

CASE 3312: Application of SINCLAIR
for a non-standard gas unit, Lea
County, New Mexico.

CASE No.
3312

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

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. 3312
Order No. R-2973

APPLICATION OF SINCLAIR OIL & GAS
COMPANY FOR A NON-STANDARD UNIT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on September 22, 1965, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 4th day of October, 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, seeks approval of a 320-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the SE/4 of Section 18 and the NE/4 of Section 19, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico, to be dedicated to its Duthie-Andrews Well No. 1 located 1980 feet from the South line and 1980 feet from the East line of said Section 18.

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

(4) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable

-2-

CASE No. 3312
Order No. R-2973

share of the gas in the pool, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That a 320-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the SE/4 of Section 18 and the NE/4 of Section 19, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to the Sinclair Oil & Gas Company Duthie-Andrews Well No. 1 located 1980 feet from the South line and 1980 feet from the East line of said Section 18.

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

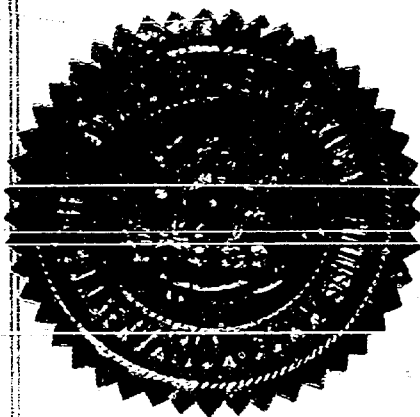
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

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



snr/

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

P. O. BOX 2088
SANTA FE

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

October 4, 1965

Mr. Booker Kelly
White, Gilbert, Koch & Kelly
Attorneys at Law
Post Office Box 787
Santa Fe, New Mexico

Re: Case No. 3312
Order No. R-2973
Applicant:

SINCLAIR OIL & GAS

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

ir/

Carbon copy of order also sent to:

Hobbs OCC X

Artesia OCC

Aztec OCC

OTHER

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 9/23/65

CASE NO. 3312

HEARING DATE 9am 9/22/65

DSN @ SF

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

Enter an order approving a 320-acre non std gas production unit comprising the SE/4 Sec 18 and NE/4 Sec 19-T 23S-R37E, Jarama Gas Pool, Lea Co, NM, to be dedicated to applicants Dutrie-Andrews Unit WN well no 1 located 1980' F&L & 1980' F&L of said section 18.

make increase in size of unit effective 1st day of month following receipt of plat dedicating 320 acres.


Staff Member

September 22, 1965 Examiner Hearing

- CASE 3307: Application of Arwood Stowe & Company for the creation of a pool, special pool rules, and a waterflood project, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks the creation of an oil pool for Mesaverde production in Section 33, Township 18 North, Range 3 West, Sandoval County, New Mexico, and the establishment of special pool rules governing well spacing of less than 40 acres and special well locations; or in the alternative, for the extension of the San Luis Mesaverde Pool to include portions of said Section 33. Applicant further seeks authority to institute a waterflood project in said Section 33 by the injection of water into the Mesaverde formation through four wells.
- CASE 3308: Application of Continental Oil Company for an administrative procedure, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of an administrative procedure whereby low marginal production from dually completed Gallup-Dakota oil wells in Rio Arriba County, New Mexico, may be commingled in the well bore by means of a dual-flow downhole choke assembly.
- CASE 3309: Application of Consolidated Oil & Gas, Inc. for an unorthodox location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its McIntyre Well No. 1 at an unorthodox location 1730 feet from the North line and 1450 feet from the West line of Section 11, Township 26 North, Range 4 West, Rio Arriba County, New Mexico. Said well is planned as a Mesaverde-Dakota dual completion.
- CASE 3310: Application of Cima Capitan, Inc., Ryder-Scott Management Company, Stallworth Oil and Gas Company, and Newmont Oil Company for a waterflood project, Eddy County, New Mexico. Applicants, in the above-styled cause, seek authority to conduct a cooperative waterflood project by the injection of water into the Grayburg-San Andres formations through 16 injection wells to be drilled at unorthodox locations in Sections 25 and 36, Township 16 South, Range 30 East, and Sections 30, 31 and 32, Township 16 South, Range 31 East, Square Lake Pool, Eddy County, New Mexico.
- CASE 3311: Application of Martin Yates III & S. P. Yates for the creation of an oil pool and for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of an oil pool for Seven Rivers production in Section 12, Township 20 South, Range 26 East, Eddy County, New Mexico, and the establishment of special pool rules governing well spacing of less than 40 acres and special well locations.
- CASE 3312: Application of Sinclair Oil & Gas Company for a non-standard unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit comprising the SE/4 of Section 18 and the NE/4 of Section 19, Township 23 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to its Duthie-Andrews Well No. 1 located 1980 feet from the South and East lines of said Section 18.

