

CASE 3224: Application of SINCLAIR
for a non-standard proration unit
and an unorthodox location.

CASE NO.

3224

Application,

Transcripts,

Small Exhibits

ETC.

State of New Mexico
Oil Conservation Commission



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

Re: Case No. 3224
Order No. R-2889
Applicant: _____

Sinclair Oil & Gas Company

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

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

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. 3224
Order No. R-2889

APPLICATION OF SINCLAIR OIL & GAS
COMPANY FOR A NON-STANDARD PRORATION
UNIT AND AN UNORTHODOX LOCATION, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 24, 1965, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 30th day of March, 1965, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Sinclair Oil & Gas Company, is the owner and operator of the Frederick H. Curry WN Well No. 1 located 660 feet from the South line and 660 feet from the East line of Section 1, Township 24 South, Range 36 East, NMPM, Lea County, New Mexico; that said well presently has dedicated to it 160 acres in the Jalmat Gas Pool.

(3) That the applicant seeks approval of a 320-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the S/2 of said Section 1 to be dedicated to its Frederick H. Curry WN Well No. 1; further that the location of the well is unorthodox for a 320-acre unit in said pool.

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CASE No. 3224
Order No. R-2889

(4) That the proposed non-standard proration unit can be efficiently and economically drained and developed by one well.

(5) That approval of the subject application will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

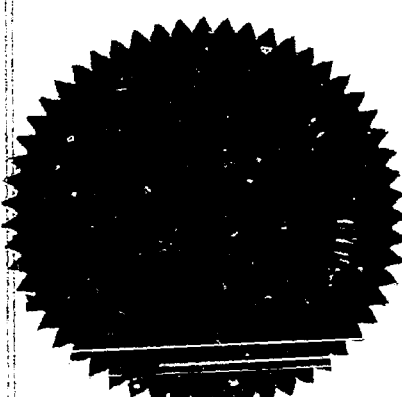
(1) That the applicant, Sinclair Oil & Gas Company, is hereby authorized to complete its Frederick H. Curry WN Well No. 1 at an unorthodox location in the Jalmat Gas Pool 660 feet from the South line and 660 feet from the East line of Section 1, Township 24 South, Range 36 East, NMPM, Lea County, New Mexico.

(2) That a 320-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the S/2 of Section 1, Township 24 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to the Sinclair Oil & Gas Company Frederick H. Curry WN Well No. 1.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


Jack M. Campbell
JACK M. CAMPBELL, Chairman

Guyton B. Hays
GUYTON B. HAYS, Member

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

esr/

Docket No. 9-65

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 24, 1965

9 A. M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

- CASE 3219: (Continued from March 10, 1965 Examiner Hearing)
Application of Humble Oil & Refining Company for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its State "N" Lease waterflood project by the conversion to water injection of 13 additional wells located in Sections 19, 20, 29, 30 and 31, Township 22 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico.
- CASE 3221: Application of Shoreline Exploration Company for an unorthodox location and special cementing and casing program, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill and complete its Snyder #2 at an unorthodox location 1090 feet from the South line and 2310 feet from the East line of Section 16, Township 20 South, Range 33 East, Lea County, New Mexico. Casing, cementing and plug and abandon procedure would conform to statewide rules and regulations, and would be in exception to the casing and cementing rules prescribed for the oil and potash area by Order No. R-111-A.
- CASE 3222: Application of Gulf Oil Corporation for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Harry Leonard (NCT-C) Well No. 11 located in Unit K of Section 36, Township 21 South, Range 36 East, Lea County, New Mexico, to produce oil from an undesignated Blinbry Pool and from the Arrowhead Drinkard Pool through parallel strings of tubing.
- CASE 3223: Application of Tenneco Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Wolfcamp formation through the open-hole interval from 10,537 feet to 10,970 feet in its Kemnitz Wolfcamp Unit Well No. 6 located in Unit I of Section 30, Township 16 South, Range 34 East, Lea County, New Mexico.
- CASE 3224: Application of Sinclair Oil & Gas Company for a non-standard proration unit and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit comprising the S/2 of Section 1, Township 24 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to its Curry WN Well No. 1 at an unorthodox location 660 feet from the South and East lines of said Section 1.

GILBERT, WHITE AND GILBERT

ATTORNEYS AND COUNSELORS AT LAW

BISHOP BUILDING

SANTA FE, NEW MEXICO

CARL H. GILBERT (1891-1963)

L. C. WHITE

WILLIAM W. GILBERT

SUMNER S. KOCH

WILLIAM BOOKER KELLY

JOHN F. MCCARTHY, JR.

