Haynes-Apache 9 No. 1 Well, located in the NW/4 SW/4 of Section 9, Township 24 North, Range 5 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of hydrocarbons from the Greenhorn formation through a string of 2 7/8-inch casing, the production of hydrocarbons from the Dakota formation through 2 3/8-inch tubing installed within a string of 4 1/2-inch casing, the production of hydrocarbons from the Mesaverde formation through the 2 3/8 x 4 1/2-inch annulus of the latter casing string, and the production of hydrocarbons from the Gallup formation through 2 3/8-inch tubing installed within a second string of 4 1/2-inch casing, the three strings of casing being cemented in a common well bore.

CASE 2161:

Application of Texaco, Inc. for a triple completion. Applicant, in the above-styled cause, seeks an order authorizing the triple completion of the C. H. Weir "B" Well No. 4, located in Unit I, Section 11, Township 20 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Eumont Gas Pool, the production of oil from the Skaggs-Glorieta Pool and the production of oil from the Skaggs-Drinkard Pool through the casing-tubing annulus, through 2 3/8-inch tubing, and through 2 3/8-inch tubing respectively.

CASE 2162:

Application of The Atlantic Refining Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to install an automatic custody transfer system to handle the commingled Justis Tubb-Drinkard and Justis-Blinebry production from the following-described leases:

Langlie Federal Lease, N/2 SE/4 of Section 14

Langlie Federal "A" Lease, S/2 NE/4 of Section 14

Langlie Federal "B" Lease, N/2 NE/4 of Section 14

all in Township 25 South, Range 37 East, Lea County, New Mexico.

CASE 2163:

Application of Yates Drilling Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to install an automatic custody transfer system to handle the Pennsylvanian formation production from all wells presently completed or hereafter drilled on Federal Lease NM 03283, comprising the W/2 of Section 31, Township 8 South, Range 37 East, Roosevelt County, New Mexico.

CASE 2164:

Application of Hudson and Hudson for an exception to Rule 506 (A) of the Commission Rules and Regulations and for permission to transfer allowables. Applicant, in the above-styled cause, seeks an exception to Rule 506 (A) by increasing the limiting gas-oil ratio for the West Tonto Yates Seven Rivers Pool, Lea County, New Mexico, from 2,000 to 6,000 cubic feet of gas per barrel of oil. Applicant further seeks permission to shut-in one well in said pool and transfer its allowable to another well.

CASE 2165: Application of Pan American Petroleum Corporation for two unorthodox oil well locations and a non-standard oil proration unit. Applicant, in the above-styled cause, seeks approval of two unorthodox oil well locations in the Cha Cha-Gallup Oil Pool, San Juan County, New Mexico, said locations to be as follows:

Navajo Tribal "E" Well No. 7, to be located 250 feet from the South line and 800 feet from the West line of Section 16.

Navajo Tribal "G" Well No. 5, to be located 1830 feet from the South line and 885 feet from the East line of Section 18, both in Township 29 North, Range 14 West.

Applicant also seeks an 88.7-acre non-standard oil proration unit in said pool comprising that portion of the SW/4 of Section 16, within the Navajo Reservation lying South of the mid-channel of the San Juan River, Township 29 North, Range 14 West, to be dedicated to said Navajo Tribal "E" Well No. 7.

CASE 2166: Application of Pan American Petroleum Corporation for permission to take interference tests and transfer allowables. Applicant, in the above-styled cause, seeks permission to take interference tests in the Cha Cha-Gallup Oil Pool, San Juan County, New Mexico, by shutting in its Navajo Tribal "E" Well No. 3, located in the NE/4 SW/4 of Section 21, Township 29 North, Range 14 West and transferring the allowable of said well in equal parts to the other five wells on the said Navajo "E" Lease.

CASE 2167: Application of Chambers & Kennedy for a 200-acre non-standard gas proration unit and for an unorthodox gas well location. Applicant, in the above-styled cause, seeks the establishment of a 200-acre non-standard gas proration unit in the Eumont Gas Pool, Lea County, New Mexico, comprising the NE/4 NE/4, S/2 NE/4, and the N/2 SE/4 of Section 34, Township 19 South, Range 37 East. Said unit is to be dedicated to the Monument State Well No. 1, located on an unorthodox location at a point 1649 feet from the South line and 2197 feet from the East line of said Section 34.

CASE 2168:

Application of Continental Oil Company for permission to shut-in one well and transfer its allowable to other wells. Applicant, in the above-styled cause, seeks permission to shut-in its Wilder Well No. 20, located 1980 feet from the South and East lines of Section 26, Township 26 South, Range 32 East, El Mar-Delaware Pool, Lea County, New Mexico, and transfer its allowable to the following offset wells in said Section 26: Wilder Lease Well Nos. 17, 18, 22 and 25.

CASE 2169:

Application of Gulf Oil Corporation for a salt water disposal well. Applicant, in the above-styled cause, seeks an order authorizing the disposal of produced salt water into the Grayburg and San Andres formations through its J. F. Janda "F" Well No. 17, located in Unit A, Section 4, Township 22 South, Range 36 East, Lea County, New Mexico, with the proposed injection interval from 3999 feet to 5650 feet.

CASE 2170:

Application of Amerada Petroleum Corporation for an amendment of Order R-1750. Applicant, in the above-styled cause, seeks an amendment of Order No. R-1750, which authorized the triple completion of its Wimberly Well No. 13, located in Unit M, Section 24, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, to substitute an undesignated oil pool, probably Paddock, for the Langlie-Mattix which was previously authorized. Applicant also proposes to use three parallel strings of tubing rather than two as provided in Order R-1750.

Chambers & Kennedy

SUITE 607
MIDLAND NATIONAL BANK BUILDING
MIDLAND, TEXAS 79701

C. FRED CHAMBERS
W. D. KENNEDY

December 12, 1960

TELEPHONE
MU 3-4643

New Mexico Oil Conservation Commission
P. O. Drawer "DD"
Santa Fe, New Mexico

Gentlemen:

We would like to request administrative approval for the formation of a Queen Gas Unit comprised of the following acreage:

N/2 SE/4, E/2 NE/4, SW/4 NE/4, all in Section 34, T-19-S,
R-37-E, Eumont Field, Lea County, New Mexico - 200 acres.

We are presently drilling a well located 1649' from the South line and 2197' from the East line of said Section 34. ✓

The following companies have agreed to allocate their acreage to the unit:

Texaco, Inc. - 40 acres - SW/4 of the NE/4
Shell Oil Company - 40 acres - NE/4 of the NE/4
Sinclair Oil & Gas Company - 80 acres - SE/4 of the NE/4
NE/4 of the SE/4

In accordance with the regulations in Order R-1670 we are hereby sending certified copies of this letter to the operators of offsetting acreage, informing them of our intention to form a Queen Gas Unit, namely:

W. K. Byrom, 1000 N. Dal Paso, Hobbs, New Mexico
N. E. Salsich, Jr., 716 Midland Nat'l Bank Bldg., Midland, Texas
Tidewater Oil Company, P. O. Box 1231, Midland, Texas
Standard of Texas, P. O. Box 1660, Midland, Texas

Attached hereto are three copies of certified plat covering the above acreage.

