

CASE 3894: Application of SIGNAL
OIL & GAS COMPANY FOR A NON-
STANDARD OIL PRORATION UNIT.

Continued to
Nov. 7th

note in file
from Murphy and Corp.

Case Number

3894

Application
Transcripts.

Small Exhibits

ETC.

dearnley-meier reporting service, inc.

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

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



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 23, 1968

EXAMINER HEARING

IN THE MATTER OF:

Application of Signal Oil
and Gas Company for a non-standard
oil proration unit, Lea County, New
Mexico.

Case 3894

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date OCTOBER 23, 1968 TIME: 9 A.M.

NAME	REPRESENTING	LOCATION
<i>L. Knight</i>	<i>W. O. K. & Co</i>	<i>Santa Fe</i>
Henry N. Knight	Tenneco Oil Co	Midland, Tex.
Ronald Jacobson	<i>L. Kelly Oil Co</i>	<i>Tulsa Okla.</i>
<i>Larry R. Hall</i>	<i>L. Kelly Oil</i>	<i>Golden, N.M.</i>
Thomas H. Vetter	<i>L. Kelly Oil</i>	<i>Hobbs, N.M.</i>
Harold K. Kiersey	<i>Kiersey, Co</i>	<i>Artesia, N.M.</i>
<i>E. J. Wither</i>	<i>Grass Service</i>	<i>Midland, Tex.</i>
Jason W. Kellahan	<i>Kellahan & Fox</i>	<i>Santa Fe</i>
Ron Freels	Texas Pacific Oil Co.	<i>Dallas, Tex.</i>
John V. WALTER	Texas Pacific Oil Co.	Midland Tex
Granville Dutton	<i>Sun Oil</i>	Dallas
Robert J. Redway	<i>Sun Oil</i>	Dallas
Bill Wells	Per American	Ft. Worth
Gordon D. Ryan	Per American Ref	Ft. Worth
<i>A. L. Carter, Jr</i>	<i>W. H. Carter</i>	<i>Santa Fe</i>
Darrell R. Querry	SOLAR OIL Co.	Midland, Tex
Victor T. Lyon	<i>Continental Oil Co.</i>	<i>Hobbs, N.M.</i>
Glen L. Houston	Tom Lineberry	Hobbs, N.M.

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date OCTOBER 23, 1968TIME: 9 A.M.

NAME	REPRESENTING	LOCATION
Bill Kasper	Gulf Oil Corp	Corpus Christi
John L. Strider	Gulf	Corpus Christi
Pat Hoffman	Champion Pet.	Fort Worth, Texas
Anna S. DuBaine	RW Byrum & Co.	SF. Austin
Bill F. Bayle	Champion Petroleum Co.	Fort Worth, Texas
J.R. CARTER, Jr.	CHAMPION PET. Co.	MIDLAND, TEXAS

MR. NUTTER: Call Case 3894.

MR. HATCH: Application of Signal Oil and Gas Company for a non-standard oil proration unit, Lea County, New Mexico.

If the Examiner please, the Commission has received a request from the Applicant in this case that it be continued, so that it may be heard in conjunction with several other cases which have to do with the Vada Pool.

MR. NUTTER: Case 3894 will be continued to the Examiner hearing at this same place 9:00 o'clock A. M., November 7th.

STATE OF NEW MEXICO)
) SS
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Court Reporter in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my hand this 1st day of November, 1968.
I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 3894
heard by me on 10/22 1968

Ada Dearnley
ADA DEARNLEY
New Mexico Oil Conservation Commission

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

November 18, 1968

Mr. Clarence Hinkle
Hinkle, Bondurant & Christy
Attorneys at Law
Post Office Box 10
Roswell, New Mexico 88201

Re: Case No. 3894
Order No. R-3556
Applicant:
Signal Oil & Gas Company

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.
Secretary-Director

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

Other Booker Kelly, Bob Spurlock, Jason Kellahin

Mr. Carl E. Haskett
Murphy Corporation
El Dorado, Arkansas

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. 3894
Order No. R-3556

APPLICATION OF SIGNAL OIL AND GAS
COMPANY FOR A NON-STANDARD OIL
PRORATION UNIT, LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 7, 1968,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 18th day of November, 1968, the Commission, a
quorum being present, having considered the record and the recom-
mendations of the Examiner, and being fully advised in the premises,

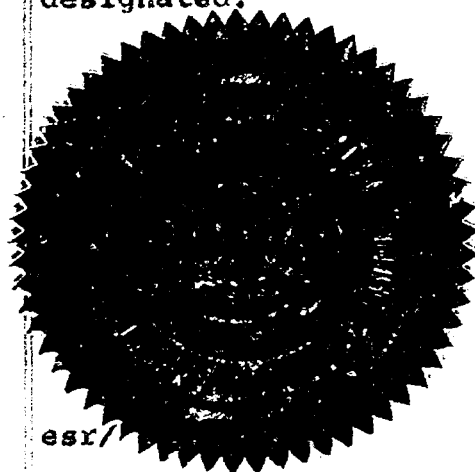
FINDS:

That the applicant's request for dismissal should be
granted.