February 23, 1965

POST OFFICE BOX 787
TELEPHONE 983-4324
(AREA CODE 505)

Miss Ida Rodriguez
New Mexico Oil Conservation Commission
State Capitol
Santa Fe, New Mexico

Re: Sinclair Oil & Gas Company Appli-
cation for an exception to Rule 5(B)
and approval of 320-acre non-standard
proration unit for its Frederick N.
Curry WN Well No. 1, Jalmat Gas Pool,
Lea County, New Mexico

Dear Miss Rodriguez:

We are enclosing the original and two copies of the above application
which we would appreciate your setting down for examiner's hearing.

Very truly yours,

L.C. White
L. C. WHITE *el*

LCW:el
Encl.

DOCKET MAILED

Date 3-2-65

BEFORE THE OIL CONSERVATION COMMISSION OF THE
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
SINCLAIR OIL & GAS COMPANY FOR AN
EXCEPTION TO RULE 5(B) AND APPROVAL
OF A 320-ACRE NON-STANDARD PRORATION
UNIT FOR ITS FREDERICK N. CURRY WN
WELL No. 1 IN THE JALMAT GAS POOL,
LEA COUNTY, NEW MEXICO.

CASE NO. 322
ORDER NO. _____

A P P L I C A T I O N

SINCLAIR OIL & GAS COMPANY, a Maine corporation with an operating office in Midland, Texas, hereby files application for an exception to Rule 5 (B) of the General Rules and Regulations for Prorated Gas Pools of Southeast New Mexico and approval of a 320-acre non-standard gas proration unit in the Jalmat Gas Pool, comprised of the South 1/2 of Section 1, T-24-S, R-36-E, Lea County, New Mexico, and in support thereof shows:

1.

That Sinclair Oil & Gas Company is the owner and operator of its Frederick N. Curry WN lease including the above described gas proration unit, and that the royalty ownership is common throughout the said tract.

2.

That applicant has a producing gas well at a location 660 feet from the South and East lines of said Section 1, completed and producing from the Jalmat Gas Pool. The location being 660 feet from the South and East boundary lines of said lease makes an exception to the aforesaid Rule 5(B) necessary in order to permit applicant to dedicate to such well the above described 320-acre tract.

3.

Applicant would show that said well is capable of making its allowable for a 320-acre proration unit. The applicant would show that the granting of the requested exception will afford orderly development of the applicant's lease, as well as the leases of adjacent operators.

4.

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

WHEREFORE, applicant prays that the Commission set this application for a public hearing before an Examiner in Santa Fe, New Mexico, that notice be issued according to law and that upon hearing this application be granted.

HORACE N. BURTON
P. O. Box 1470
Midland, Texas

GILBERT, WHITE AND GILBERT

By *Law*
Bishop Building
Santa Fe, New Mexico

ATTORNEYS FOR APPLICANT
SINCLAIR OIL & GAS COMPANY

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

EXAMINER HEARING

IN THE MATTER OF: Application of Sinclair
Oil and Gas Company for a non-standard
proration unit and an unorthodox location,
Lea County, New Mexico.

Case No. 3224

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARRINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 1-43-6691



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 24, 1965

EXAMINER HEARING

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IN THE MATTER OF: Application of Sinclair)
Oil and Gas Company for a non-standard)
proration unit and an unorthodox location,)
Lea County, New Mexico. Applicant, in the)
above-styled cause, seeks approval of a)
320-acre non-standard gas proration unit)
comprising the S/2 of Section 1, Township)
24 South, Range 36 East, Jalmat Gas Pool,)
Lea County, New Mexico, to be dedicated to)
its Curry WN Well No. 1 at an unorthodox)
location 660 feet from the South and East)
lines of said Section 1.)
-----)

Case No. 3224

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: We will next call Case 3224.

MR. DURRETT: Application of Sinclair Oil and Gas
Company for a non-standard proration unit and an unorthodox
location, Lea County, New Mexico.

MR. KELLY: Booker Kelly, of Gilbert, White and Gilbert,
Santa Fe. I have one witness, and I ask that he be sworn.

(Witness sworn.)

(Applicant's Exhibit No. 1
marked for identification.)

R. M. ANDERSON, called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLY:

Q Would you state your name, position and employer, please?

A R. M. Anderson, Senior Petroleum Engineer, Sinclair Oil and Gas Company, Midland, Texas.

Q And you have previously testified as an expert petroleum engineer in front of the New Mexico Commission?

A I have.

MR. KELLY: Are the witness' qualifications acceptable?

MR. NUTTER: Yes, sir.

Q Would you state briefly what Sinclair seeks by this application?