Yours very truly,

CHAMBERS & KENNEDY

Sanford E. McCormick
Sanford E. McCormick

Sanford E. McCormick
SMC:lb
encls.

NEW MEXICO OIL CONSERVATION COMMISSION

Well Location and Acreage Dedication Plat

Section A.

Date December 12, 1960

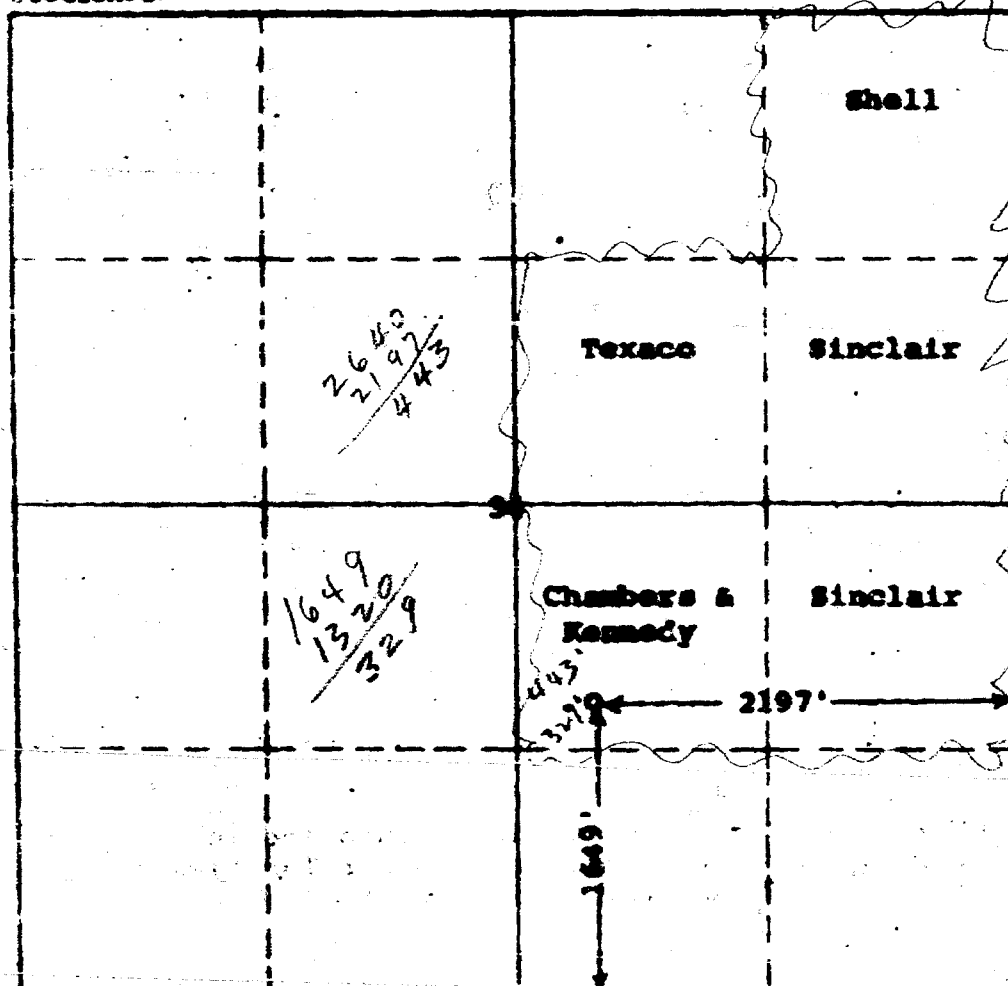
Operator Chambers & Kennedy Lease Monument State
Well No. 1 Unit Letter J Section 34 Township 19S Range 37E N.M.P.A.
Located 1649 Feet from South Line, 2197 Feet from East Line
County Lea G. L. Elevation 200 Acres
Name of Producing Formation Green Grayburg Pool Monument - 1960

1. Is the Operator the only owner* in the dedicated acreage outlined on the plat below?
Yes No X
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes X No . If answer is "yes," Type of Consolidation Gas Unit
3. If the answer to question two is "no," list all the owners and their respective interests below:

Owner

Land Description

Section B.



This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

Chambers & Kennedy

(Operator)

(Representative)

607 Midland Nat'l Bank Bldg.

Midland, Texas
Address

This is to certify that the well location shown on the plat in Section B was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

Charles P. Miller
Registered Professional
Engineer and/or Land Surveyor.

0 500 1000 1500 2000 2500 3000 3500 4000 4500 5000 5500 6000 6500 7000 7500 8000 8500 9000 9500 10000

(See instructions for completing this form on the reverse side)

Plat No. 182

INSTRUCTIONS FOR COMPLETION:

1. Operator shall furnish and certify to the information called for in Section A.
2. Operator shall outline the dedicated acreage for both oil and gas well on the plat in Section B.
3. A registered professional engineer or land surveyor registered in the State of New Mexico or approved by the Commission shall show on the plat the location of the well and certify this information in the space provided.
4. All distances shown on the plat must be from the outer boundaries of Section.
5. If additional space is needed for listing owners and their respective interests as required in question 3, Section A, please use space below

* "Owner" means the person who has the right to drill into and to produce from any pool and to appropriate the production either for himself or for himself and another. (65-3-29 (e) NMSA 1953 Comp.)

Chambers & Kennedy

SUITE 607

MIDLAND NATIONAL BANK BUILDING

MIDLAND, TEXAS

December 30, 1960

C. FRED CHAMBERS
W. D. KENNEDY

Case 2167
RECEIVED 000

1961 JAN 3 AM 9 03

TELEPHONE
MU 3-4643

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

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

Gentlemen:

We have been advised by Mr. Joe D. Ramey of your Hobbs District office that it is necessary to make application for a hearing to receive the Commission's approval of the formation of a gas unit composed of 200 acres in the Eumont Gas Field, described as follows: ✓

NE/4 NE/4, S/2 NE/4, N/2 SE/4 Section 34, T-19-S,
R-37-E, Lea County, New Mexico

being further described as:

Sinclair Oil & Gas Company, State Lease E-274 dated 4-10-45
Texaco, Inc., State Lease E-5458 dated 8-10-51
Shell Oil Company, State Lease A-1118 dated 9-15-28
I. W. Lovelady, State Lease E-6175 dated 11-17-59

comprising 200 contiguous acres in the E/2 Section 34, T-19-S,
R-37-E, Lea County, New Mexico. ✓

Enclosed herewith is a carbon copy of the Communitization Agreement being entered into, which sets forth Chambers & Kennedy's interest in this proposed gas unit. Originals of this Agreement are in the process of execution by the various companies involved. ✓

We hereby request that we be granted a hearing as soon as possible on the formation of this gas unit.

Also, we would like to point out that we have received prior permission for a non-standard location as it applies to a Grayburg oil well, but we also intend to dually complete the

*Received
1-12-61
[Signature]*

New Mexico Oil Conservation Commission - 2 - December 30, 1960

well from the Queen gas sand, and would like to request your approval of the location from this standpoint.

Yours very truly,

CHAMBERS & KENNEDY

C. Fred Chambers
C. Fred Chambers

CFC:lb
encls.

