

CASE 3481: Application of SINCLAIR
for a non-standard gas proration
unit and unorthodox location.

CASE NO.
3481

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

State of New Mexico
Oil Conservation Commission



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

November 9, 1966

Re: Case No. 3481
Order No. R-3146
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:

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. 3481
Order No. B-3146

APPLICATION OF SINCLAIR OIL & GAS
COMPANY FOR A NON-STANDARD GAS
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 a.m. on November 2, 1966, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 9th day of November, 1966, 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 by Administrative Order NSP-241, dated March 8, 1956, the Commission established a 152.38-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the NW/4 of Section 7, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, to be dedicated to the Sinclair Oil & Gas Company State 157 "B" Well No. 2, located 1650 feet from the North line and 2310 feet from the West line of said Section 7.

(3) That the applicant, Sinclair Oil & Gas Company, now seeks the establishment of a 152.38-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the NW/4 of Section 7, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, to be dedicated to its State 157 "B" Well No. 1 located at an

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CASE No. 3481

Order No. R-3146

unorthodox location for said pool 330 feet from the North line and 2310 feet from the West line of said Section 7.

(4) That the applicant proposes to shut in its State 157 "B" Well No. 2 and dedicate the acreage approved by Administrative Order NSP-241 to its State 157 "B" Well No. 1.

(5) That the proposed non-standard gas proration unit can be efficiently and economically drained and developed by the State 157 "B" Well No. 1.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Jalmat Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, will avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

(7) That the subject application should be approved and should become effective the date a notice of disconnection is filed with the Commission for said State 157 "B" Well No. 2.

(8) That Administrative Order NSP-241 should be superseded.

IT IS THEREFORE ORDERED:

(1) That the applicant, Sinclair Oil & Gas Company, is hereby authorized to complete its State 157 "B" Well No. 1 at an unorthodox location in the Jalmat Gas Pool 330 feet from the North line and 2310 feet from the West line of Section 7, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico.

(2) That a 152.38-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the NW/4 of Section 7, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to the Sinclair Oil & Gas Company State 157 "B" Well No. 1.

(3) That the allowable assigned to the above-described non-standard gas proration unit shall be based upon the unit size of 152.38 acres.

(4) That Administrative Order NSP-241 is hereby superseded.

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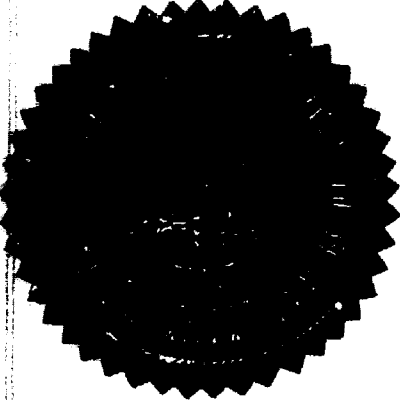
CASE No. 3481
Order No. R-3146

(5) That this order shall be effective the date a notice of disconnection is filed with the Commission for the Sinclair Oil & Gas Company State 157 "B" Well No. 2.

(6) 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/

Case 3481

Heard 11-2-66

Rec. 11-4-66

10 Grant Sinclair a non-Ind.
unit & an unorthodox location
for their State 157'13' #1 ~~2-2-66~~
330/N, 2310/E lines sec. 7
22S, 36E. Jalmat Gas Pool.

Edmund H. H.

OIL CONSERVATION COMMISSION

P. O. BOX 2088
SANTA FE, NEW MEXICO

September 30, 1966

Case 3481

C
O
P
Y

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

Attention: Mr. W. F. Burns, Superintendent

Gentlemen:

Reference is made to your application dated September 28, 1966, for administrative approval to transfer the non-standard gas proration unit approved by Administrative Order NSP-241 from your State 157 "B" Well No. 2 to your State 157 "B" Well No. 1.

Due to the location of your State "B" Well No. 1, 330 feet from the North and East lines of the NW/4 of Section 7, Township 22 South, Range 36 East, in the Yates and Upper Seven Rivers formations, your application is not eligible for administrative approval.

