

CASE 3541: Application of TEXAS  
PACIFIC OIL CO. for several non-  
standard gas proration units.

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to*

CASE No.

3541

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. 3541  
Order No. R-3209

APPLICATION OF TEXAS PACIFIC OIL  
COMPANY FOR SEVERAL NON-STANDARD  
GAS PRORATION UNITS, LEA COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 22, 1967,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 30th day of March, 1967, 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, Texas Pacific Oil Company, seeks  
the rededication of certain acreage and the establishment of the  
following non-standard gas proration units in Township 23 South,  
Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico:

A 280-acre non-standard gas proration unit comprising  
the NW/4, E/2 NE/4, and SW/4 NE/4 of Section 9, to be  
simultaneously dedicated to its State "A" Acct. #1 Well  
No. 41 located 660 feet from the North line and 660  
feet from the East line of said Section 9, and to its  
State "A" Acct. #1 Well No. 100 located 1980 feet from  
the North line and 990 feet from the East line of said  
Section 9;

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A 200-acre non-standard gas proration unit comprising the NE/4 SW/4, N/2 SE/4, and SE/4 SE/4 of Section 9 and the SW/4 SW/4 of Section 10, to be dedicated to its State "A" Acct. #1 Well No. 38 located 990 feet from the South line and 990 feet from the West line of said Section 10;

A 240-acre non-standard gas proration unit comprising the NW/4 and N/2 SW/4 of Section 10, to be dedicated to its State "A" Acct. #1 Well No. 37 located 1650 feet from the North line and 1650 feet from the West line of said Section 10;

A 200-acre non-standard gas proration unit comprising the SE/4 SW/4 of Section 10 and the NW/4 of Section 15, to be dedicated to its State "A" Acct. #1 Well No. 33 located 1650 feet from the North line and 1650 feet from the West line of said Section 15; and

A 400-acre non-standard gas proration unit comprising the N/2 SE/4 and SE/4 SE/4 of Section 21 and the SW/4, S/2 NW/4, and NE/4 NW/4 of Section 22, to be simultaneously dedicated to its State "A" Acct. #1 Well No. 94 located 660 feet from the North line and 1980 feet from the West line of said Section 22, and to its State "A" Acct. #1 Well No. 97 located 1980 feet from the North line and 1980 feet from the West line of said Section 22.

(3) That each of the proposed non-standard gas proration units is productive of gas.

(4) That each of the proposed non-standard gas proration units can be efficiently and economically drained and developed by the well or wells to which it is to be dedicated.

(5) That approval of the proposed non-standard gas proration units 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.

(6) That in order to protect the correlative rights of the offset operator, applicant's State "A" Acct. #1 Well No. 94 located 660 feet from the North line and 1980 feet from the West line of the aforementioned Section 22, should be allowed to

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Order No. R-3209

produce no more than 50% of the allowable assigned to the non-standard unit simultaneously dedicated to said Well No. 94 and to applicant's State "A" Acct. #1 Well No. 97 located 1980 feet from the North line and 1980 feet from the West line of said Section 22.

IT IS THEREFORE ORDERED:

(1) That the following-described non-standard gas proration units in Township 23 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico, are hereby created:

- (a) A 280-acre non-standard gas proration unit comprising the NW/4, E/2 NE/4, and SW/4 NE/4 of Section 9, to be simultaneously dedicated to the Texas Pacific Oil Company State "A" Acct. #1 Well No. 41 located 660 feet from the North line and 660 feet from the East line of said Section 9, and to the Texas Pacific Oil Company State "A" Acct. #1 Well No. 100 located 1980 feet from the North line and 990 feet from the East line of said Section 9;

PROVIDED, HOWEVER, that the operator may produce the allowable assigned to the unit from said Wells Nos. 41 and 100 in any proportion.

- (b) A 200-acre non-standard gas proration unit comprising the NE/4 SW/4, N/2 SE/4, and SE/4 SE/4 of Section 9 and the SW/4 SW/4 of Section 10, to be dedicated to the Texas Pacific Oil Company State "A" Acct. #1 Well No. 38 located 990 feet from the South line and 990 feet from the West line of said Section 10.
- (c) A 240-acre non-standard gas proration unit comprising the NW/4 and N/2 SW/4 of Section 10, to be dedicated to the Texas Pacific Oil Company State "A" Acct. #1 Well No. 37, located 1650 feet from the North line and 1650 feet from the West line of said Section 10.
- (d) A 200-acre non-standard gas proration unit comprising the SE/4 SW/4 of Section 10 and the NW/4 of Section 15, to be dedicated to the Texas Pacific Oil Company State "A" Acct. #1 Well No. 33 located 1650 feet from the North line and 1650 feet from the West line of said Section 15.
- (e) A 400-acre non-standard gas proration unit comprising the N/2 SE/4 and SE/4 SE/4 of Section 21 and the SW/4,

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S/2 NW/4, and NE/4 NW/4 of Section 22, to be simultaneously dedicated to the Texas Pacific Oil Company State "A" Acct. #1 Well No. 94 located 660 feet from the North line and 1980 feet from the West line of said Section 22, and to the Texas Pacific Oil Company State "A" Acct. #1 Well No. 97 located 1980 feet from the North line and 1980 feet from the West line of said Section 22;

PROVIDED, HOWEVER, that said Well No. 94 shall produce no more than 50% of the allowable assigned to said non-standard gas proration unit.

(2) That the acreage factor for allowable purposes assigned to each of the above-described non-standard gas proration units shall bear the same ratio to the acreage factor for a standard gas proration unit as the acreage in said unit bears to the acreage in a standard gas proration unit in the Jalmat Gas Pool.


(3) That the provisions of this order shall become effective April 1, 1967.