COMMITMENT AGREEMENT

THIS AGREEMENT is made and entered into this 15th day of December, 1960, by and between C. FRED CHAMBERS and W. D. KENNEDY, trading and doing business as CHAMBERS & KENNEDY, whose address is 607 Midland National Bank Building, Midland, Texas, hereinafter sometimes referred to as "Operator," and SINCLAIR OIL & GAS COMPANY, Box 1470, Midland, Texas; TEXACO INC., V & J Tower, Midland, Texas; SHELL OIL COMPANY, Box 845, Roswell, New Mexico; and I. W. LOVELAND, Box 3468, Odessa, Texas; hereinafter sometimes referred to as "Non-Operators";

W I T N E S S E T H:

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by Acts of Legislature as set forth in the New Mexico Statutes Annotated, 1953 Compilation, to consent to and approve the development and operation of State Lands under commitment agreements made by oil and gas lessees of State Lands jointly or severally with other oil and gas lessees of State Lands, when such agreements are determined to be for the best interests of the State;

WHEREAS, Sinclair Oil & Gas Company is the present record title owner and holder of and sole owner of the full 7/8ths working interest in that certain State of New Mexico Oil and Gas Lease bearing No. E-274, issued April 10, 1945, embracing, among other lands, the following described land in Lea County, New Mexico;

SE/4 NE/4 and NE/4 SE/4 of Section 34,
Township 19 South, Range 37 East N27W,
containing 80 acres, more or less;

WHEREAS, Texaco Inc. is the present record title owner and holder of and sole owner of the full 7/8ths working interest in that certain State of New Mexico Oil and Gas Lease bearing No. E-5453, issued August 10, 1951, embracing, among other lands, the following described land in Lea County, New Mexico;

SW/4 NE/4 of Section 34, Township 19 South,
Range 37 East N27W, containing 40 acres,
more or less;

WHEREAS, Shell Oil Company is the present record title owner and holder of and sole owner of the full 7/8ths working interest in that certain State of New Mexico Oil and Gas Lease bearing No. A-1118, issued September 15, 1928, embracing, among other lands, the following described land in Lea County, New Mexico;

NE/4 NE/4 of Section 34, Township 19 South,
Range 37 East NMPM, containing 40 acres,
more or less;

WHEREAS, I. W. Lovelady is the present record title owner and holder of
and sole owner of the full 7/8ths working interest in that certain State of New
Mexico Oil and Gas Lease bearing No. OG-6175, issued November 17, 1959, embrac-
ing the following described land in Las County, New Mexico:

NE/4 SE/4 of Section 34, Township 19 South,
Range 37 East NMPM, containing 40 acres,
more or less;

WHEREAS, Chambers & Kennedy join in the execution of this Commitment
Agreement for the reason that I. W. Lovelady has agreed to assign his operating
rights under the lease listed above in his name upon the completion of a commer-
cial producer of oil or gas on the tract covered by State Lease E-6175 above,
and Chambers & Kennedy intend to and do hereby commitize all of their right,
title and interest in and to said lease with the other leases above referred to;

WHEREAS, the parties hereto desire to commitize and pool the above des-
cribed Oil and Gas Leases, insofar as said leases cover the above described land,
in order to form a gas proration unit for the production of dry gas and associated
liquid hydrocarbons from the Queen Sand Formation, as follows:

N/2 NE/4, the SE/4 NE/4 and the N/2 SE/4
of Section 34, Township 19 South, Range
37 EAST NMPM, containing 200 acres, more
or less (~~hereinafter~~ ~~sometimes~~ referred
to as "commititized area");

WHEREAS, in order to be consistent with existing rules and regulations of
the New Mexico Oil Conservation Commission covering well-spacing and production
allowables, the parties hereto desire to operate the commititized area for the
purpose and intention of developing dry gas and associated liquid hydrocarbons
from the Queen Sand Formation as an entirety in accordance with the terms and
provisions of this agreement.

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

i. The commititized area shall be developed and operated for dry gas and
liquid hydrocarbons extracted therefrom producible from the Queen Sand Formation
as an entirety with the understanding and agreement that the dry gas and liquid

hydrocarbons extracted therefrom produced from the communitized area shall be allocated among the leaseholds comprising said communitized area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed hereto. The royalties payable for dry gas and liquid hydrocarbons extracted therefrom so allocated to the lands comprising the leaseholds and the rentals and the shut-in gas well royalties provided for therein shall be determined and paid on the basis respectively prescribed in the individual leases.

2. CHAMBERS & KENNEDY shall be the initial Operator of said communitized area, and all matters of operation, adjustments between the working interest owners, and payment of royalties, overriding royalties, rentals and shut-in gas well royalties shall be governed by the provisions of the "Operating Agreement" executed by the working interest owners contemporaneously with the execution of this agreement. There shall be no obligation on the parties hereto to offset any dry gas well or wells on separate component tracts into which said communitized area is now or may hereafter be divided, nor shall the parties hereto be required to separately measure said dry gas and liquid hydrocarbons extracted therefrom by reason of the diverse interests in the dry gas and liquid hydrocarbons extracted therefrom in and under said tracts, but the parties hereto shall not be released from their obligation to protect said communitized area from drainage by a dry gas well or wells in the Queen Sand Formation which may be drilled offsetting said communitized area.

3. Except as herein modified and changed, said oil and gas leases hereinabove described shall remain in full force and effect as originally made and issued or as amended prior to this agreement. It is further agreed that the commencement, completion, continued operation or production of a well or wells for dry gas or dry gas and liquid hydrocarbons extracted therefrom from any part of the communitized area from the Queen Sand Formation as an entirety shall be construed and considered for all purposes (except for royalty payment purposes) as the commencement, completion, continued operation or production as to each tract and separate lease included in this agreement.

4. All production of dry gas and liquid hydrocarbons extracted therefrom and disposal thereof shall be in conformity with allocations, allotments and

quotas made and fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. The provisions of this agreement shall be subject to all applicable Federal or State statutes 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, rule or regulation.

5. This agreement shall be effective as of the date hereof, upon execution by the parties hereto, notwithstanding the date of execution, and upon approval of the Commissioner of Public Lands of the State of New Mexico, and shall remain in full force and effect for a period of one year but not longer than the shortest term of any lease within the committed area, whichever is shorter, and so long thereafter as dry gas or dry gas and liquid hydrocarbons extracted therefrom are produced from any part of said committed area in paying quantities, provided that prior to production in paying quantities from said committed area and upon fulfillment of all requirements of the Oil Conservation Commission of the State of New Mexico with respect to any dry hole or abandoned well, this agreement may be terminated at any time by the mutual agreement of the parties hereto.

Should production in paying quantities of dry gas or dry gas and liquid hydrocarbons extracted therefrom be obtained while this agreement is in force and effect and thereafter cease from any cause after the expiration of said period of one year but not longer than the shortest term of any lease within the committed area, whichever is shorter, this agreement shall not terminate if the parties hereto commence additional drilling or reworking operations within 60 days after the cessation of such production and shall remain in full force and effect so long as such operations are prosecuted in good faith with no cessation of more than 20 consecutive days, and if such operations result in the production of dry gas or dry gas and liquid hydrocarbons extracted therefrom in paying quantities, so long thereafter as dry gas or dry gas and liquid hydrocarbons extracted therefrom are produced in paying quantities from said committed area; provided, however, written notice of intention to commence such operations shall be filed with the State of New Mexico within 30 days after the cessation of such production and the

report of the status of such operations shall be made to the State of New Mexico every 30 days, and the cessation of such operations for more than 20 consecutive days shall be considered as an abandonment of such operations and this agreement shall thereupon terminate.

