

CASE 3314: Application of SINCLAIR
for a non-standard gas proration
unit, Lea Courty, N. Mex.

CASE No.
3314

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

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 13, 1965

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

Re: Case No. 3314
Order No. R-2981
Applicant:

SINCLAIR OIL & GAS CO.

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

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. 3314
Order No. R-2981

APPLICATION OF SINCLAIR OIL & GAS
COMPANY FOR A NON-STANDARD GAS PRO-
RATION 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 October 6, 1965, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 13th 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 Order No. R-2040 established a 320-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the SW/4 of Section 14 and the SE/4 of Section 15, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico, to be dedicated to the Western Natural Gas Company Matkins Well No. 1, located in Unit P of said Section 15.

(3) That the applicant, Sinclair Oil & Gas Company, successor in interest to Western Natural Gas Company, seeks amendment of Order No. R-2040 to authorize dedication of said 320-acre non-standard gas proration unit to its Matkins Well No. 4, located in Unit K of said Section 14, in addition to its Matkins Well No. 1.

-2-

CASE No. 3314
Order No. R-2981

(4) That the proposed non-standard gas proration unit can be efficiently and economically drained and developed by the Matkins Well No. 1 and the Matkins Well No. 4.

(5) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the pool, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That Order No. R-2040 establishing a 320-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the SW/4 of Section 14 and the SE/4 of Section 15, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby amended to authorize the simultaneous dedication of said unit to the Sinclair Oil & Gas Company Matkins Well No. 1, located in Unit P of said Section 15, and the Matkins Well No. 4, located in Unit K of said Section 14.

(2) That the allowable assigned to the above-described non-standard gas proration unit shall be based upon the unit size of 320 acres and that the operator may produce the allowable assigned to the unit from the subject wells in any proportion.

(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

3314

Heard. 10-6-65

Rec. 10-6-65

1. Grant Sinclair permission to dedicate their J. E. Watkins #1, 1980/W, 664/S 15-23-36 & their J. E. Watkins #4, 660/N, 980/E sec. 14-23-36, to a unit consisting SW 1/4 14, SE 1/4 15.
2. Also Grant, NSL for the # & well. for a 320 unit.

Thos G. W. J.

OIL CONSERVATION COMMISSION

P. O. BOX 2088
SANTA FE, NEW MEXICO

100-3314

LEGAL DIVISION
PHONE 827-2741

September 13, 1965

Express 3-4/59

Sinclair Oil & Gas Company
P. O. Box 1920
Hobbs, New Mexico

Attention: Mr. W. F. Burns

Re: Acreage Dedicated to Matkins WN
Well No. 1, Jalmat Gas Pool, Lea
County, New Mexico

Gentlemen:

We have your application requesting administrative approval to assign the non-standard gas proration unit approved by Order No. R-2040 to the above well and to your Matkins WN Well No. 4 located in Unit K of Section 14, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico. This application is not eligible for administrative approval as the non-standard gas proration unit is not within a governmental section.

We will be happy to docket a hearing to consider your request if you so desire.

Very truly yours,

J. M. DURRETT, Jr.
Attorney

JMD/esr

DOCKET MAILED

Date 9-24-65

RC

C
O
P
Y



SINCLAIR OIL & GAS COMPANY

September 3, 1965

SEP 7 - 1965

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

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

Case 3314
Re: Acreage dedicated to
Matkins WN No. 1 Well,
Jalmat Gas Pool, Lea County

Dear Sir:

We are in the process of dual completing our Matkins WN No. 4 located in Unit K, Section 14, T-23-S, R-36-E, Lea County, New Mexico, in the Jalmat Gas Pool. This well lies within the boundary of the 320 acres dedicated to the Matkins WN No. 1 Well, Jalmat Pool. Therefore, it is requested that administrative approval be granted to assign the Jalmat Gas allowable to both wells for this 320 acre Gas Unit.

Enclosed you will find a location plat showing well location as well as the acreage dedicated to this gas unit.