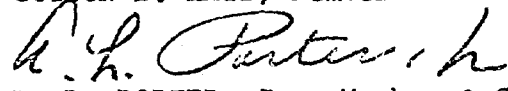
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
DAVID F. CARGO, Chairman

  
GUYTON B. HAYS, Member

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

S E A L

esr/

GOVERNOR  
DAVID F. CARGO  
CHAIRMAN

State of New Mexico  
**Oil Conservation Commission**



LAND COMMISSIONER  
GUYTON B. HAYS  
MEMBER

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

P. O. BOX 2088  
SANTA FE

March 30, 1967

Mr. John Russell  
Attorney at Law  
Post Office Drawer 640  
Roswell, New Mexico

Re: Case No. 3541 & 3542  
Order No. R-3209 & R-3210  
Applicant:

Texas Pacific & Union of Calif

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

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC   x  

Artesia OCC           

Aztec OCC           

Other           R-3210 to Mr. Frank Irby

LAW OFFICES OF  
JOHN F. RUSSELL  
SUITE 1010 SECURITY NATIONAL BANK BUILDING  
P. O. DRAWER 640  
ROSWELL, NEW MEXICO 88201

TELEPHONE 622-4641  
AREA CODE 505

February 27, 1967

*Page 3541*

Mr. A. L. Porter, Jr.  
Secretary-Director  
Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico

Dear Mr. Porter:

I transmit herewith an Application of Texas Pacific  
Oil Company to be set for hearing before an Examiner.

Very truly yours,

*John F. Russell*  
John F. Russell

JFR/wa  
1 Enc:  
App. (trip)

DOCKET MAILED

Date 3-10-67

*R*



BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION )  
OF TEXAS PACIFIC OIL COMPANY FOR )  
SEVERAL NON-STANDARD GAS PRO-RATION )  
UNITS, LEA COUNTY, NEW MEXICO, )  
AND FOR THE REDEDICATION OF CERTAIN )  
ACREAGE AND THE ESTABLISHMENT OF )  
CERTAIN NON-STANDARD GAS PRO-RATION )  
UNITS IN TOWNSHIP 23 SOUTH, RANGE )  
36 EAST, JALMAT GAS POOL, LEA COUNTY, )  
NEW MEXICO. )  
----- )

No. 3541

APPLICATION

COMES NOW Applicant, Texas Pacific Oil Company, through its attorney, John F. Russell, and requests that the Commission enter an Order authorizing the rededication of acreage and the establishment of the following non-standard gas pro-ration units in Township 23 South, Range 36 East, N.M.P.M., Jalmat Gas Pool, Lea County, New Mexico:

1. A 280 acre non-standard gas pro-ration unit comprising the NW $\frac{1}{4}$ , E $\frac{1}{2}$ NE $\frac{1}{4}$  and the SW $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 9 to be dedicated to its State "A" Account #1 Well No. 41 located 660 feet from the North line and 660 feet from the East line of Section 9 and State "A" Account #1 Well No. 100 located 1,980 feet from the North line and 990 feet from the East line of Section 9.
2. A 200 acre non-standard gas pro-ration unit comprising the NE $\frac{1}{4}$ SW $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$  and the SE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 9 and the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 10 to be dedicated to its State "A" Account #1 Well No. 38 located 990 feet from the South line and 990 feet from the West line of Section 10.
3. A 240 acre non-standard gas pro-ration unit comprising the NW $\frac{1}{4}$  and the N $\frac{1}{2}$ SW $\frac{1}{4}$  of Section 10 to be dedicated to its State "A" Account #1 Well No. 37 located 1,650 feet from the North line

and 1,650 feet from the West line of Section 10.

4. A 200 acre non-standard gas pro-ration unit comprising the NW $\frac{1}{4}$  Section 15, SE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 10 to be dedicated to its State "A" Account #1 Well No. 33 located 1,650 feet from the North line and 1,650 feet from the West line of Section 15.

5. A 400 acre non-standard gas pro-ration unit comprising N $\frac{1}{2}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 21 and the SW $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$  and the ~~SW $\frac{1}{4}$~~  NW $\frac{1}{4}$  of Section 22 to be dedicated to its State "A" Account #1 Well No. 94 located 660 feet from the North line and 1,980 feet from the West line of Section 22 and its State "A" Account #1 Well No. 97 located 1,980 feet from the North line and 1,980 feet from the West line of Section 22.

*Handwritten notes:*  
#7 old well 3200  
#4 new well 4000

6. That each of the proposed non-standard gas pro-ration units is productive of gas.

7. That each of the proposed non-standard gas pro-ration units can be efficiently and economically drained and developed by the well to which it is to be dedicated.

8. That approval of the proposed non-standard gas pro-ration units 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.

WHEREFORE, Applicant requests the Commission to set this matter down for hearing before an Examiner, to publish its notice as provided by law, and after hearing, to issue its order authorizing the rededication of acreage and the establishment of certain non-standard gas pro-ration units as prayed for herein.

Respectfully submitted,  
TEXAS PACIFIC OIL COMPANY

By John D. Russell  
P. O. Drawer 640  
Roswell, New Mexico

DATED: February 27, 1967

Attorney for Applicant

Case 3541

Heard 3-22-67

Rec. 3-23-67.

1. Grant to P oil Co. ~~from~~ the  
3 non-lease units as requested.  
Units to be granted as shown on  
their Exhibit "2" and described  
on their application. Their well locations  
are also shown on their application.

2. The only production restriction  
to be put on the 2 dual well  
units is on the # ~~1~~ 17'A' 4/1

# 94 660/W 1880/W sec. 22-23-36.

This well shall not be permitted  
to produce more than 50% of  
the 480 A.c. unimallowable.