6. This agreement shall be subject to the consent and approval of the Commissioner of Public Lands of the State of New Mexico.

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

8. This agreement may be executed in one or more counterparts by any of the parties hereto and all counterparts so executed shall be taken as a single agreement and shall have the same force and effect as if all parties had in fact executed but a single instrument.

IN WITNESS WHEREOF, the parties have executed this agreement as of the date first hereinabove written.

CHAMBERS & KENNEDY

By _____
C. Fred Chambers

By _____
W. D. Kennedy

SINGLARE OIL & GAS COMPANY

By _____
Vice President

TEXACO INC.

By _____
Attorney in Fact

SHELL OIL COMPANY

By _____
Attorney in Fact

Marion G. Chambers

Mary B. Kennedy

ATTENT:

Assistant Secretary

Verta T. Lovelady

I. W. Lovelady

CONSENTED TO AND APPROVED this _____ day of _____, 196____.

COMMISSIONER OF PUBLIC LANDS
of the State of New Mexico

THE STATE OF TEXAS

COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of January, 1961, by C. Fred Chambers and Marion G. Chambers, his wife; and by W. D. Kennedy and Mary B. Kennedy, his wife.

My Commission Expires
June 1, 1961

Notary Public

THE STATE OF TEXAS

COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 196____, by R. L. ELSTON, Vice President of Sinclair Oil & Gas Company, a Maine corporation, on behalf of said corporation.

My Commission Expires
June 1, 1961

Notary Public

THE STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 196____, by _____, Attorney in Fact of THERMO INC., a _____ corporation, on behalf of said corporation.

My Commission Expires

Notary Public

THE STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 196____, by _____, Attorney in Fact of SHELL OIL COMPANY, a _____ corporation, on behalf of said corporation.

My Commission Expires

Notary Public

THE STATE OF TEXAS

COUNTY OF DICKER

The foregoing instrument was acknowledged before me this _____ day of _____

_____, 196____, by I. W. Lovelady and Verta T. Lovelady,
his wife.

My Commission Expires
June 1, 1961.

Notary Public

CLASS OF SERVICE

This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

1220
(R 11-34)

SYMBOLS

DL=Day Letter

NL=Night Letter

LT=International Letter Telegram

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

EA137 SSMT66

1961 JAN 24 PM 2 07

L RWAD51 PD=ROSWELL NMEX 24 133P MST=
NEW MEXICO OIL CONSERVATION COMMISSION=
PO BOX 871 SANTA FE NMEX=

RE: DOCKET NO 3-61 CASE 2167, JANUARY 25 1961. THIS IS TO
ADVISE THAT SHELL OIL COMPANY SUPPORTS THE APPLICATION OF
CHAMBERS & KENNEDY FOR A 200-ACRE NONSTANDARD GAS PRORATION
UNIT AND FOR AN UNORTHODOX GAS WELL LOCATION FOR THEIR
MONUMENT STATE NO 1, EUNONT GAS POOL, LEA COUNTY, NEW MEXICO.
IT IS OUR UNDERSTANDING THAT THIS WELL IS LOCATED 1649
FEET FROM SOUTH LINE AND 2197 FEET FROM EAST LINE SECTION
34-198-37N AND THAT THE DEDICATED ACREAGE WILL COMPRISE
THE NE/4 NE/4, S/2 NE/4 AND N/2 SE/4 OF ABOVE SECTION=
SHELL OIL CO R L RANKIN DIVISION PRODUCTION MGR==

1961 JAN 24 PM 3:24
MAIN OFFICE OCC

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

Chambers & Kennedy

SUITE 607

MIDLAND NATIONAL BANK BUILDING

MIDLAND, TEXAS

G. FRED CHAMBERS
W. D. KENNEDY

TELEPHONE
MU 3-4643

January 16, 1961

File
Ref: Case #2167
Docket 3-61
1-25-61

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

Attention: Mr. A. L. Porter

Gentlemen:

Enclosed please find photocopy of letter to your office dated December 12, by carbon copies of which the following offsetting operators were notified of Chambers & Kennedy's intention to form a Eumont Gas Unit comprised of the later-described 200 acres.

W. K. Byrom, 1000 N. Dal Paso, Hobbs, New Mexico
N. E. Salsich, Jr., 716 First Nat'l Bank Bldg.,
Midland, Texas
Tidewater Oil Company, P. O. Box 1231, Midland,
Texas
Standard Oil Company of Texas, P. O. Box 1660,
Midland, Texas

This acreage consists of the N/2 SE/4, E/2 NE/4, SW/4 NE/4, all in Section 34, T-19-S, R-37-E, Lea County, New Mexico.

This is to inform you that these offsetting operators were notified on December 16, 1960 by Registered Mail, Serial Nos. 144, 145, 146 and 147, photocopies of which are also enclosed. We have not received any objection to the formation of this gas unit from any of the above.

Yours very truly,

CHAMBERS & KENNEDY

Sanford E. McCormick
Sanford E. McCormick

SMcC:lb
encs.

December 12, 1960

New Mexico Oil Conservation Commission
P. O. Drawer "DE"
Santa Fe, New Mexico

Continued:

Gentlemen:

We would like to request administrative approval for the formation of a Green Gas Unit comprised of the following acreage:

Section 14, T-19-S,

W/2 SE/4, E/2 NE/4, SW/4 NE/4. all in Section 14, T-19-S, R-37-E, DeSoto Field, Lea County, New Mexico - 200 acres.

We are presently drilling a well located 1649' from the south line and 2197' from the East line of said Section 14.

The following companies have agreed to allocate their acreage to the unit:

Texaco, Inc. - 40 acres - SW/4 of the NE/4
Shell Oil Company - 40 acres - NE/4 of the NE/4
Sinclair Oil & Gas Company - 80 acres - NE/4 of the NE/4
NE/4 of the SE/4

In accordance with the regulations in Order R-1670 we are hereby sending certified copies of this letter to the operators of offsetting acreage, informing them of our intention to form a Queen Gas Unit, namely:

1000 W. 1st St., Hobbs, New Mexico
 East Side, Midland, T

W. K. Byrom, 1000 W. 1st St., Hobbs, New Mexico
H. E. Kalsch, Jr., 716 Midland Nat'l Bank Bldg., Midland, Texas
Tidewater Oil Company, P. O. Box 1231, Midland, Texas
Standard of Texas, P. O. Box 1660, Midland, Texas

Attached hereto are three copies of certified plat covering the above acreage.

Yours very truly,

CHAMBERS & BERRY

Stanford E. McCormick

scrib
uncle.