Yours very truly,

W. F. Burns
W. F. Burns
Superintendent

FB/DP/jh

Enclosure

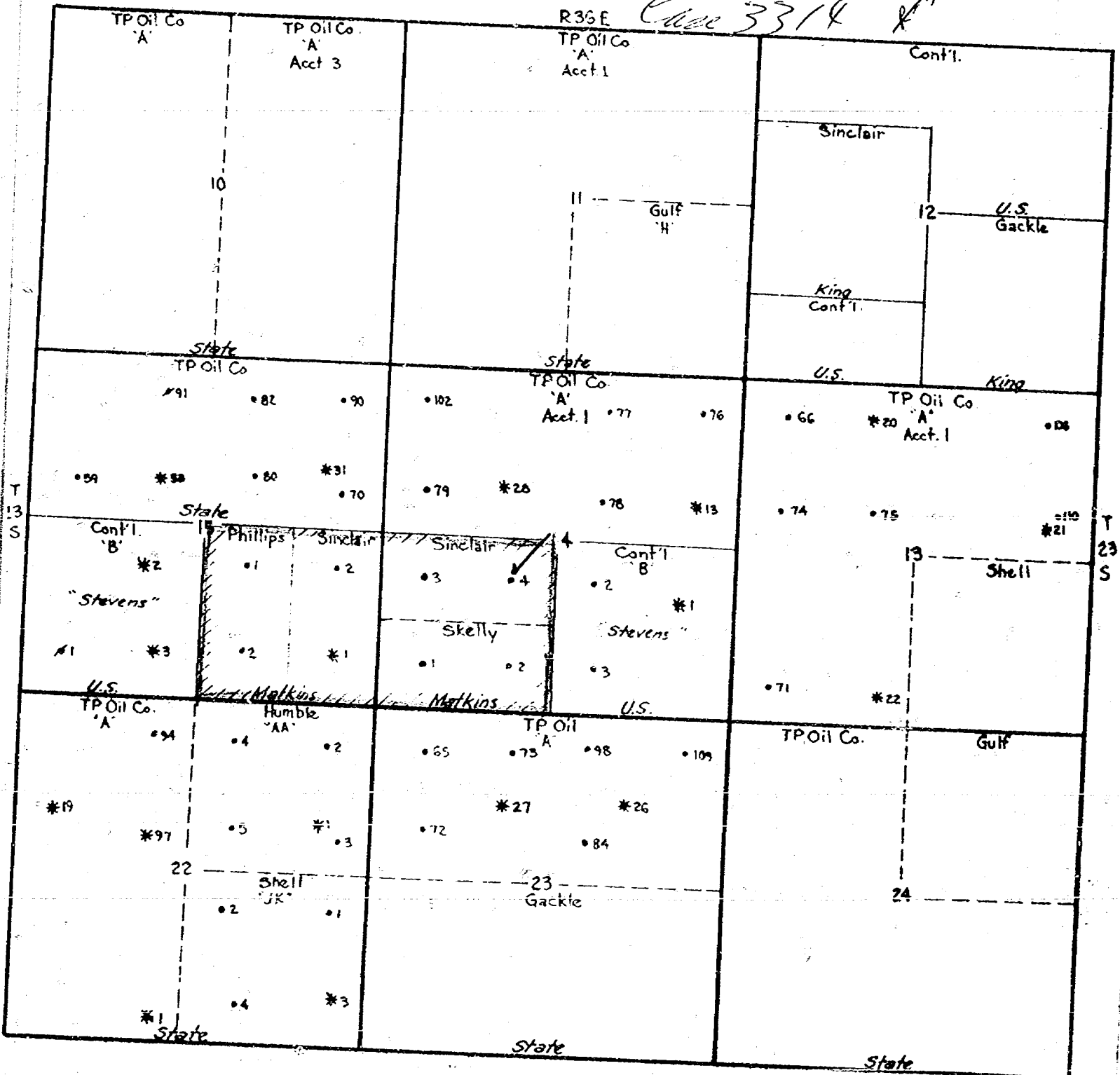
*Western
Natural Gas Co*

K-2040

LEA COUNTY
PLAT

*C-128
Aug, 1961
#556 + 3314*

Case 3314



|| Sinclair Jalmat Gas rights

Note: Wells incomplete except surrounding
Sinclair, Matkins Lease

SCALE: 1" = 2000 ft.