W. H. R. [Signature]

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

CASE No. 3501  
Order No. R-3168

IN THE MATTER OF THE HEARING CALLED BY  
THE OIL CONSERVATION COMMISSION ON ITS  
OWN MOTION TO CONSIDER AMENDING COMMIS-  
SION ORDER NO. R-1670, AS AMENDED, WHICH  
GOVERNS ALL PRORATED GAS POOLS IN SAN  
JUAN, RIO ARriba, SANDOVAL, LEA, EDDY,  
AND ROOSEVELT COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 7, 1966,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 22nd day of December, 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 Order No. R-1670, dated May 20, 1960, as amended,  
General Rules and Regulations were adopted for the Prorated Gas  
Pools of Northwestern New Mexico and Southeastern New Mexico.
- (3) That Rule 5(B) and Rule 5(C) of the General Rules and  
Regulations for Northwestern New Mexico and Southeastern New  
Mexico, respectively, provide that the Secretary-Director of the  
Commission may approve non-standard units without notice and  
hearing under specified conditions.
- (4) That Rule 5(B) of Order No. R-1670-C, as amended,  
amending Order No. R-1670 and promulgating Special Rules and  
Regulations for the Basin-Dakota Gas Pool in addition to the  
General Rules and Regulations for Northwestern New Mexico,  
provides that the Secretary-Director of the Commission may  
approve non-standard units without notice and hearing under  
specified conditions.

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CASE No. 3501  
Order No. R-3168

(5) That Rule 5(B) of Order No. R-1670, as amended, promulgating Special Rules and Regulations for the West Kutz-Pictured Cliffs Gas Pool in addition to the General Rules and Regulations for Northwestern New Mexico limits the authority of the Secretary-Director of the Commission to approve a non-standard gas proration unit to one that does not exceed 2640 feet in length or width.

(6) That Rule 5(C) of Order No. R-1670-E amending Order No. R-1670 and promulgating Special Rules and Regulations for the Atoka-Pennsylvanian Gas Pool in addition to the General Rules and Regulations for Southeastern New Mexico provides that the Secretary-Director may approve non-standard units without notice and hearing under specified conditions.

(7) That in order to ease the administrative burden upon operators and Commission, thereby preventing economic waste, Rule 5(B) and Rule 5(C) of the General Rules and Regulations governing the Prorated Gas Pools of Northwestern and Southeastern New Mexico, respectively, should be amended to allow the District Supervisor of the appropriate District Office of the Commission and the Secretary-Director of the Commission to approve, under specified conditions, without notice and hearing and without notice to offset operators, non-standard units occasioned by variations in the legal subdivision of the United States Public Lands Survey.

(8) That in order to provide for more uniformity of rules, Rule 5(B) of the Special Rules and Regulations governing the Basin-Dakota Gas Pool, Rule 5(B) of the Special Rules and Regulations governing the West Kutz-Pictured Cliffs Gas Pool, and Rule 5(C) of the Special Rules and Regulations governing the Atoka-Pennsylvanian Gas Pool should be deleted from said Special Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That Rule 5(B) of the General Rules and Regulations governing the Prorated Gas Pools of Northwestern New Mexico, promulgated by Order No. R-1670, as amended, is hereby amended to read in its entirety as follows:

"RULE 5(B):

1. The District Supervisor of the appropriate district office of the Commission shall have the authority to approve a non-standard unit as an exception to Rule 5(A) without notice and hearing when

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CASE No. 3501  
Order No. R-3168

the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the U. S. Public Land Surveys and the non-standard unit is not less than 75% nor more than 125% of a standard unit.

2. The District Supervisor of the appropriate district office of the Commission may approve the non-standard unit by:

- (a) Accepting a plat showing the proposed non-standard unit and the acreage to be dedicated to the non-standard unit, and
- (b) Assigning an allowable to the non-standard unit.

3. The Secretary-Director of the Commission shall have authority to grant an exception to Rule 5(A) without notice and hearing where an application has been filed in due form and when the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the U. S. Public Land Surveys and the non-standard unit is less than 75% or more than 125% of a standard unit, or where the following facts exist and the following provisions are complied with:

- (a) The proposed non-standard proration unit consists of less acreage than a standard proration unit;
- (b) The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots;
- (c) The non-standard gas proration unit lies wholly within a single governmental section;
- (d) The entire non-standard gas proration unit may reasonably be presumed to be productive of gas from the designated gas pool;
- (e) The applicant presents written consent in the form of waivers from:
  - (1) All operators owning interests outside the non-standard gas proration unit but in the same section in which any part of the non-standard gas proration unit is situated, and
  - (2) All operators owning interests in acreage offsetting the non-standard gas proration unit.
- (f) In lieu of subparagraph (e) of this rule, the applicant may furnish proof of the fact that said offset operators

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Order No. R-3168

were notified by registered mail of his intent to form such non-standard gas proration unit. (This notification to offset operators should consist of the same information that is furnished to the Commission). The Secretary-Director of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit."

(2) That Rule 5(C) of the General Rules and Regulations governing the Prorated Gas Pools of Southeastern New Mexico promulgated by Order No. R-1670, as amended, is hereby amended to read in its entirety as follows:

"RULE 5(C):

1. The District Supervisor of the appropriate district office of the Commission shall have authority to approve a non-standard unit as an exception to Rule 5(A) without notice and hearing when the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the U. S. Public Land Surveys and the non-standard unit is not less than 75% nor more than 125% of a standard unit.

2. The District Supervisor of the appropriate district office of the Commission may approve the non-standard unit by:

(a) Accepting a plat showing the proposed non-standard unit and the acreage to be dedicated to the non-standard unit, and

(b) Assigning an allowable to the non-standard unit.

3. The Secretary-Director of the Commission shall have authority to grant an exception to Rule 5(A) without notice and hearing where an application has been filed in due form and when the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the U. S. Public Land Surveys and the non-standard unit is less than 75% or more than 125% of a standard unit, or where the following facts exist and the following provisions are complied with:

(a) The proposed non-standard proration unit consists of less acreage than a standard proration unit;

(b) The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots;

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CASE No. 3501

Order No. R-3168

(c) The non-standard gas proration unit lies wholly within a single governmental section;

(d) The entire non-standard gas proration unit may reasonably be presumed to be productive of gas from the designated gas pool;

(e) The applicant presents written consent in the form of waivers from:

(1) All operators owning interests outside the non-standard gas proration unit but in the same section in which any part of the non-standard gas proration unit is situated, and

(2) All operators owning interests in acreage offsetting the non-standard gas proration unit.