A This is a two-fold application. We seek approval of a 320-acre non-standard gas proration unit in the Jalmat Gas Pool, and for approval of an unorthodox location for the well that will produce the gas attributed to that unit.

Q Now, referring to what has been marked Exhibit 1, would you show the Examiner where the proposed 320-acre unit is?

A Exhibit 1 is a map of the area and the Sinclair Lease, which is the subject of this hearing, is colored yellow; and is

identified as the Frederick H. Curry Lease. The well is located 660 feet out of the south and east corner of the lease, and the well is circled with a dashed red circle. The well number is hard to read on the exhibit, it is Well Number 1.

Q What's the acreage allowable for this area; do you have 640-acre spacing?

A Yes, the standard proration is 640 acres, and the allocation formula is on the basis of one hundred percent acreage.

Q In order to have 320-acre spacing, actually this is an administrative procedure, is this correct?

A Yes, sir.

Q The requirement for the hearing then is the unorthodox location?

A Yes, sir.

Q Are there other units shown on this plat that have a similar spacing as the one you are requesting?

A Yes, there is one other unit that has a similar spacing. I have on this exhibit outlined in red all of the non-standard gas proration units in the vicinity of our lease, and the unit occupying the south half of Section 31, in the northeast corner of my exhibit, has a well located 660 feet out of the corner, and has 356 acres dedicated to that well. There is an additional 36 acres to the east that is off the map. I was not

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sure just what that outline was. However, this well is located 660 feet out of the corner of the 320 that's in that section. It's a similar instance, and there are many others in the field where 320 acres is assigned to a well that is only 660 out of the corner of the 320.

I might add that this exception is occasioned by virtue of an existing well. The well was drilled in 1936; it was completed as a gas well at that time with an 8,000,000 feet of gas per day potential. It produced as a gas well first in the Cooper Field and then later in the Langmat and Jalmat Pools, until November of '63, when Sinclair acquired the well from Western Natural Gas Company.

At that time 160 acres were assigned to the well and still is, which consists of the southeast quarter of this section. The well was classified as marginal by the Commission, by virtue of not making its allowable in January of '64.

In January of '65, this year, we worked the well over and we have repotentialled it February 16th for 7,200,000 cubic feet per day on a multipoint back pressure test. That work-over has resulted in us desiring to increase the acreage dedicated to the well from 160 to 320.

Q What would be the allowable on a 320-acre?

A The average allowable during the year 1963 in this field, I calculate it to be about 25,600,000 a month, a little

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less than a million a day.

MR. NUTTER: '63 or '64?

A '63 was the year that I calculated.

Q So, based on your potential you anticipate no problem meeting your increased allowable?

A No, that's less than a million a day, and we have potentialled for, the well has over 7,000,000 a day potential.

MR. NUTTER: That average allowable was for a 320-acre well?

A That is a 320-acre average allowable for '63. The statistical report for '64 isn't out yet, so I used '63.

Q And stating it another way, you feel that the well in its location could adequately drain the full 320 acres?

A Yes, the Commission has, too, found many instances that it can adequately drain 640 acres, and this well is a typical well in this reservoir.

MR. KELLY: I have no further questions.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Anderson, what is that well that's a direct offset to the east, is that a Jalmat gas well?

A Yes.

Q Does it have a proration unit assigned to it?

A No, sir. It's, I believe it's just producing six barrels;

40-acre voidage allowable.

Q Who is the owner of that, Sinclair?

A Yes, sir.

MR. NUTTER: Are there further questions of Mr. Anderson? He may be excused.

(Witness excused.)

MR. KELLY: I move for the introduction of our Exhibit 1.

MR. NUTTER: Sinclair's Exhibit 1 will be admitted in evidence.

(Whereupon, Applicant's Exhibit 1 was admitted in evidence.)

MR. NUTTER: Do you have anything further, Mr. Kelly?

MR. KELLY: As I recall now, in our last Tenneco hearing I never got the fact that the exhibits were prepared by Mr. Teel. Do I have to recall him, or can I just ask that the record show that the exhibits were prepared by him in this case?

MR. NUTTER: We'll assume that they were prepared by Mr. Teel or under his supervision.

MR. KELLY: In this case they were prepared by him.

MR. NUTTER: We will take the case under advisement and the hearing is adjourned.

dearnley-meier reporting service, inc.

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STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission Examiner 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 31st day of March, 1965.

Ada Dearnley
Notary Public - Court Reporter

My Commission Expires:

June 19, 1967.

I do hereby certify that the foregoing is a complete and correct transcript of the proceedings in the case of *3224* heard by me on *Mar 24*, 19*65*.

James, Examiner
New Mexico Oil Conservation Commission