8-25-65

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 6, 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 3307: (Continued from September 22, 1965 Examiner Hearing)
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 3310: (Continued from September 22, 1965 Examiner Hearing)
Application of Cima Capitan, Inc., Ryder-Scott Management Company, and Stallworth Oil and Gas 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 3313: Application of Tenneco Oil Company for a non-standard location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to produce its Omler "A" Well No. 2 at a non-standard undesignated Gallup oil well location 1525 feet from the North line and 1650 feet from the East line of Section 35, Township 28 North, Range 10 West, San Juan County, New Mexico.
- CASE 3314: Application of Sinclair Oil & Gas Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an amendment to Order No. R-2040, which created a non-standard gas proration unit comprising the SW/4 of Section 14 and the SE/4 of Section 15, Township 23 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, said unit to be dedicated to its Matkins Well No. 1 located in Unit P of said Section 15. Applicant proposes to dedicate said unit to its Matkins Well No. 4 located in Unit K of Section 14 in addition to said Well No. 1.
- CASE 3315: Application of Sun Oil Company for a unit agreement, Catron and Socorro Counties, New Mexico. Applicant, in the above-styled cause, seeks approval of the San Augustin Plains Unit Area comprising 404,293 acres, more or less, of Federal, State and Fee lands in Townships 1, 2, 3, 4, and 5 South, Ranges 7, 8, 9, 10, 11, and 12 West, Socorro and Catron Counties, New Mexico.

OCTOBER 6, 1965 EXAMINER HEARING

CASE 3316: In the matter of the hearing called by the Oil Conservation Commission on its own motion for the creation of a new oil pool for Yates and Seven Rivers production in Sections 12, 13, and 24, Township 26 South, Range 36 East, and Sections 7, 18, 19, 30, 31, 32, and 33, Township 26 South, Range 37 East, Lea County, New Mexico, said pool to be designated the Scarborough Yates-Seven Rivers Pool. Further, to consider the establishment of a procedure whereby a special allowable would be assigned to said pool which would permit equalized per-acre withdrawal rates from wells on 40-acre spacing in New Mexico to the per-acre withdrawal rates from 20-acre wells located immediately south in the Scarborough Pool, Winkler County, Texas.

CASE 3317: Application of Jake L. Hamon for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Owl Draw Unit Area comprising 8,916 acres, more or less, of Federal, State and Fee lands in Township 25 South, Range 27 East, Township 26 South, Range 26 East, Township 26 South, Range 27 East, Eddy County, New Mexico.

CASE 3318: Application of Pan American Petroleum Corporation for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Pennsylvanian formation in its Navajo Tribal "U" Well No. 6 located in Unit Q of Section 22, Township 26 North, Range 18 West, San Juan County, New Mexico.

CASE 3107 (Reopened):
In the matter of Case No. 3107 being reopened pursuant to the provisions of Order No. R-2779, which order established 80-acre spacing units for the North Bagley-Middle Pennsylvanian Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

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PAGE 1

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 6, 1965

EXAMINER HEARING

IN THE MATTER OF:

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

Case No. 3314

BEFORE:

Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MAIN OFFICE

'65 OCT 13 AM 7:55

MR. UTZ: Case 3314.

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

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

(Witness sworn.)

MR. UTZ: Are there other appearances in this case?

R. M. ANDERSON

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, employer, and occupation, please?

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

Q You have previously qualified as an expert witness before this Commission?

A I have.

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

A Briefly, Sinclair seeks to have the Commission approve the addition of one more well to our 320-acre

non-standard gas proration unit in the Jalmat Gas Pool. Currently, this unit was authorized under Order R-2040 and consists of the Southwest Quarter of Section 14 and Southeast Quarter of Section 15, as shown on Sinclair's Exhibit 1.

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

Q Referring to Exhibit 1, would you locate the positions of the two wells?

A The current well which produces the allowable for this proration unit is circled on the exhibit and identified with a No. 1 and it is located 1980 from the East line -- correction, 1980 from the West line and 660 from the South line of the 320-acre proration unit.

The additional well that we would like to add is also identified with a circle and has a numeral "4" alongside it. It is located 660 feet from the North line and 990 feet from the East line of this 320-acre proration unit.

Q What is the present status of your Matkins No. 1 Well?

A The No. 1 Well is unable to produce 320-acre allowable in this field on a consistent, regular standpoint; and during the entire year of 1964 it was carried as a marginal well on the schedule and the 1st of March of 1965 it was reclassified from marginal to non-marginal, and I believe this was due to the fact that February's allowable was so low that the well



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then qualified for non-marginal listing. The well will produce as much as twenty-six million feet a month, and an allowable in February was only eight million. However, allowables other months have been forty-seven million, forty-one million, fifty-two million, thirty-six million, thirty-five million, just to mention a few of the allowables in the last year. So this well is not able to produce a 320-acre allowable.

Q Now your Matkins No. 4 Well, what is the status on it now?