(f) In lieu of subparagraph (e) of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. (This notification to offset operators should consist of the same information that is furnished to the Commission). The Secretary-Director of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit."

(3) That Rule 5(B) of the Special Rules and Regulations governing the Basin-Dakota Gas Pool promulgated by Order No. R-1670, as amended, is hereby deleted from said Special Rules and Regulations.

(4) That Rule 5(B) of the Special Rules and Regulations governing the West Kutz-Pictured Cliffs Gas Pool promulgated by Order No. R-1670, as amended, is hereby deleted from said Special Rules and Regulations.

(5) That Rule 5(C) of the Special Rules and Regulations governing the Atoka-Pennsylvanian Gas Pool promulgated by Order No. R-1670-E is hereby deleted from said Special Rules and Regulations.

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



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CASE No. 3501

Order No. R-3163

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

GUYTON B. HAYS, Member

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

S E A L

esr/

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. 3492  
Order No. R-3161  
NOMENCLATURE

APPLICATION OF MIDWEST OIL CORPORATION  
FOR SPECIAL POOL RULES, LEA COUNTY, NEW  
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 30, 1966,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 6th day of December, 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 the applicant, Midwest Oil Corporation, seeks the  
promulgation of special rules and regulations for the Cinta Roja-  
Morrow Gas Pool, Lea County, New Mexico, including a provision  
for 640-acre spacing units.

(3) That the applicant has established that one well in the  
Cinta Roja-Morrow Gas Pool can efficiently and economically drain  
and develop 640 acres.

(4) That the vertical limits of said pool should be defined  
as the Morrow zone of the Pennsylvanian formation and the horizon-  
tal limits of said pool should be extended to include the N/2 and  
SE/4 of Section 9, Township 24 South, Range 35 East, NMPM, Lea  
County, New Mexico.

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CASE No. 3492

Order No. R-3161

(5) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, special rules and regulations providing for 640-acre spacing units should be promulgated for the Cinta Roja-Morrow Gas Pool.

(6) That the special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the vertical limits of the Cinta Roja-Morrow Gas Pool shall be the Morrow zone of the Pennsylvanian formation and the horizontal limits of said pool shall be extended to include the N/2 and SE/4 of Section 9, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico.

(2) That Special Rules and Regulations for the Cinta Roja-Morrow Gas Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
CINTA ROJA-MORROW GAS POOL

RULE 1. Each well completed or recompleted in the Cinta Roja-Morrow Gas Pool or in the Morrow formation within one mile thereof, and not nearer to or within the limits of another designated Morrow gas pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 640 acres, more or less, consisting of a governmental section.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public

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CASE No. 3492  
Order No. R-3161

Lands Survey, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

CLASS OF SERVICE  
This is a fast message  
unless its deferred char-  
acter is indicated by the  
proper symbol.

# WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

1201 (4-60)

SYMBOLS  
DL=Day Letter  
NL=Night Letter  
LT=International  
Letter Telegram

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

LA118 SSJ363

1967 MAR 21 PM 3 06

L HBA054 PD=HOBBS NMEX 21 245P MST=

'67 MAR 21 AM 2 24

NEW MEXICO OIL CONSERVATION COMMISSION=

STATE LAND OFFICE BLDG SANTA FE NMEX=

REFERENCE CASE 3541 CONTINENTAL OIL COMPANY HAS NO  
OBJECTION TO THE REALLOCATION OF ACREAGE FOR JAL-MAT  
GAS PRORATION PURPOSES PROPOSED BY TEXAS PACIFIC OIL  
COMPANY. WE SHOULD LIKE TO POINT OUT HOWEVER THAT THE  
ACREAGE TO BE ASSIGNED TO WELLS #94 AND 95 LOCATED IN  
UNITS C AND F OF SECTION 22 TOWNSHIP 23 SOUTH RANGE 36  
EAST EXPENDS A CONSIDERABLE DISTANCE FROM THE TWO UNIT

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

CLASS OF SERVICE  
This is a fast message  
unless its deferred char-  
acter is indicated by the  
proper symbol.

# WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

1201 (4-60)

SYMBOLS  
DL=Day Letter  
NL=Night Letter  
LT=International  
Letter Telegram

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

WELLS. WE ALSO POINT OUT THAT THE TWO UNIT WELLS ARE  
IN THE NEAREST TWO QUARTER QUARTER SECTION TO  
CONTINENTALS STEVENS B15 LEASE WHICH IS IN THE SOUTHWEST  
QUARTER OF SECTION 15. CONTINENTAL REQUESTS THAT THE  
ORDER APPROVING REQUESTED GAS PRORATION UNITS CONTAIN  
A LIMITATION TO THE EFFECT THAT NO MORE THAN 1/2 OF THE  
ALLOWABLE ASSIGNED THIS GAS PRORATION UNIT SHALL BE  
PRODUCED FROM WELL #94. CONTINENTAL OIL COMPANY CONSIDERS  
THIS LIMITATION ESSENTIAL TO THE PROTECTIONS OF OUR  
CORRELATIVE RIGHTS=

G C JAMESON ASST MGR HOBBS DISTRICT CONTINENTAL  
OIL CO HOBBS NMEX=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 22, 1967

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 3541: Application of Texas Pacific Oil Company for several non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the rededication of certain acreage and the establishment of the following non-standard gas proration units in Township 23 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico:

A 280-acre unit comprising the NW/4, E/2 NE/4, and SW/4 NE/4 of Section 9, dedicated to its State "A" Acct. #1, Well No. 41 located 660 feet from the North and East lines of Section 9, and to its State "A" Acct. #1 Well No. 100 located 1980 feet from the North line and 990 feet from the East line of Section 9;

A 200-acre unit comprising the NE/4 SW/4, N/2 SE/4, and SE/4 SE/4 of Section 9, and the SW/4 SW/4 of Section 10 dedicated to its State "A" Acct. #1 Well No. 38 located 990 feet from the South and West lines of Section 10;