Please advise if you desire a hearing concerning this application.

Very truly yours,

GEORGE M. HATCH
Attorney

GMH/esr

DOCKET MAILED

Date 10-31-66

h



SINCLAIR OIL & GAS COMPANY

P. O. Box 1920
Hobbs, New Mexico

September 29, 1966

New Mexico Oil Conservation Commission
Box 2088
Santa Fe, New Mexico

Attn: Mr. A. L. Porter Jr.

Dear Sir:

Enclosed you will find a plat sent in triplicate, for the State 157 "B" lease which should have accompanied the application for transfer on Non-standard Gas Proration Unit. However, this plat has already been filed in your office on this well, the State 157 "B" # 1.

Yours very truly.

SEP 30 AM 11 09

W. F. Burns
Superintendent

WFB/DP/peh
Enclosure



SINCLAIR OIL & GAS COMPANY

P. O. Box 1920
Hobbs, New Mexico

September 28, 1966

New Mexico Oil Conservation Commission
Box 2088
Santa Fe, New Mexico

Attn: Mr. A. L. Porter Jr.

Re: Application for transfer
of Nonstandard Gas Prora-
tion Unit for Sinclair's
State 157 "B" #2 to State
157 "B" #1, in the Jalmat
Gas Pool, Lea County, N. M.

Dear Sir:

Sinclair Oil and Gas Company wishes to make application for an administrative order under order "R"-520 to transfer a Nonstandard Gas Proration Unit from the State 157 "B" #2 well to the State 157 "B" #1 well in the Jalmat Gas Pool of Lea County, New Mexico. The original Nonstandard Proration Unit was authorized by NSP 241.

We have recently completed our State 157 "B" #1 well, located 330' from the North and East lines of the NW/4 of Section 7, T22S, R36E, in the Yates and Upper Seven Rivers formations. This well was originally completed as an oil well in the South Eunice Pool in December of 1937, and is therefore entitled to the 330' location tolerance. All other conditions are the same as in the previous original application for the #2 well.

The State 157 "B" #2 well will be temporarily shut-in as it is unable to produce against the existing line pressures. Hence, it is requested that the aforementioned proration unit be assigned to the #1 well.