A The No. 4 Well was a Langley-Mattix oil well, and we have recently dual completed that by setting a packer and opening the Jalmat Gas Pool above the packer, and we propose to produce the Langley-Mattix oil zone through the two-inch EUE tubing and the Jalmat gas zone through the 5-1/2 inch annulus. We have made application to the Commission for administrative approval of this dual, and we are currently waiting for the approval.

Q What do you expect to be able to produce out of that No. 4?

A We have tested the Jalmat gas zone several times since opening it and we expect that the potential will be in excess of eight million cubic feet per day.

Q Referring back to Exhibit 1, this shows that the proposed 320-acre unit is surrounded completely by other

dedicated acreage, is that correct?

A Yes. I have gone to the proration schedule and have checked all of the offsetting acreage and have indicated with a red outline the present acreage dedications as reflected by the proration schedule, and all acreage offsetting the 320-acre unit is presently dedicated to a Jalmat gas well which is circled in red within the red outlined dedicated acreage.

Q Now inasmuch as you are recompleting an oil well, you are going to end up with an unorthodox location so you are also seeking approval for the unorthodox location on your Matkins No. 4, is that right?

A Yes, sir.

Q Would, in your opinion, the granting of this application prevent waste and not affect correlative rights?

A Yes, in my opinion it will prevent waste and correlative rights of any operator will not be impaired.

Q Was Exhibit No. 1 prepared by you or under your direction?

A Yes.

MR. KELLY: That's all we have on direct.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Anderson, you stated that the No. 1 Well was not

able to make 320-acre allowable and it was reclassified recently to non-marginal, is that correct?

A Yes, as of March 1st proration schedule.

Q Is the well capable of making eighty percent of its 320-acre allowable?

A It is not able to make eighty percent of December, 1964's 320-acre allowable.

Q Well, how about the average allowable or the six months allowable, either way you want to take it? I suspicion the reason it was classified non-marginal, because the well does show its capability of producing eighty percent of its average allowable.

A The well was reclassified on March 1st, and even with February's low allowable of eight million for the entire month, looking back at the allowables for the six months preceding that, I would say definitely that it is not capable of making eighty percent of that six month period.

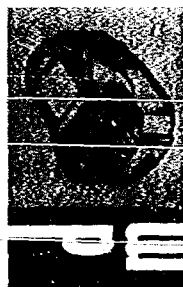
Q About what percent do you think it would make, using your high month as an index?

A Using that high month as an index, it would make fifty percent.

Q Fifty percent?

A Yes.

Q Then the well might be able to make 160-acre



allowable, would that be a fair statement?

A It might make 160-acre allowable, yes, at this time. However, it is felt that the well's ability to produce has been falling off and that is why, as of the first of '64, that is why the well was classified as marginal, because its ability which it once had to make the 320 allowable, it no longer had that ability to make 320. Now we're down to where it might make 160; certainly on an extended period of time it will make 160 at this time.

But if this decline in ability to produce continues, I don't know how long it will be, but it will certainly be in the foreseeable future where the well will not make the 160, which it apparently could make.

Q Is it at the present time incurring underage?

A The schedule I have reflects that it is over twenty million underproduced at the present time.

Q Is this the reason that you are asking for the dual allowable rather than a 260-acre unit?

A Yes, sir. The new Well No. 4 is able to produce the 320-acre allowable but we already have the No. 1 Well, it is in producing condition and connected to the pipeline, and it is able to produce to the extent that I've indicated, and we feel that we would like to have the flexibility of producing this allowable from either well or both wells as

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the pipeline purchaser desires when he goes for the allowable.

Q The No. 4 Well is too close to the ~~320-acre-unit~~ line for 320-acre dedication, and that's why you want the non-standard location?

A That's why we want that approved, yes.

MR. UTZ: Are there any other questions of the witness? The witness may be excused.

(Witness excused.)

MR. UTZ: Are there any other statements in this case?

MR. KELLY: I'm not sure whether I offered Exhibit No. 1. I offer Exhibit 1 in evidence.

MR. UTZ: Exhibit 1 will be entered into the record of this case.

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

MR. UTZ: The case will be taken under advisement.

* * * *

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STATE OF NEW MEXICO)
 COUNTY OF BERNALILLO) ss

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 was reported by me; that the same 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 9th day of October, 1965.

Ada Dearnley
 Court Reporter - Notary Public

My Commission Expires:
 June 19, 1967.

I do hereby certify that the foregoing is a correct record of the proceedings in the hearing of Case No. 3314 held by me on 10-14-1965.
[Signature] Examiner
 New Mexico Oil Conservation Commission