A 240-acre unit comprising the NW/4 and N/2 SW/4 of Section 10, dedicated to its State "A" Acct. #1 Well No. 37 located 1650 feet from the North and West lines of Section 10;

A 200-acre unit comprising the SE/4 SW/4 of Section 10 and the NW/4 of Section 15, dedicated to its State "A" Acct. #1 Well No. 33 located 1650 feet from the North and West lines of Section 15;

A 400-acre unit comprising the N/2 SE/4 and SE/4 SE/4 of Section 21 and SW/4, S/2 NW/4, and NE/4 NW/4 of Section 22, dedicated to its State "A" Acct. #1 Well No. 94 located 660 feet from the North line and 1980 feet from the West line of Section 22 and to its State "A" Acct. #1 Well No. 97 located 1980 feet from the North and West lines of Section 22.

CASE 3542: Application of Union Oil Company of California for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the Devonian formation through perforations from 12,017 to 12,036 feet in its Federal G Well No. 1 located in Unit G of Section 31, Township 9 South, Range 36 East, West Crossroads-Devonian Pool, Lea County, New Mexico.

PAGE -2- Docket No. 9-67  
Examiner Hearing - March 22, 1967

CASE 3543: Application of Tenneco Oil Company for a pool contraction, new pool creation, and special pool rules, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the South Blanco-Tocito Oil Pool by the deletion of that portion of said pool contained in Sections 18, 19, 20, 21, and 22, Township 26 North, Range 5 West, Rio Arriba County, New Mexico, and the creation of a new Gallup sand pool to include Sections 16 through 23 of the same township, and the promulgation of special rules therefor. Applicant proposes pool rules for said pool similar to those promulgated by Order No. P-1410-C for the Angels Peak Gallup Pool.

CASE 3544: Application of Perry R. Bass, Cities Service Oil Company, agent, for creation of a gas pool and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a Morrow gas pool for its Big Eddy Unit Well No. 17 located in Unit B of Section 2, Township 21 South, Range 29 East, Eddy County, New Mexico, and for the promulgation of temporary special pool rules therefor, including a provision for 640-acre proration units.

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BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 1206  
Order No. R-956

APPLICATION OF THE OHIO OIL COMPANY  
FOR AN ORDER AUTHORIZING A 600-ACRE  
NON-STANDARD GAS PRORATION UNIT IN  
THE JALMAT GAS POOL; SAID UNIT TO BE  
DEDICATED TO APPLICANT'S STATE McDONALD  
A/C #1 WELL NO. 25 IN THE SE/4 NE/4  
OF SECTION 16 AND ITS STATE McDONALD  
A/C #1 WELL NO. 6 IN THE SE/4 SW/4 OF  
SECTION 16, BOTH IN TOWNSHIP 22 SOUTH,  
RANGE 36 EAST, NMPM, LEA COUNTY, NEW  
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on February 14, 1957, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 8th day of March, 1957, the Commission, a quorum being present, having considered the application and the evidence adduced 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 case and the subject matter thereof.
2. That the applicant, The Ohio Oil Company, is the owner of the S/2, NE/4, E/2 NW/4 of Section 16, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, and that Continental Oil Company is the owner of the SW/4 NW/4 of said Section 16.
3. That the Ohio Oil Company and Continental Oil Company have entered into a communitization agreement covering the gas rights in the Jalmat Gas Pool underlying the aforementioned acreage.
4. That the applicant is the owner and operator of the State-McDonald A/C #1 Well No. 25 located 1980 feet from the North line and 660 feet from the East line of said Section 16, and the State-McDonald A/C #1 Well No. 6, located 660 feet from the South line and 1980 feet from the West line of said Section 16.



-2-

Case No. 1206  
Order No. R-956

5. That by Administrative Order NSP-84, dated January 30, 1955, the Commission authorized the formation of a 520-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the S/2, NE/4, and SE/4 NW/4 of said Section 16 to be dedicated to both the aforementioned State-McDonald A/C #1 Well No. 6 and State McDonald A/C #1 Well No. 25.

6. That the applicant proposes to enlarge the presently authorized unit to include the SW/4 NW/4 and the NE/4 NW/4 of said Section 16.

7. That the creation of the proposed unit will not cause waste.

8. That, in order to protect the correlative rights of the persons owning the acreage offsetting the proposed unit, neither of the wells on the unit should be permitted to produce in excess of sixty percent (60%) of the allowable which a single well on such a unit would be permitted to produce during any given proration period.

IT IS THEREFORE ORDERED:

1. That the application of the Ohio Oil Company for approval of a 600-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the following described acreage:

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM  
Section 16: S/2, NE/4, S/2 NW/4, and NE/4 NW/4

be and the same is hereby approved, and a proration unit consisting of the aforesaid acreage is hereby created.

2. That the aforesaid proration unit shall be dedicated to both the applicant's State-McDonald A/C #1 Well No. 25, located 1980 feet from the North line and 660 feet from the East line of said Section 16, and State-McDonald A/C #1 Well No. 6, located 660 feet from the South line and 1980 feet from the West line of said Section 16, and that the said wells be granted a joint allowable in the proportion that the acreage in the above-described unit bears to the acreage in a standard proration unit in the Jalmat Gas Pool in accordance with Rule 8 of the Special Rules and Regulations for said pool.

3. That the applicant shall endeavor to produce the aforementioned wells as near equally as possible, provided, however, that in no event shall either of the said wells be produced in excess of sixty percent (60%) of the allowable which a single well on a 600-acre proration unit in the Jalmat Gas Pool would be permitted to produce during any given proration period.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

S E A L  
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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. 3197  
Order No. R-2866

APPLICATION OF TEXAS PACIFIC OIL COMPANY  
FOR A NON-STANDARD GAS PRORATION 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 January 27, 1965, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 11th day of February, 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, Texas Pacific Oil Company, seeks approval of a 320-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the S/2 of Section 5, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, to be simultaneously dedicated to its State "A" A/c-2 Well No. 41 located in Unit M and its State "A" A/c-2 Well No. 27 located in Unit P of said Section 5.