IT IS THEREFORE ORDERED:

That Case No. 3894 is hereby dismissed.

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

David F. Cargo
DAVID F. CARGO, Chairman

Glyton B. Hays
GLYTON B. HAYS, Member

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

esr/

Case 3894

Heard 11-7-68

Rec. 11-7-68

Dismissed after as requested by
applicant.

Thurman R.

Docket No. 32-68

DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 7, 1968

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 3910: (Continued from the October 23, 1968 Examiner Hearing)

Application of Atlantic Richfield Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Bough "C" zone of the Pennsylvanian formation underlying the SW/4 of Section 17, Township 10 South, Range 34 East, Vada-Pennsylvanian Pool, Lea County, New Mexico. Said acreage to be dedicated to a well located in the NE/4 SW/4 of said Section 17.

CASE 3911: (Continued from the October 23, 1968 Examiner Hearing)

Application of Atlantic Richfield Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Bough "C" zone of the Pennsylvanian formation underlying the SE/4 of Section 8, Township 10 South, Range 34 East, Vada-Pennsylvanian Pool, Lea County, New Mexico. Said acreage to be dedicated to a well located in the NW/4 SE/4 of said Section 8. In the alternative applicant seeks approval of a non-standard oil proration unit comprising the E/2 SE/4 of said Section 8 and the W/2 SW/4 of Section 9, said Township and Range, said unit to be dedicated to a well to be drilled in the NE/4 SE/4 of said Section 8.

CASE 3894: (Continued and Readvertised)

Application of Signal Oil and Gas Company for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a non-standard oil proration unit comprising the W/2 NE/4 and the N/2 SE/4 of Section 17, Township 10 South, Range 34 East, Vada-Pennsylvanian Pool, Lea County, New Mexico, said unit to be dedicated to its State AP Well No. 1 located 1980 feet from the South line and 660 feet from the East line of said Section 17.

In the alternative, applicant seeks approval of an 80-acre non-standard oil proration unit comprising the N/2 SE/4 of

(Case 3894 continued)

said Section 17 and the assignment of approximately 79% of a standard 160-acre unit allowable for said pool to said 80-acre unit.

CASE 3918: Application of R. R. Morrison for three non-standard proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of three non-standard 80-acre oil proration units in Township 10 South, Range 34 East, Vada-Pennsylvanian Pool, described as follows:

Unit No. 1 comprising the E/2 SW/4 of Section 17, dedicated to applicant's State "17" Well No. 1 located in Unit K of said Section 17;

Unit No. 2 comprising the E/2 NE/4 of Section 17, dedicated to applicant's Atlantic "A" State Well No. 1 located in Unit A of said Section 17;

Unit No. 3 comprising the W/2 SE/4 of Section 8, dedicated to applicant's State "B" Well No. 1 located in Unit J of said Section 8.

Applicant further seeks the assignment of approximately 79% of a standard 160-acre unit allowable for said pool to each of the aforesaid 80-acre units.

CASE 3919: Application of Sunray DX Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Bough "C" zone of the Pennsylvanian formation underlying the SE/4 of Section 17, Township 10 South, Range 34 East, Vada-Pennsylvanian Pool, Lea County, New Mexico. Said acreage to be dedicated to Signal Oil Company's State AP Well No. 1 located in Unit I of said Section 17. In the alternative applicant seeks approval of a non-standard proration unit comprising the S/2 SE/4 of said Section 17 and the N/2 NE/4 of Section 20, said Township and Range, said unit to be dedicated to applicant's New Mexico "AW" Well No. 1 located in the NE/4 NE/4 of said Section 20.

CASE 3912: Application of American Petrofina Company of Texas for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres, Glorieta, and Abo formations in the open-hole interval from approximately 4211 feet to 8690 feet in its Federal "C" Well No. 2 located in

(Case 3912 continued)

Unit E of Section 21, Township 8 South, Range 36 East, South Prairie-Cisco Pool, Roosevelt County, New Mexico.