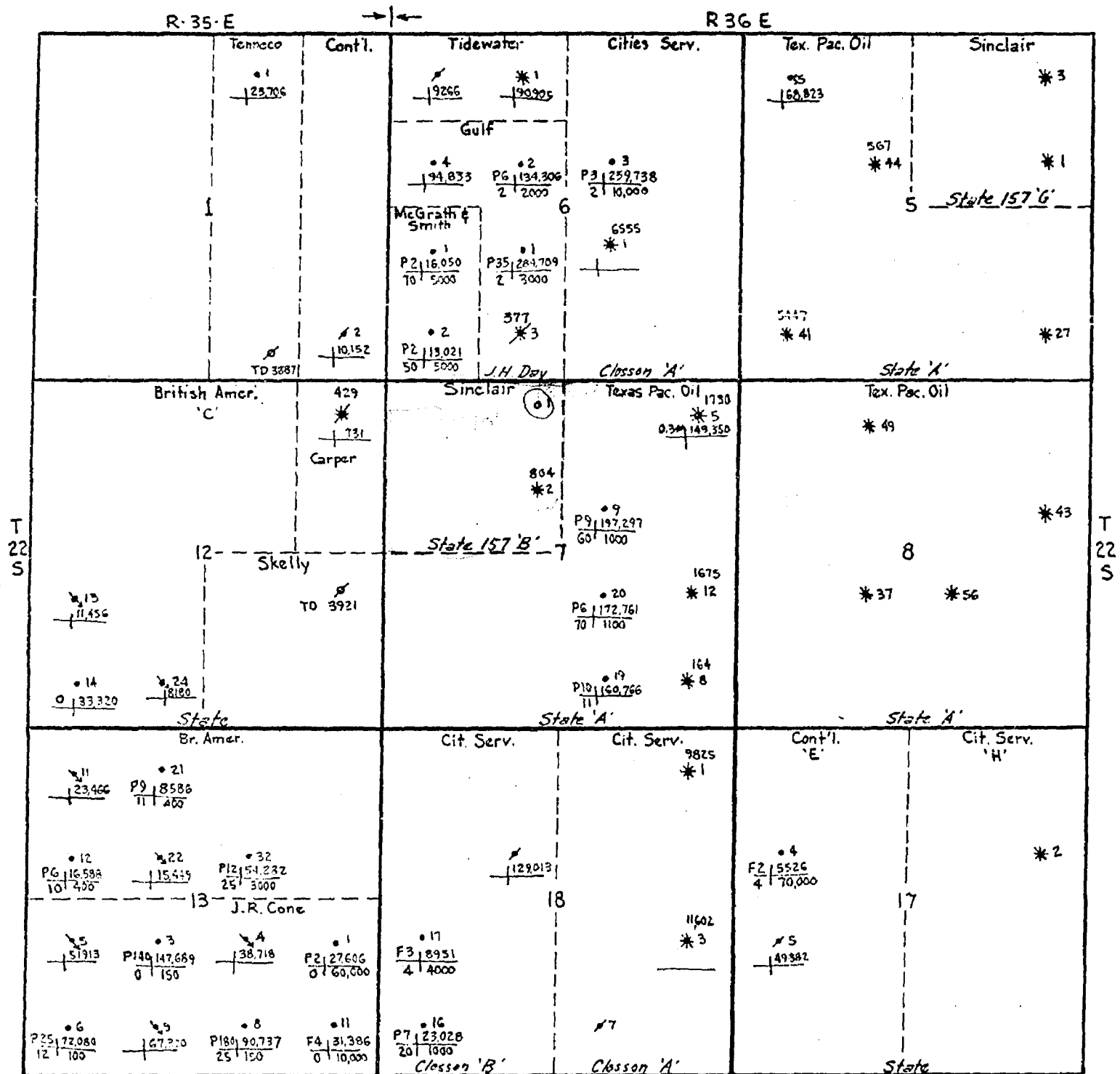
Please advise us as to whether there is any further information you need to consider this request.

Yours very truly,

W. F. Burns
Superintendent

WFB/DP/peh

YATES, 7 RVRS, TANSILL PROD.
LEA COUNTY, NM.



June '66
Daily Oil | Cumulative Oil to 1-1-66
Daily Wtr | GOR

Gas Well Cumulative to 1-1-66 in MMcf atop well symbol

8-19-66

Docket No. 27-66

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 2, 1966

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

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

CASE 3479: Application of Gulf Oil Corporation for an exception to Rule 8 of Order No. R-1638 and to Rule 301, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 8 of Order No. R-1638 and to Rule 301 of the Commission rules and regulations to permit discontinuance of individual gas-oil ratio tests in its West Bisti-Lower Gallup Sand Unit, Bisti-Lower Gallup Pool, San Juan County, New Mexico. Applicant proposes to report gas production and ratios on a unit-wide basis rather than individual well GOR data.

CASE 3480: Application of Tidewater Oil Company for a capacity allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3097 which permitted its GO State "J" Well No. 1 located in Unit H of Section 7, Township 17 South, Range 33 East, Lea County, New Mexico, which directly offsets the Malmar Unit Waterflood Project, to be produced at capacity for a period not to exceed 90 days from date of said order. Applicant seeks additional time in which to produce said well at capacity and the establishment of an administrative procedure for further extensions.

CASE 3336 (Reopened)

In the matter of Case No. 3336 being reopened pursuant to the provisions of Order No. R-3005, which order established 80-acre spacing units for the East Hightower-Upper 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.

CASE 3481: Application of Sinclair Oil & Gas Company for a non-standard gas proration unit and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the NW/4 of Section 7, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to its State 157 "B" Well No. 1 located at an unorthodox location for said pool 330 feet from the North line and 2310 feet from the West line of said Section 7.