(3) That the proposed non-standard gas proration unit can be efficiently and economically drained and developed by the State "A" A/c-2 Well No. 41 and the State "A" A/c-2 Well No. 27.

(4) 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.

-2-

CASE No. 3197  
Order No. R-2866

IT IS THEREFORE ORDERED:

(1) That a 320-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the S/2 of Section 5, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby created and simultaneously dedicated to the Texas Pacific Oil Company State "A" A/c-2 Well No. 41 located in Unit M and State "A" A/c-2 Well No. 27 located in Unit P of said Section 5.

(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, Chairman

GUYTON B. HAYS, Member

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

S E A L

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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. 3196  
Order No. R-2865

APPLICATION OF TEXAS PACIFIC OIL COMPANY  
FOR A NON-STANDARD GAS PRORATION 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 January 27, 1965, at Santa Fe, New Mexico; before Examiner Elvis A. Utz.

NOW, on this 11th day of February, 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, Texas Pacific Oil Company, seeks approval of a 320-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the N/2 of Section 8, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, to be simultaneously dedicated to its State "A" A/c-2 Well No. 49 located in Unit C and its State "A" A/c-2 Well No. 43 located in Unit H of said Section 8.

(3) That the proposed non-standard gas proration unit can be efficiently and economically drained and developed by the State "A" A/c-2 Well No. 49 and the State "A" A/c-2 Well No. 43.

(4) 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.

-2-

CASE No. 3196  
Order No. R-2865

IT IS THEREFORE ORDERED:

(1) That a 320-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the N/2 of Section 8, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby created and simultaneously dedicated to the Texas Pacific Oil Company State "A" A/c-2 Well No. 49 located in Unit C and State "A" A/c-2 Well No. 43 located in Unit H of said Section 8.

(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, Chairman

GUYTON B. HAYS, Member

A. I. PORTER, Jr., Member & Secretary

S E A L

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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
March 22, 1967

EXAMINER HEARING

-----  
IN THE MATTER OF: )

Application of Texas Pacific Oil )  
Company for several nonstandard gas )  
proration units, Lea County, New Mexico. )

) Case No. 3541  
)  
)  
)  
)  
)  
)  
)

-----  
BEFORE: ELVIS A. UTZ, Examiner

TRANSCRIPT OF HEARING

## NEW MEXICO OIL CONSERVATION COMMISSION

## EXAMINER HEARING

SANTA FE, NEW MEXICOREGISTERHEARING DATE MARCH 22, 1967TIME: 9 A.M.

| NAME:               | REPRESENTING:          | LOCATION:           |
|---------------------|------------------------|---------------------|
| R. W. Baker         | Atlantic Richfield Co. | Roswell, New Mex.   |
| John Humphrey       | Texas Pacific Oil      | Midland, Texas      |
| Greg Hughes         | Texas Pacific Oil      | Midland, Texas      |
| P. J. McLeath       | U. S. G. S             | Farmington          |
| L. B. Plumb         | Tenneco                | Dgo. Colo           |
| A. R. Kendrick      | OCC                    | Albree              |
| N. D. Hume          | RW Byram               | Santa Fe.           |
| Ron Freels          | Texas Pacific Oil Co.  | Dallas, Tex.        |
| John D. Russell     | TP & Union             | Roswell, N. M.      |
| A. L. Porter,       | OCC                    | Santa Fe, N. M.     |
| Walter V. Palmer    | Union of California    | Midland Texas       |
| Laurie              | W. B. & G. H. Kelly    | Santa Fe            |
| E. F. Motter        | Cities Service Oil Co. | Hobbs               |
| Charles R. Mitchell | Cities Service Oil Co. | Bartlesville, Okla. |
| Jason Kellahi       | Kellahi & Fox          | Santa Fe            |

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MR. UTZ: The hearing will come to order, please.

The first case on the docket will be Case 3541.

MR. HATCH: Application of Texas Pacific Oil Company for several nonstandard gas proration units, Lea County, New Mexico.

MR. RUSSELL: John F. Russell, appearing on behalf of the applicant, and I have one witness.

(Witness sworn.)

JOHN HENDRIX

called as a witness on behalf of the applicant, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. RUSSELL:

Q Will you please state your name, address, and by whom you are employed, and in what capacity you are employed?

A I am John Hendrix, employed by Texas Pacific Oil Company as a Petroleum Engineer in Midland, Texas.

Q You have previously qualified to testify before the Commission and the Examiner, have you not?

A Yes, sir, I have.

Q Are you familiar with Case Number 3541 and the application filed in that case?

A Yes, sir, I am.

Q What are you trying to accomplish by this application?



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A This application will be the second portion of an overall program where we are trying to get a maximum productivity and development of reserves from the State A Account 1 Lease. This is a 5440 acre lease in Township 23 South, Range 36 East, of Lea County, and on a previous hearing we had a number of units approved and this will be the final step of getting the entire lease in pretty tip-top order.

Q Well, if the prior application, having been approved, if this one is approved, then all acreage within your State A Account 1 Lease will be dedicated to existing wells, is that correct?

A With the exception of one 80 acre tract.

Q Which will be subject to a later --

A Yes, sir.

(Whereupon, Applicant's Exhibits 1 through 4 marked for identification.)

Q (By Mr. Russell) All right. I will refer you to what has been marked as Exhibit Number 1, and ask you to explain what that represents?

A Exhibit Number 1 is a location ownership plat of Township 23 South, Range 36 East, showing Texas Pacific's State A Account 1 Lease colored in yellow for purposes of identification. Also outlined in this exhibit are the boundary lines of the present nonstandard Jalmat gas proration

units. Also on this map are shown the subject wells which we will be discussing today.

Q All right. Now, referring you to Exhibit Number 3 -- rather, Exhibit Number 2, will you explain what that shows?