County

Pool

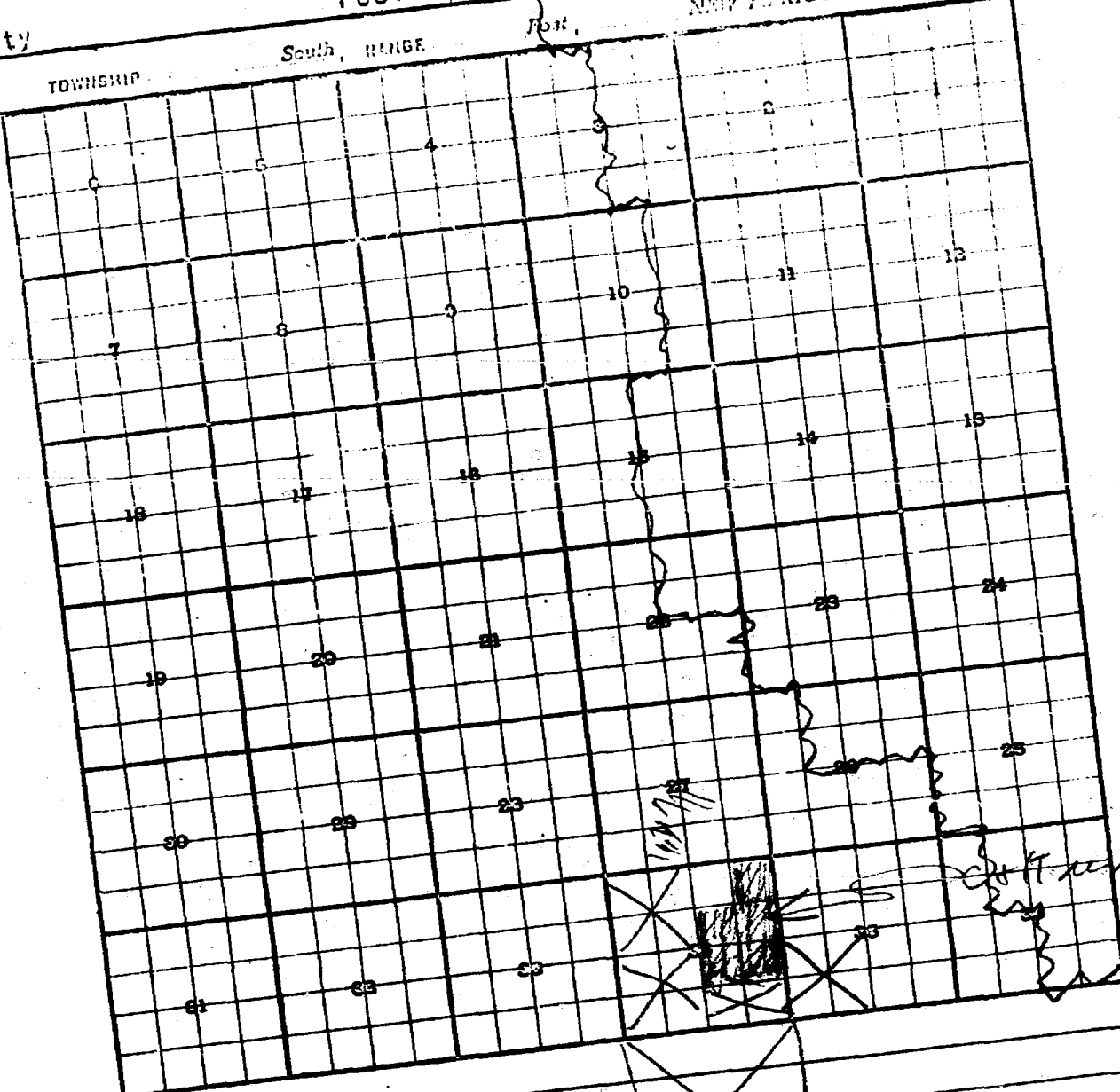
19-37

South, RANGE

Post

NEW MEXICO PRINCIPAL MERIDIAN

TOWNSHIP



Post unit.

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 25, 1961

EXAMINER HEARING

IN THE MATTER OF:

Application of Chambers & Kennedy for a 200-acre non-standard gas proration unit and for an unorthodox gas well location. Applicant, in the above-styled cause, seeks the establishment of a 200-acre non-standard gas proration unit in the Eumont Gas Pool, Lea County, New Mexico, comprising the NE/4, NE/4, S/2 NE/4, and the N/2 SE/4 of Section 34, Township 19 South, Range 37 East. Said unit is to be dedicated to the Monument State Well No. 1, located on an unorthodox location at a point 1649 feet from the South line and 2197 feet from the East line of said Section 34.

Case
2167

BEFORE:

Elvin A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. PAYNE: Case 2167, application of Chambers & Kennedy for a 200-acre non-standard gas proration unit and for an unorthodox gas well location.

MR. MCKENNA: Mr. Examiner, Thomas F. McKenna, McKenna & Sommer, for the applicant. I have one witness, Mr. Heck.
(Witness sworn.)

MR. UTZ: Other appearances in this case?

WILLIAM A. HECK,

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

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PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DIRECT EXAMINATION

BY MR. McKENNA:

Q Will you state your name, please?

A William A. Heck.

Q Have you testified before this Commission any earlier time?

A No, sir.

Q By whom are you employed, Mr. Heck?

A Chambers & Kennedy, Midland, Texas.

Q What is your employment?

A I am a geologist.

Q Will you tell the Commission, the Examiner, your qualifications, education, background and former employment?

A I was graduated from Lehigh University, Bachelor of Arts degree in Geology in 1948; '48 to '52 I was employed by the United States Geological Survey, Fuels Division; 1952 to 1955, consulting geologist and mud logger in Midland, Texas; July of 1955 to January of 1956 I was a consulting geologist for DuFour Cities Service Oil Company in southern Arabia; since 1956 I have been employed by Chambers & Kennedy.

Q As a geologist?

A Yes.

MR. McKENNA: I move his qualifications as an expert be accepted.

MR. UTZ: His qualifications are acceptable.

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Q (By Mr. McKenna) Are you familiar with the instant well in question, State Monument No. 1?

A Yes, sir.

Q Can you tell the Examiner and the Commission the present status of this well?

A This well is currently producing from the Grayburg-San Andres zone from 3748 to 3786. It is currently producing at approximately 40 barrels of oil a day, and about 5 barrels of water, and that is the status to this point. It is producing only from the Grayburg-San Andres; no perforations in the casing above this zone.

Q Will you tell the Examiner the purpose of this application?

A We would like to create a 200-acre gas unit embracing the five quarter sections which are set out by the Zippatone pattern in Section 34, 19, 37. We would like the Commission to grant us this 200-acre gas unit, and since this is an irregular location we would like permission to proceed with this completion in the gas zone even though it is an irregular location.

Q The production would be from the Eumont gas intervals; is that correct?

A Yes, sir.

Q Can you tell the Examiner your plans, briefly, for the well? It would be a dual completion; do you know how that would be done?

A Our engineer is out of town, so I speak here with not too much authority. I would estimate he would run a packer, run the



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tubing we have in the Grayburg sand and through it and produce the gas from the Penrose zone through the annulus, but if this is not in keeping with the Commission practices I am sure our engineer will alter it to fit the practices.