Docket No. 27-65

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 22, 1965

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

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

CASE 3294: (Continued from the August 25 and September 8, 1965 Examiner
Hearings)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Harold J. Sechler, dba S. & S. Oil Producers, and all other interested parties to show cause why the Bond Well No. 1 located in the SW/4 NE/4 of Section 17, Township 9 North, Range 14 West, Valencia County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 3295: (Continued and Readvertised from the August 25th Examiner
Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit W. C. Powers and J. E. Marshall, dba Powers Marshall Company, and all other interested parties to show cause why the Powers-Marshall Company Well No. 1, a/k/a the W. Perry Smith Well No. 1 located in the NW/4 SE/4 of Section 34, Township 21 North, Range 30 East, Harding County, New Mexico, should not be plugged in accordance with a Commission-approved plugging program.

CASE 3304: Application of Amerada Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Warren-McKee Unit Area comprising 1800 acres, more or less, of fee lands in Township 20 South, Range 38 East, Lea County, New Mexico.

CASE 3305: Application of Amerada Petroleum Corporation for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Warren-McKee Unit by the injection of water into the McKee formation through four wells located in Sections 7 and 8, Township 20 South, Range 38 East, Warren-McKee Pool, Lea County, New Mexico.

CASE 3306: Application of Amerada Petroleum Corporation for a dual completion and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Fred Turner, Jr., "A" Well No. 2 located in Unit K of Section 18, Township 20 South, Range 38 East, Lea County, New Mexico, to produce oil from the Skaggs Grayburg-San Andres Oil Pool and gas from the Eumont Gas Pool through 1 1/2 inch tubing and through the casing-tubing annulus respectively. Applicant further seeks the creation of a 320-acre non-standard Eumont gas proration unit comprising the SE/4 NW/4, S/2 NE/4, NE/4 SW/4, N/2 SE/4, and SE/4 SE/4 of Section 18, and the NE/4 NE/4 of Section 19, all in Township 20 South, Range 38 East, Lea County, New Mexico, to be dedicated to said well.

SEP 3 AM 3

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 RULE 5(C) 3
AND APPROVAL OF A 320-ACRE NON-STANDARD
PRORATION UNIT FOR ITS DUTHIE-ANDREWS
UNIT WN WELL NO. 1 IN THE JALMAT GAS
POOL, LEA COUNTY, NEW MEXICO

CASE NO. 3312

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) and Rule 5(C) 3 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 SE/4 of Section 18 and the NE/4 of Section 19, T-23-S, R-37-E, Lea County, New Mexico, and in support thereof shows:

1.

Sinclair Oil & Gas Company is the owner and operator of its Duthie-Andrews Unit WN lease including the above described gas proration unit and that the royalty ownership is common or has been unitized throughout the said tract.

2.

Applicant has a producing gas well at a location 1980 feet from the south and east lines of Section 18, T-23-S, R-37-E, Lea County, New Mexico, and in order to dedicate the above described 320-acres to the well for proration purposes, applicant requires an exception to the aforesaid Rule 5(B) and Rule 5(C) 3 of the General Rules and Regulations for Prorated Gas Pools of Southeast New Mexico.

3.

Applicant would show that said well is capable of making the allowable for a 320-acre and that the granting of the exception will be in the interest of the prevention of waste and will not impair correlative rights.

DOCKET MAILED

Date 9-10-65

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 *Lew White*
P. O. Box 787
Santa Fe, New Mexico

ATTORNEYS FOR APPLICANT
SINCLAIR OIL & GAS COMPANY

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO



PAGE 1

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 22, 1965

EXAMINER HEARING

IN THE MATTER OF:

Application of Sinclair Oil & Gas
Company for a non-standard unit,
Lea County, New Mexico.

Case No. 3312

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: Call Case 3312.

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

MR. KELLY: Booker Kelly of White, Gilbert, Koch and Kelly. I have one witness.

(Witness sworn.)

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

DOUGLAS CUNNINGHAM

called as a witness, having been first duly sworn on oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLY:

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

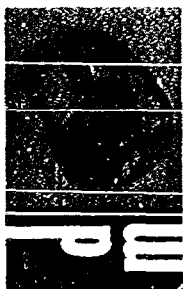
A My name is Douglas Cunningham. I work as a Petroleum Engineer for Sinclair Oil and Gas Company in Midland, Texas.

Q Have you previously testified before this Commission as an expert?

A Yes, I have.

Q Would you state what Sinclair seeks by the application, referring to what has been marked as Exhibit 1?

A Sinclair is requesting a 320-acre non-standard gas proration unit to be assigned to our Duthie-Andrews Gas Unit Well No. 1.



Q And that well is located in -- would you give the location off your plat?

A The well is located 1980 from the South and East lines of Section 18, Township 23 South, Range 37 East, Lea County, New Mexico.

Q What is the standard proration unit in this area?

A The standard Jalmat proration unit is 640 acres.

Q Is there any undedicated acreage surrounding this well owned by any other operator?

A No. The plat shows in dark red or pink the proposed subject 320-acre non-standard gas proration unit. The wells with the red circle shown are Jalmat Gas Pool wells in the immediate vicinity of Sinclair's Duthie-Andrews Unit "WN" Well No. 1. The red borders which surround some of these wells that are colored in red are the dedicated acreage to these Jalmat gas wells, and the map shows that all of the acreage which is contiguous to the proposed 320-acre non-standard unit is already dedicated to some other existing Jalmat gas well.