A Exhibit Number 2 is a map similar to Exhibit Number 1. This map also has the subject lease colored in yellow and the boundaries of the proposed nonstandard gas proration units.

Q All right. Now, I think the easiest way to go through them would be in the order in which they appear on the docket, and will you take them unit by unit and explain what you propose doing with each unit that is being realigned?

A Number 1, we are proposing a 280 acre unit, consisting of all the north half of Section 9, with the exception of 40 acres in the northwest quarter of the northeast quarter of Section 9. Our Well Number 41 was completed in June of '66, in the interval 3276 to 3400. This well is located in the northeast quarter of the northeast quarter of Section 9.

Q One moment; when you are referring to the completion data, are you referring to what has been marked as Exhibit 4?

A Yes, right.

Q Does that information appear on that exhibit?

A Exhibit 4 is a data sheet showing completion intervals, also cumulative production, monthly capacity and anticipated

monthly allowables.

Q All right, go ahead.

A For each well, we are also asking to be allowed to complete Well Number 100 in the Jalmat Gas interval and dedicate the 280 acres to Well Number 41 and Number 100 and produce the allowable in any proportion from either of the wells' unit. The second unit we will be discussing will consist of the northeast quarter of the southwest quarter, north half of the southeast quarter and the southeast quarter and southeast quarter of Section 9 plus the southwest quarter of the southwest quarter of Section 10. This will be a 200 acre unit to be dedicated to our Well Number 38 located 990 feet from the south lines of Section 10. This well was completed in the Jalmat zone in 1953 from the interval 2942 to 3250.

We are anticipating an allowable for this tract of approximately 16,250,000--16,250 mcf per month. This is based on an average monthly production for the years 1964, '65, and '66. This well presently has a capacity of approximately 24,000,000 into the sales line. This is based on February, 1967's sales.

The third nonstandard unit that we are proposing is a 240 acre unit comprising the northwest quarter and the north half of the southwest quarter of Section 10, to be dedicated to our State Account 1 Well Number 37, located 1650 feet from

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the north and west lines of Section 10. I might add that ordinarily this particular tract would be handled by administrative approval. This well was also completed in 1953 in the interval 2959 to 3290 feet, anticipated allowable for the 240 acre unit will be 19.5 million per month based on current productivity of 36,450,000 per month.

The fourth unit that we are proposing is a 200 acre unit comprised of the southeast quarter of the southwest quarter of Section 10, and the northwest quarter of Section 15, to be dedicated to our account 1 Well Number 33 located 1650 feet from the north and west lines of Section 10. This well, completed in 1952, would have an allowable of sixteen and a quarter million per month. Current capacity into the sales line is 28.8 million per month.

Unit Number 5 is somewhat similar to the initial one we discussed, and we are proposing a 400 acre nonstandard unit comprising of the northhalf of the southeast quarter, southeast quarter of the southeast quarter of Section 21, and the southwest quarter of the south half of the northwest quarter and the northeast quarter of the northeast quarter of Section 22. We propose that this acreage be dedicated to our Well Number 97, which is located 980 feet from the north and from the west lines of Section 22, and also we are asking permission to recomplete Number 94, which is located 660 from the north

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line and 1980 from the west line, and assign the allowable to these two wells.

Again, we are asking that we be allowed to produce them in any proportion. Insofar as the allowable is concerned, Well Number 97 would have an allowable, Wells Numbers 97 and 94 together would have an average allowable of 32.5 million per month for a 400 acre unit. Presently, Well Number 97 produces approximately 24.8 million per month into the sales line. This is based on the November sales figure. The deliverability at 100 pounds is 1.86 million per day. This is based on a test conducted 8/29/66. We anticipate that a minimum deliverability of 500 mcf per day would be accomplished by recompleting the Number 94 Well. This would give us a total capacity of approximately 39.8 million per month from the two wells, which would be in excess of our average monthly allowable.

Q In the realignment of this lease acreage, have you now assigned acreage which previously had not been assigned to any well?

A Yes, sir, that's correct.

Q Will you give that description?

A Yes, sir. The first unit we discussed, which was to be assigned Wells Number 41 and 100, the 40 acre tract where Number 1 was located was not assigned at the time. We have

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since made a completion in this well and it is productive of gas. Another acreage which is not presently assigned, has been assigned in the past in Section 21, the north half of the southeast quarter and the southeast quarter of the southeast quarter have previously been assigned to nonstandard gas proration units.

Q What I am getting at, is there any acreage included in this application which has not previously been established as reasonably productive of gas?

A No, sir. I think all acreage that we are proposing here today may reasonably be assumed productive.

Q And have been so established in the past?

A Yes, sir. We have submitted a structure map as Exhibit Number 3.

Q But not in support of any particular quarter section, is that correct?

A That's right.

Q Now, what is Exhibit 4, if you would identify that?

A Exhibit Number 4 is a pertinent data sheet concerning the wells we have discussed here, showing well names, numbers, locations, gas completion dates, completion intervals, cumulative production and anticipated monthly allowables for the individual units and the anticipated monthly capacity.

Q Is there anything specifically on there that you want to call to the Examiner's attention, which you haven't already pointed out?

A No, sir, I believe not. Only that we will be able to produce the acreage at top allowable.

Q Am I correct that the purpose of this is that with the acreages, as previously assigned, some of the wells could not make the allowable or the amount of acreage assigned, whereas the other wells could make more than the acreage assigned it on the allowable and this is a realignment to get the most efficient production from this lease?

A Yes, sir, that's correct.

Q Were Exhibits 1 through 4 prepared by you or under your direction?

A Yes, sir, they were.

MR. RUSSELL: I would like to move the introduction of Exhibits 1 through 4.

MR. UTZ: Without objection, Exhibits 1 through 4 will be entered into the record of this case.

(Whereupon, Applicant's Exhibits 1 through 4 offered and admitted in evidence.)