Q Mr. Heck, referring to Exhibit No. 1, may I ask, was this plat prepared by you, under your supervision or at your direction?

A Actually it was under Mr. Alexander's direction. The location of the well, this specific location was not set out by me, but I was aware of why it was being located here.

Q What is the exact location of the present well?

A It is 1649 feet from the south line and 2197 feet from the east line of Section 34, 19 South, 37 East.

Q Can you tell the Commission what was the reason for the location of the well as it is now located?

A From the inception this well was designed to be completed in both zones. The Grayburg-San Andres zone is rather a difficult one to pick an oil-water contact in, so we played the geological odds and moved as far south as we could get because of the wells Mr. Byram has to the south of us there, while making considerable amounts of oil, also make considerable amounts of water. We felt since we were ignorant of the oil-water contact, no wells completed down dip, the prudent thing would be to play proximity rather than guess at the oil-water contact.

Q What acreage do you propose to dedicate to the Eumont gas well?



1699-CH 3-69-1

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ATTORNEYS AT LAW
ALBUQUERQUE, NEW MEXICO

A It would be the N/2 of the SE/4, the S/2 of the NE/4, the NE/4 of the NE/4.

Q Can you tell the Commission what was the reason for the proposed dedication, the NE/4 of the NE/4 of 34?

A It is, to my knowledge, the only uncommitted 40-acre tract in that section to a gas unit.

Q Referring to Exhibit No. 2, can you tell the Commission just what that exhibit it?

A Figure No. 2 is Land Plat, drawn on the scale of 1 inch is equal to 1,000 feet. I have prepared a top of the Yates map and top of the Penrose map to show the structural configuration of the area, and the gas unit is outlined in the Zippatone pattern. The Section A A prime is Figure 1, which is a cross section going from a well south of us which is adjacent to a Eumont gas well, and proceeding north through our well, northwest through a gas well not producing from the Eumont gas pay but showing the gas there. It is currently shut in. That is a Eumont gas producer. Northeast is a well which is completed in the Eumont oil pay, and then almost east to Shell's EMC which is producing from the Eumont oil zone.

Q Referring to Exhibit No. 3, can you tell the Examiner what this purports to represent?

A We believe that the cross section will show that Chambers & Kennedy No. 1 Monument State, the entire Penrose zone, approximately 130 feet in interval, would be entirely in gas, and it probably will remain all gas to the bottom of the Penrose zone as

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far north as the south line of the most northeasterly quarter of that 40-acre tract. The Shell EMC No. 1 is completed in the base of the Penrose and originally completed as an oil well. It is currently making 299 barrels of oil a month, and 2,351,000 cubic feet of gas for a gas-oil ratio of 7,000 to one. There seems to be a reasonable oil-gas contact at minus 184, which is shown on the cross sections.

Q Exhibit 3 sets forth the logs, does it?

A Yes. It is the cross section, standard scale logs, one inch to 100 feet, through all of the wells drawn on Section AA prime.

Q Mr. Heck, do you believe that the 200 acres will be productive of gas from the Eumont gas pool intervals?

A I believe that the 200 acres here involved will be in the gas column of the Eumont pay. There is evidently some reservoir condition which can't guarantee you are going to produce commercial gas from all locations, as evidenced by the fact that Sinclair's 1373, a gas well in the SE of the NE is an abandoned well that attempted completion in the Penrose gas zone, but never sustained large enough volumes of gas to warrant connection.

Q What are your perforation plans for this Eumont gas well?

A Perforations are shown on Figure 3, anticipated, from 3590 to 3714 feet, roughly. They will not be continuous but they will be dictated by log selections.

Q Can you state to the Commission, generally speaking, what is your basis for believing that the 200 acres will be productive of gas?



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A The Shell 1 EMC is the only well which is low enough on that tract to have fallen into the oil column, and since this well is currently now showing a high GOR and this zone is depleted in the oil column for all practical purposes, as are the west offsets, east offsets, southeast offsets and north offsets, we feel that even though there is a possibility that our perforations in the Monument State 1 would, stratigraphically, be equivalent to the oil zone that is producing from the Shell 1 EMC, in effect all that is left in this reservoir, if we are going to drain that far north it will be gas.

Q Do you know what the gas-oil ratio of Eumont gas will be?

A Well, these wells are evidently very strong gassers. No. 5 Sinclair Williams, which we have shown as the third well, 2.6 billion potential on a half-inch choke. The 3, which is its west offset, 6.4 million on a 2-inch orifice; the Byram No. 1 Williams, originally potentialled for 22 million feet, and during its history has made over, I believe the figure is three billion feet, so that we are evidently dealing with a strong gas reservoir.

Q Is there anything in your application that will impair correlative rights, in your opinion?

A No, I do not think so.

Q Is it your opinion that your application is in keeping with the principles of conservation?

A As I understand them, yes, sir.

Q Is there anything further?



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A Only that the unit shown here, the oil companies involved, Shell, Sinclair, and Texaco, are participants in this venture with us. .

MR. McKENNA: I believe that is all I have for the time being.

BY MR. UTZ:

Q Mr. Heck, are you intending to complete this well in the Penrose?

A Yes, sir. The proposed perforations on Figure 3, the perforations will run no lower stratigraphically than shown. Some we may elect to leave out, but at this time the probability is good that we will perforate zones where each of those dots are.

Q Then you will not perforate in Seven Rivers?

A No, sir. We are going to stay all in the Penrose.

Q Shell State No. 1 in the NE NE of Section 34, that is completed in the same interval which you intend to complete this well in?

A In approximately the bottom 40 feet of our perforations. If we left off the bottom 40 feet of our perforations we would not be working the same zone stratigraphically.

Q Do you happen to know what the GOR of that well is?

A 7,830 to 1. It is on Figure 3. I have November, 1960, production. It is set out in the typewritten space above the 3600 foot mark.

Q Where did you say that there was a possible gas-oil con-



tact in the Penrose?

A About a minus 184, and we took this data from Sinclair's 5 Williams and the Sinclair 3732, which is the northeast diagonal offset. One of them made 726 barrels of oil in six hours on the original potential, with a GOR of 1878, and the other one, the Sinclair 5, which, fortunately, the perforations run practically down to the top of the oil perforation in the other well, so it seems reasonable to assume that this, perhaps, does demarcate the oil-gas contact, but the Sinclair well made 2.4 million feet. There was no report of any oil with it, so we assume that 184 is reasonable.

Q Can you give me the sea level datum of the perforations in the Shell well?

A They begin at minus 221, and continue to a minus 231.

Q Minus 184 is the top of the oil, so this would be completed 40 feet below the gas-oil contact. Now, in your opinion, where would the gas-oil contact cross the northeast of the northeast quarter?

A That is a tough one there. It probably would be safe to assume that the gas-oil contact originally was further south, but I believe, since that oil has all been drained out there, we are really not encroaching on the oil reservoir, and on straight geologic inference I would say the whole NE/4 would probably be below the gas-oil contact. That is, it would be in the oil column.

Q And on the other 160 acres there are no oil wells?

A There are no oil wells, no, sir, except in the Grayburg-

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San Andres, of course?

Q But not in the Eumont?