- CASE 3482: Application of Sinclair Oil & Gas Company for a special gas well test, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to produce and flare up to three million cubic feet of gas per day, for a maximum of 30 days, from its Hackberry Hills Unit Well No. 4 located in Unit F of Section 22, Township 22 South, Range 26 East, Eddy County, New Mexico, as a reservoir limit test to determine the economic feasibility of a pipeline connection to said well.
- CASE 3483: Application of H. S. Moss for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the Wolfcamp formation in the interval from 9751 to 9850 feet in its D. P. Peck Well No. 1 located in Unit C of Section 26, Township 12 South, Range 37 East, Gladiola Field, Lea County, New Mexico.
- CASE 3484: Application of Phillips Petroleum Company for a pilot waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot waterflood project by the injection of water into the Grayburg-San Andres formation through its Santa Fe Well No. 14 located in Unit P of Section 20, Township 17 South, Range 35 East, Vacuum Field, Lea County, New Mexico.
- CASE 3485: Application of Phillips Petroleum Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg-San Andres formation through three injection wells located in Sections 8, and 9, Township 17 South, Range 33 East, Vacuum Field, Lea County, New Mexico.
- CASE 3486: Application of Shenandoah Oil Corporation for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg-San Andres formation through four injection wells located in Sections 7, 8 and 16, Township 17 South, Range 33 East, Vacuum Field, Lea County, New Mexico.
- CASE 3487: Application of Amerada Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of its State "SN" Unit Area comprising 692 acres, more or less, of State land in Sections 3 and 4, Township 15 South, Range 33 East, Lea County, New Mexico.

CASE 3488: Application of Amerada Petroleum Corporation for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Saunders SB Waterflood Project by the injection of water into the Permo-Pennsylvanian zone through its Texaco-State "AQ" Well No. 2 located in Unit E of Section 3, Township 15 South, Range 33 East, Saunders Permo-Pennsylvanian Pool, Lea County, New Mexico.

CASE 3489: Application of William A. and Edward R. Hudson for a waterflood expansion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand their Puckett A Waterflood Project by the injection of water into the Grayburg-San Andres formation through their Puckett A Well No. 30 to be drilled at an unorthodox location 1345 feet from the North line and 25 feet from the West line of Section 24, Township 17 South, Range 31 East, Maljamar Pool, Eddy County, New Mexico.

CASE 3490: Application of Sunray DX Oil Company for pool redelineation, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks the redelineation of the Todd-San Andres Pool, Roosevelt County, New Mexico, into two separate pools: The Todd Upper-San Andres Gas Pool comprising that portion of the San Andres formation above the anhydrite bed found at 4200 feet in the Franklin, Aston and Fair Mark Federal Well No. 1 located in Unit M of Section 26, Township 7 South, Range 35 East, and the Todd Lower-San Andres Pool comprising that portion of the San Andres formation below said anhydrite bed, said Todd Lower-San Andres Pool to be governed by the existing rules for the present Todd-San Andres Pool. Also to be considered at said hearing will be such matters as the effective date of the aforesaid redelineation, the period of time in which to effect dual completion of the affected wells, the distribution of the affected wells' accumulated status in the present pool (overproduction and underproduction) to each of the new pools, and such other pertinent matters as may relate to the aforesaid pool redelineation. Also to be considered will be special pool rules for the proposed Todd Upper-San Andres Gas Pool, including 320-acre spacing for wells located therein.

ir/

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 2, 1966

EXAMINER HEARING

IN THE MATTER OF:)

Application of Sinclair Oil and Gas)
Company for a non-standard gas)
proration unit and an unorthodox)
location, Lea County, New Mexico)

Case No. 3481

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 3481.

MR. HATCH: Case 3481, Application of Sinclair Oil and Gas Company for a non-standard gas proration unit and an unorthodox location, Lea County, New Mexico.

MR. KELLY: Booker Kelly of White, Gilbert, Koch and Kelly, on behalf of the Applicant, and we will have one witness, and I ask that he be sworn.

(Whereupon, the witness was sworn.)

DOUGLAS W. CUNNINGHAM

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

DIRECT EXAMINATION

BY MR. KELLY:

Q State your name, position and employer, please?

A My name is Douglas W. Cunningham, and I am employed by Sinclair Oil and Gas Company in Midland, Texas, and I am a Staff Engineer, on their regional staff.