Q (By Mr. Russell) Now, in your opinion, will the granting of this application protect correlative rights and assure the maximum production of minerals in place?

A Yes, sir, that's correct.

MR. RUSSELL: I have no further questions of this witness.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Hendrix, I think we have had a little confusion over the spelling of your name before. How do you spell it?

A H-e-n-d-r-i-x.

Q In this application, we have three wells, two of which are not completed presently in the Jalmat gas zone and one of which has never been dedicated to the Jalmat unit, is that correct?

A Yes, sir.

Q Number 41 is now completed and in the Jalmat Gas Pool?

A Yes, sir.

Q And what was that well previously?

A I believe it was a Langlie Mattix. Langlie Mattix and possibly a Jalmat Oil. We went in and worked it over, hoping to make a Jalmat oil well, and gave it a normal frack job, and we ended up with a fairly strong gas well.

Q And what is the status of the Number 100?

A This is presently a Langlie Mattix single.

Q What are you going to do with the Langlie Mattix

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if this application is granted? Are you going to dual complete the well?

A Yes, sir, it will be a dual completion. I might add here, if we are granted permission we will go ahead and, of course, submit the dual completion application.

Q And the same is true for Number 94?

A Yes, sir, that's correct.

Q It is presently a Langlie Mattix single?

A Yes, sir.

Q Do you have any hesitancy in predicting the outcome of these attempted completions in the Jalmat zone?

A No, sir, other than possible mechanical problems. Number 100, for example, I feel should be very similar to Well Number 41, which we completed in June of last year on a prolonged test; the well stabilized at 15,000,000 per month, at a 275 pound flow in tubing pressure; so, on Exhibit Number 4, I have predicted that we would have similar results on Well Number 100, which would give us a total capacity of 30,000,000 per month, at 275 pounds pressure. Number 94 should be a well similar to Number 97, which had deliverability of 1.186 million at 100 pounds. Referring to the structure map, they are essentially on a strike.

Q I believe you stated that you have now acreage dedicated to Jalmat Gas Wells to the west of these units?

A Yes, sir.

Q Referring particularly to units in Section 9 and units in Sections 21 and 22, is this true?

A Yes, sir, that's correct.

Q That is the reason for your statement that all of this acreage is productive of gas?

A That's right, they are down structure from the wells we are discussing here today.

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

(Witness excused.)

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

MR. HATCH: I have a telegram dated March 21st addressed to the New Mexico Oil Conservation Commission from Continental Oil Company; "With reference to Case 3541, Continental Oil Company has no objections to the reallocation of acreage for Jalmat gas proration purposes proposed by Texas Pacific Oil Company. We should like to point out, however, that the acreage to be assigned to Wells Number 94 and 95 located in Unit C and F of Section 22, Township 23 South, Range 36 East extends a considerable distance from the two unit wells. We also point out that the two unit wells are in the nearest two quarter-quarter sections of Continental Stevens

B 15 Lease, which is in the southwest quarter of Section 15.

Continental requests that the order approving the requested gas proration units contain a limitation to the effect that no more than one-half of the allowable assigned this gas proration unit shall be produced from Well Number 94. Continental Oil Company considers this limitation for protection of an oil well. Signed G. C. Jenson, Assistant Manager, Hobbs District, Continental Oil Company."

MR. RUSSELL: There will be no objection to that limitation, as far as the applicant is concerned.

MR. UTZ: You have no objection to the limitation of the Number 94 Well to produce no more than 50 per cent of the 400 acre allowable?

MR. RUSSELL: That's correct.

MR. HENDRIX: That's right.

MR. UTZ: Now, as I understand this, this will be a little bit different than having the wells each produce five per cent of allowable. We will just simply put the seal on one well?

MR. RUSSELL: Yes.

MR. HENDRIX: What was that, again?

MR. RUSSELL: This just applies to this one well, the limitation of 50 per cent on one well, am I correct, Mr. Examiner?

MR. UTZ: Right.

MR. RUSSELL: It does not affect the others.

MR. UTZ: That's their request, so the 97 Well can produce all of the allowable, for that matter.

MR. HENDRIX: I guess in their telegram they were referring to Wells 97 and 94, rather than 94 and 95, I believe, too. We may need to correct that.

MR. HATCH: Yes, the telegram says 94 and 95.

MR. HENDRIX: That should be 94 and 97.

MR. UTZ: There are other dual well units in the Jalmat Gas Pool, is that correct?

MR. HENDRIX: Yes, sir. As an example, Sinclair, in Section 15 and Section 14 on Exhibit 1.

MR. RUSSELL: Two.

MR. HENDRIX: 1 or 2. The southeast quarter of Section 15 and the southwest quarter of Section 14 were assigned a joint allowable to Well Number 1, located in Unit P of Section 15 and Well Number 4 in Unit K of Section 14. These wells do cross the section line and have a common allowable assigned to the half section.

MR. UTZ: Are there any other questions? Are there any other statements? The case will be taken under advisement.

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E X H I B I T S

| EXHIBIT               | MARKED FOR<br>IDENTIFICATION | OFFERED | ADMITTED |
|-----------------------|------------------------------|---------|----------|
| No. 1 - plat          | 3                            | 9       | 9        |
| No. 2 - map           | 3                            | 9       | 9        |
| No. 3 - structure map | 3                            | 9       | 9        |
| No. 4 - data sheet    | 3                            | 9       | 9        |

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STATE OF NEW MEXICO )  
 ) ss  
COUNTY OF BERNALILLO )

I, JERRY POTTS, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill, and ability.

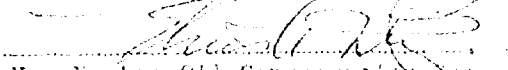
Witness my Hand and Seal this 15th day of May, 1967 .

  
NOTARY PUBLIC

My Commission Expires:

July 10, 1970.

I do hereby certify that the foregoing is a complete record of the proceedings in the Bernalillo hearing of Case No. 155 H, heard by me on March 22, 1967.

  
New Mexico Oil Conservation Commission