A Just in the Eumont pay there are no other wells. The Sinclair 1373 was deepened from its original completion and there are many attempts made up and down the hole, some below the Penrose, in which they could not establish anything but rather modest gas production on the order of 200 to 500,000 cubic feet.

Q The Penrose section which you intend to perforate is in the vertical limits of the Eumont gas pool; is that correct?

A Yes, sir.

Q Now, the Sinclair Williams No. 5, is that a Eumont gas well?

A No, sir, it is not. It is not producing. The No. 3, which is its west offset, is carried on the production records, and I have the log which will show its perforations are relative to the No. 5. The No. 5 made gas only on tests of its perforations, which are shown on the cross section.

Q Are there any gas wells to the north and east of Eumont gas wells, north or east of this proposed unit?

A None to my knowledge, sir, but my knowledge is restricted to what you see on this plat. There are no gas wells shown in the N/2 of the Section. There would be no gas wells shown in the Section east. That is the N/2 of Section 35, or in the entire section to the northeast.

Q What about the section to the north?

A The section to the north has the Aztec No. 1 Maxwell



State, and in the north half there are no gas wells shown.

MR. UTZ: Are there any other questions?

BY MR. PAYNE:

Q I presume you have filed for administrative approval for dual-completing this well?

A I do not know, sir. The engineer handles those forms, and he is currently in Louisiana. In fact, I am here by virtue of his absence. I really don't know what has transpired.

Q You say this well was originally projected to both the Monument and the Eumont, or was it just projected as a Monument oil well?

A Our economic evaluation was such we could not justify digging to either zone alone, but it demands a dual completion from our standpoint to be a good economic deal.

Q You are aware if it were a gas well in the Eumont, a 660 location would be required?

A I am not familiar with the rules as to spacing, sir. I am here to defend the geological end of it, and I was informed that 160 was the unit for this, while a 640 was the legal spacing, in reality, 160 was the pattern conformed to.

Q I am talking about well locations.

A The overriding consideration in our making the irregular location was the fact that the great amounts of water made in the Grayburg-San Andres, we were afraid if we honored the 660 location we would be in trouble in the Grayburg-San Andres, so we were faced

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with evil no matter which way we went.

Q Assuming it had been projected as a Monument oil well, you would have to have a 330 location then. I notice this one is 329.

MR. UTZ: Was that oil location ever approved as an unorthodox location?

MR. McKENNA: It is my understanding it was. I don't know.

THE WITNESS: I am at a loss to explain it, sir. I don't know why the foot difference.

BY MR. UTZ:

Q Perhaps some topographical obstruction?

A No, sir. I have been there, Christmas Eve. There is a cemetery 115 feet west. Whatever the obstruction is it is not visible.

Q I am a little bit concerned. You are going to have 200 acres dedicated to the Eumont gas well, and you are also going to have 40 acres on that Shell well dedicated to a Eumontoil well?

A No. Shell is going to keep that 40-acre tract and produce it. This unit is only for the purposes of the Eumont gas.

Q So you are going to end up with dual dedication?

A You are getting in territory which I am very vague about, sir. I can see what you mean there. If that is the case, that is not our intent.

Q But at least on 40 acres of the proposed 200-acre unit it is productive of oil as well as gas?



A The northeast 40 is productive of oil at this time, yes, sir, from the Eumont oil zone, and our well is productive from the Grayburg-San Andres.

Q You said this Shell well was pretty well down the hill. How long do you anticipate that well will continue to be productive?

A I can't answer that.

Q What is it producing now?

A November production was, I believe, 299 plus 2,351,000. Its west offset is currently a 234-barrel well; Salsich well, which is in Section 35 is currently a 58-barrel well; its north offset is the Tidewater, which is about a 154-barrel well, the Tidewater 2-AJ, north offset to EMC.

Q Are these monthly figures?

A I took from November. November was a bad month weather-wise, but these wells are evidently all fairly far along in their depletion history. The 2-AJ showed 25 barrels, and we are fairly sure of Mr. Salsich's well, his other well there, Section north of 34, 2-EB is a 58-barrel well approximately also, because they approached us to buy them for salvage.

Q How rapidly is the gas-oil ratio increasing on the Shell well?

A I do not have specific data.

BY MR. PAYNE:

Q Do you anticipate that will ever become a gas well?

A ~~I do not believe it will ever sustain large enough volumes~~



to be a commercial gas well.

Q Will it ever get to 100,000 to one?

A I was talking to the Salsich people about their wells. In their productive history they don't seem to increase in gas as the oil diminishes. They just seem to stop everything. It is rather odd, but there seems to be nothing coming to the bore hole to speak of, gas or oil, and the GOR seems to be rising because the oil is falling off so badly.

MR. UTZ: Any other questions?

REDIRECT EXAMINATION

BY MR. McKENNA:

Q Dedication of the 200 acres is clearly to be to the Eumont gas interval, is that correct?

A Yes, sir, Eumont gas interval.

MR. McKENNA: I might respectfully request, so far as such may be necessary, whether this might be the appropriate time, I move for the approval of the location of the well as a Grayburg-San Andres producing well at the present time.

MR. PAYNE: It is producing now, isn't it; just not producing in the Eumont.

MR. McKENNA: As to any possibility of its being unorthodox, although I think this has been approved.

MR. PAYNE: This one deviation was approved by the District Supervisor.

THE WITNESS: I don't understand that, because it it not

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ALBUQUERQUE, NEW MEXICO



that rugged out there.

MR. UTZ: Probably a surveying error.

THE WITNESS: The cemetery is 115 feet west of us. There may be another jog to the north. There are no headstones, but maybe the physical limits of the cemetery are such it would be pushing it on the north line, but just looking, by inspection, the headstones all lie west.

MR. McKENNA: There might be some dead bodies not visible to the eye.

THE WITNESS: There is a possibility.

MR. McKENNA: I respectfully move that Exhibits 1, 2 and 3 will be entered into the record.

MR. UTZ: Without objection the exhibits may be entered. Witness may be excused. Any other statements in this case?

MR. PAYNE: Mr. Examiner, we received a telegram from Shell Oil Company concurring in the application, seeking approval of it.

MR. UTZ: Shell is the owner of the NE of the NE?

MR. PAYNE: Yes, sir.

MR. UTZ: Case will be taken under advisement.

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PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, JUNE PAIGE, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 2nd day of February, 1961.

June Paige
Notary Public-Court Reporter

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6591

ALBUQUERQUE, NEW MEXICO



INDEXWITNESS

WILLIAM A. HECK
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 QUESTIONS by Mr. Payne
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 QUESTIONS by Mr. Payne
 Redirect Examination by Mr. McKenna

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EXHIBITS

| <u>NUMBER</u> | <u>EXHIBIT</u> | <u>IDENTIFIED</u> | <u>OFFERED</u> | <u>ADMITTED</u> |
|---------------|----------------|-------------------|----------------|-----------------|
| Ex.#1 | Plat | 4 | 15 | 15 |
| Ex.#2 | Land Plat | 5 | 15 | 15 |
| Ex.#3 | Logs | 6 | 15 | 15 |

I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the Examiner hearing of Case No. 2167.
 heard by me on 1961

[Signature]
 Examiner
 New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6891

ALBUQUERQUE, NEW MEXICO



GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER



STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

P. O. BOX 2048
MOSBY

February 7, 1961

Mr. D. S. Nutter, Chief Engineer
Oil Conservation Commission
Post Office Box 871
Santa Fe, New Mexico

Dear Dan:

After checking all available logs in the immediate area of Section 34, Township 19 South, Range 37 East, studying the exhibits you sent me, and checking the well files involved, it is my opinion that the lower 75 feet of the proposed perforations for Chambers and Kennedy's Monument State Well No. 1 are in the same interval from which Shell's EMC Well No. 1 is producing. Consequently, the two wells in question are in true dual dedication of acreage.