Q You have previously qualified before this Commission?

A Yes, I have.

Q Referring to Sinclair's Exhibit Number One, would you state briefly what Sinclair is seeking by this application?

A Sinclair is asking for a non-standard gas proration unit and an unorthodox well location on that non-standard

proration unit.

One thing I would like to point out, the docket says one hundred and sixty acres. Actually, this is a little less than one hundred and sixty acres; being on the range line there, it actually is one hundred and fifty-two point thirty-eight acres.

Exhibit One which I have prepared shows our requested one hundred and fifty-two point thirty-eight acres non-standard unit shaded in red. It shows the subject well circled with a black circle, and the well is located only three hundred and thirty feet from the lease line.

It shows the Jalmat gas wells in all the sections directly offsetting Section Seven, and shows the acreage dedicated to these gas wells, as I have been able to determine from the gas proration schedule.

Q What is the status of the old well on this quarter section?

A Our State "B" One Fifty-Seven Number Two was previously a Jalmat gas well and had this hundred and fifty-two acres assigned to it. It became unable to produce, having been a marginal well for several months, and we have ceased producing because it was uneconomical.

Q That was a non-standard location also, was it not?

A Yes, it was. It's located three hundred and thirty

feet from one of the lease lines, and we obtained a non-standard unit for this well, and an unorthodox location by administrative application in 1956.

Q What is the present status of the well you plan to produce?

A This well has just been fracture treated in the Jalmat Gas Zone. It is a floodback from a deeper horizon. The well was originally drilled in 1937, and completed in the Grayburg-San Andres in the South Eunice Pool, and we ceased producing the South Eunice completions there in 1954, so, at the present time, the well is shut in waiting on gas allowable.

Q Have you potentialized this well?

A Yes, we have taken the four point test on it and submitted it on the Commission form. It had a calculated absolute open flow of two million, four hundred thousand.

Q Now, the original zone that that well was completed in was a standard location?

A Yes, it was.

Q Is there any other acreage that would be feasible to dedicate to this well?

A There is some undedicated acreage in the area of this well; for instance, to the south and in the southwest quarter of Section Seven, there is a hundred and sixty acres

there that isn't dedicated. However, I point out that that is owned by Texas Pacific Oil Company, and their Well Number Eight there in the southeast corner is a Jalmat gas well, and if they desired that that acreage be assigned to a well, I think they could very easily assign it to their well.

Q Would it be feasible to drill a well in a standard location in that one hundred and sixty acres? Would it be economically feasible?

A I think, for the possible remaining gas reserves there, it would be uneconomical to drill a well. I would expect that drilling a well for Jalmat gas there would probably cost forty thousand dollars more or less and, of course, we just went in and fracked this well here, and it didn't cost but about six thousand dollars.

Q Would the granting of this application protect the correlative rights of the operators and prevent waste?

A It certainly would protect Sinclair's correlative rights. If we are not allowed to produce the gas from under our acreage, it will probably be drained by the Jalmat gas wells in the area.

Q Was Exhibit One prepared by you or under your supervision?

A Yes, it was.

MR. KELLY: That's all we have.

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PHONE 256-1294
P.O. BOX 11692
1120 SIMMS BLDG.
1203 FIRST NATIONAL BANK EAST

MR. UTZ: This well is an old well, but it was completed to a deeper zone?

A

Yes, drilled in 1937.

Two well?

A

Yes, the Number Two which is shown south there used to be a Jalmat, gas producing well.

now?

A

As far as the unorthodox location goes?

the Jalmat Pool?

A

It just became uneconomical.

MR. UTZ: And, that is the reason that you plugged back the Number One well here?

A

Yes, sir.

MR. UTZ: Any other questions of the witness? The witness may be excused.

Statements in this case?

This case will be taken under advisement.



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

I, W. DON MCINTYRE, 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 this 11th day of November, 1966.

W. Don McIntyre
Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 3481, heard by me on Nov 2, 1966.
Thurston, Examiner
New Mexico Oil Conservation Commission