At this time we only have a 160-acre non-standard unit dedicated to our Duthie-Andrews Unit "WN" Well No. 1, and that is the Southeast Quarter of Section 18. We are proposing to add to that 160-acre unit the Northeast Quarter of Section 19.

Q What is the ownership of the Northeast of 19?

A Sinclair Oil and Gas Company owns the working interest. I don't know how many overriding royalty interests there are, but there are some, and the Federal Government owns the basic royalty.

Q What agreement have you made with the Government on unitization of this tract, if any?

A The United States Geological Survey has said they would sign a communitization agreement, and we have had a similar promise from the overriding royalty interest owners, but the United States Geological Survey has said they would not sign the communitization agreement until we had a 320-acre non-standard gas proration unit order from the New Mexico Oil Conservation Commission.

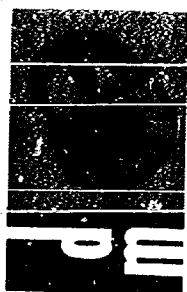
Q As far as drainage, are you experiencing counter-drainage from the adjacent offset operators at this time?

A Yes, at this time, having 320 acres productive in the area, and only having 160 acres assigned, we feel sure that we're being drained as to a certain amount of our gas on the 160 acres that isn't assigned.

Q And since this is 640-acre spacing, there's no question that a well could drain in excess of 320?

A That's true.

Q So in your opinion, would the granting of this application protect the correlative rights of Sinclair and



prevent waste?

A Yes, it would.

MR. KELLY: Now I notice in your application, paragraph number one, I refer the Examiner to, Sinclair made the statement at that time that the royalty interest was common or had been unitized. To the extent that you have explained the United States Geological Survey's position, we move to amend the application in that respect so we won't mislead the Commission.

MR. NUTTER: Tentatively communitized is more the word.

MR. KELLY: Yes, it is communitized pending approval of this application.

MR. NUTTER: Yes.

Q (By Mr. Kelly) Was Exhibit No. 1 prepared by you or under your direction?

A Yes, it was.

MR. KELLY: We move its introduction.

MR. NUTTER: Sinclair's Exhibit No. 1 will be admitted in evidence.

(Whereupon, Applicant's Exhibit No. 1 offered and admitted in evidence.)

MR. KELLY: We have no further direct.

MR. NUTTER: Are there any questions of Mr. Cunningham?

CROSS EXAMINATION

BY MR. NUTTER:

Q There in Section 19, it appears from your exhibit that is a Jalmat gas well in the Northwest Northeast of 19 on the symbol there.

A The Northwest --

Q Of the Northeast of Section 19.

A -- of the Northeast. Is this the one that had Samedan Oil?

Q No, in your proposed unit, is that a Jalmat gas well? It looks like you have a gas well there.

A Is it the one with the black circle around it?

Q No, south of that in the other 160.

A Oh, no, that is not a Jalmat gas well. I believe that that is a Langley-Mattix gas well.

Q I see. This 160 then in Section 19 has never been dedicated to a gas well in the Jalmat?

A To the best of my knowledge, that's right. Now, of course, we assumed this acreage in our purchase of Western Natural, and whether or not that at one time was assigned to some other well, I am not absolutely certain.

Q You only recently acquired the acreage, and that's the reason for going in for this now?

A Yes.

Q I see.

A Right now we can't find any evidence that it is

assigned to any well, and I have determined the acreage presently dedicated to these wells marked in red from the current gas proration schedule.

Q And the other wells completely surrounding your unit have evidently proved the productivity of that 160 acres but it just never has been dedicated?

A Yes, sir, there's no question in our mind that the acreage is definitely productive, because it is surrounded by producing Jalmat gas wells.

MR. NUTTER: Mr. Durrett.

BY MR. DURRETT:

Q When was your Duthie-Andrews Well No. 1 completed?

A In the Jalmat?

Q Yes.

A Sometime around February the 9th, 1965. That is the date of the calculated absolute open flow test.

Q So it hasn't been sitting there very long?

A Right around the first of the year. No, previously this was a Langley-Mattix oil well, and we recompleted the well right around the first of the year.

Q And you got a non-standard unit approved at that time by administrative --

A There is a non-standard unit assigned to that well at this time, and it consists of the 160 acres that the well is

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIAMAS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO
1215 FIRST NATIONAL BANK EAST • PHONE 256-1794 • ALBUQUERQUE, NEW MEXICO

PAGE 8

located on.

MR. DURRETT: Thank you.

MR. NUTTER: Any further questions? The witness may be excused.

(Witness excused.)

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

MR. KELLY: Nothing further.

MR. NUTTER: Does anyone have anything they wish to offer in Case 3312? We will take the case under advisement, and the hearing is adjourned.

* * * *

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Court Reporter - Notary Public, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this 5th day of November, 1965.

Ada Dearnley
Court Reporter - Notary Public

My Commission Expires:

June 19, 1967.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 3312, heard by me on 9/22, 1965.

[Signature], Examiner
New Mexico Oil Conservation Commission