The well file on Shell's EMC No. 1 Well shows that it was reperforated in January 1959 as follows: 3774'-3781', 3890'-3893', and 3955'-3958'. (I have noted this in green on the Exhibit.) This makes the 3774'-3781' set of perforations open above the gas/oil contact. Therefore, I recommend that the NE/4 NE/4 be deleted from the proposed gas unit.

Yours very truly,

John W. Runyan
John W. Runyan

JWR:mg
Copy to
Joe D. Ramey - Proration Manager

GOVERNOR
JOHN BURROUGHS
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
MURRAY E. MORGAN
MEMBER



STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY DIRECTOR

P. O. BOX 871
SANTA FE

Mr. Thomas McKenna
302 East Palace Avenue
Santa Fe, New Mexico

Re: Case No. 2167
Order No. E-1570
Applicant:
Chambers & Kennedy

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

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

ir/

Carbon copy of order also sent to:

Hobbs OCC x
Artesia OCC
Aztec OCC

Other

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. 2167
Order No. R-1870

APPLICATION OF CHAMBERS & KENNEDY
FOR A 200-ACRE NON-STANDARD GAS
PRODUCTION UNIT IN THE HUMONT GAS
POOL, LRA COUNTY, NEW MEXICO, AND
FOR 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 January 25, 1961, 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 15th day of February, 1961, 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 the applicant, Chambers & Kennedy, is the operator of the NE/4 NE/4, S/2 NE/4 and the E/2 SE/4 of Section 34, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico.
- (3) That the applicant seeks an order establishing a 200-acre non-standard gas unit in the Humont Gas Pool comprising all of the above-described acreage.
- (4) That, inasmuch as the 40-acre tract comprising the NE/4 NE/4 of said Section 34 is presently dedicated to an oil well in the Humont Pool, which well is completed in the same producing interval as the well which is proposed on the unit well for the requested 200-acre non-standard gas production unit, the dedication of the NE/4 NE/4 of said Section 34 to a gas well in the Humont Pool should not be permitted.

CASE No. 2167
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(5) That the remaining 160 acres are reasonably to be presumed to be productive of gas from the Monument Pool and should be established as a gas proration unit.

(6) That the applicant further proposes to locate its Monument State Well No. 1 at an unorthodox gas well location 1649 feet from the South line and 2197 feet from the East line of said Section 34.

(7) That approval of the 160-acre non-standard gas proration unit and the unorthodox gas well location will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That a 160-acre non-standard gas proration unit consisting of the S/2 NE/4 and the N/2 SE/4 of Section 34, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico, be and the same is hereby established. Said unit is to be dedicated to the Monument State Well No. 1 located at an unorthodox gas well location 1649 feet from the South line and 2197 feet from the East line of said Section 34.

(2) That the application for a 200-acre non-standard gas proration unit consisting of the above-described 160 acres plus the NE/4 NE/4 of said Section 34 be and the same is hereby denied.

(3) That the allowable assigned to the above-described 160-acre non-standard gas proration unit shall bear the same ratio to a standard gas allowable in the Monument Gas Pool as the acreage in said unit bears to the acreage in a standard gas proration unit in the Monument Gas Pool.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MENDENHALL, Chairman


E. S. WALKER, Member


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

SEE/

Case 2167

Heard 1-25-61

1-26-61

1. Grant Chambers & Kennedy for a non std. unit in the ~~pool~~ ^{summit} Gas pool for 160 acres consisting of the $5\frac{1}{2}$ NE/4 34-195-37E.

2. Since the NE/4NE/4 of sec 34 on the grounds that it is productive of oil rather than Gas in the same interval that their Monument State #1, 1649/S, 2197/E lines of sec. 34, 195-37E is completed. ~~Therefore to allow~~ the acreage to be dedicated would be dual dedication since the 40 is already dedicated to an oil well the Summit pool, the Shell state EME #1, 330/NE/4 lines of sec. 34.

2 The NSL for the Monument St. #1 should also be approved.

(There is really no good reason for this location other than structural advantage in the Grayburg - San Andrews.

Ernest R.

DRAFT

RSM/esr
January 27

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

RSM
1/27
[Signature]
1/30

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2167
Order No. R-1870

APPLICATION OF CHAMBERS & KENNEDY
FOR A 200-ACRE NON-STANDARD GAS
PRORATION UNIT IN THE EUMONT GAS
POOL, LEA COUNTY, NEW MEXICO, AND
FOR 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
January 25, 1961, 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 _____ day of January, 1961, 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 the applicant, Chambers & Kennedy, is the ~~owner~~
~~and~~ operator of the NE/4 NE/4, S/2 NE/4 and the N/2 SE/4 of Sec-
tion 34, Township 19 South, Range 37 East, NMPM, Lea County,
New Mexico.

(3) That the applicant seeks an order establishing a
200-acre non-standard gas unit in the Eumont Gas Pool compris-
ing all of the above-described acreage.

(4) That, inasmuch as the 40-acre tract comprising the
NE/4 NE/4 of said Section 34 is presently dedicated to an oil
well in the Eumont Pool, the dedication of the ~~same acreage~~ ^{NE/4 NE/4 of said Section 34} to
a gas well in the Eumont Pool should not be ~~allowed~~ ^{producing} permitted.

which well is completed in the same interval
as the well which is proposed for the unit
well for the requested 200-acre non-standard
gas proration unit,

(5) That the remaining 160 acres are reasonably to be presumed to be productive of gas from the Eumont Pool and should be established as a gas proration unit.

(6) That the applicant further proposes to locate its Monument State Well No. 1 at an unorthodox gas well location 1649 feet from the South line and 2197 feet from the East line of said Section 34.

(7) That approval of the 160-acre non-standard gas proration unit and the unorthodox gas well location will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That a 160-acre non-standard gas proration unit consisting of the S/2 NE/4 and the N/2 SE/4 of Section 34, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico, be and the same is hereby established. *Said unit is to be dedicated to the*

(2) That the application for a 200-acre non-standard gas proration unit consisting of the above-described 160 acres plus the NE/4 NE/4 of said Section 34 be and the same is hereby denied.

located
~~(3) That the applicant, Chambers & Kennedy, be and the same is hereby authorized to locate its Monument State Well No. 1~~
at an unorthodox gas well location 1649 feet from the South line and 2197 feet from the East line of said Section 34.

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

(3) That the allowable assigned to the above-described 160-acre non-standard gas proration unit shall bear the same ratio to a standard gas ^{allowable} unit in the Eumont Gas Pool as the acreage in said unit bears to the acreage in a standard gas proration unit in the Eumont Gas Pool.