- CASE 3913: 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 "D" formation in the perforated interval from 6267 feet to 6286 feet in its Navajo Tribal "U" Well No. 1 located in Unit L of Section 21, Township 26 North, Range 18 West, Tocito Dome-Pennsylvanian "D" Pool, San Juan County, New Mexico. Applicant further seeks an administrative procedure whereby other wells in said pool may be approved for disposal purposes, if completed in a manner similar to the subject well, without the requirement of notice and hearing.
- CASE 3914: Application of Texas Pacific Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Seven Rivers and Queen formations in the open-hole interval from approximately 3721 feet to 3995 feet in its State "A" a/c-2 Well No. 6 located in Unit B of Section 7, Township 22 South, Range 36 East, South Eunice Pool, Lea County, New Mexico.
- CASE 3915: Application of Texas Pacific Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Pennsylvanian formation in the perforated interval from approximately 9570 feet to 9972 feet in its State "AH" Well No. 2 located in Unit N of Section 14, Township 12 South, Range 34 East, Ranger Lake Field, Lea County, New Mexico.
- CASE 3916: Application of Texas Pacific Oil Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Abo formation in the perforated interval from approximately 6686 feet to 6830 in its Woolley Federal No. 1 located in Unit M of Section 21, Township 17 South, Range 30 East, Loco Hills-Abo Pool, Eddy County, New Mexico.
- CASE 3917: Application of Agua, Inc., for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres and other formations in the interval from approximately 4530 feet to 6375 feet in its Corbin SWD Well No. G-31 located in the SW/4 NE/4 of Section 31, Township 17 South, Range 33 East, Corbin Field, Lea County, New Mexico.

- CASE 3920: Application of Kern County Land Company for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from approximately 4158 feet to 4233 feet in its Federal 23 Well No. 11 located in Unit F of Section 23, Township 7 South, Range 33 East, Chaveroo-San Andres Pool, Roosevelt County, New Mexico.
- CASE 3921: Application of Kern County Land Company for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from approximately 4165 feet to 4291 feet in its Federal 21 Well No. 3 located in Unit O of Section 21, Township 7 South, Range 33 East, Chaveroo-San Andres Pool, Roosevelt County, New Mexico.
- CASE 3922: Application of Tenneco Oil Company for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from approximately 4214 feet to 4344 feet in its State "V" Well No. 3 located in Unit K of Section 30, Township 7 South, Range 34 East, Chaveroo-San Andres Pool, Roosevelt County, New Mexico.
- CASE 3923: Application of Tenneco Oil Company for salt water injection, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to inject produced salt water into the Wolfcamp formation in the perforated interval from approximately 10642 feet to 10699 feet in its Kemnitz-Wolfcamp Unit Well No. 7 located in Unit O of Section 19, Township 16 South, Range 34 East, Kemnitz-Wolfcamp Pool, Lea County, New Mexico.

Docket No. 31-68

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 23, 1968

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

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

CASE 3894: Application of Signal Oil and Gas Company for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a non-standard oil proration unit comprising the W/2 NE/4 and the N/2 SE/4 of Section 17, Township 10 South, Range 34 East, Vada-Pennsylvanian Pool, Lea County, New Mexico, said unit to be dedicated to its State AP Well No. 1 located 1980 feet from the South line and 660 feet from the East line of said Section 17.

CASE 3895: Application of Sun Oil Company for a pressure maintenance project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project in its New Mexico State "H" Lease by the injection of water into the San Andres formation through its New Mexico State "H" Well No. 13 located in the SE/4 SE/4 of Section 16, Township 8 South, Range 30 East, Cato-San Andres Pool, Chaves County, New Mexico. Applicant further seeks the promulgation of special rules to govern operation of said pressure maintenance project.

CASE 3887: (Continued from the October 9, 1968, Examiner Hearing)

Application of Kersey & Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Premier sand of Grayburg formation through two wells to be located in Units E and K of Section 12, Township 18 South, Range 28 East, Artesia Pool, Eddy County, New Mexico. Applicant further proposes to produce oil from the Upper Grayburg through parallel strings of tubing, if said zones are productive in the subject wells.

CASE 3896: Application of Kersey & Hanson, Yates Drilling Company, and John H. Trigg for several waterflood projects, Eddy County, New Mexico. Applicants, in the above-styled cause, seek authority to institute several cooperative waterflood projects by the injection of water into the Queen and Grayburg formations through four injection wells located in Sections 21

CASE 3896 continued

and 28, Township 18 South, Range 29 East, Turkey
Track Queen-Grayburg Pool, Eddy County, New Mexico.

CASE 3897: Application of Kersey-Wittkopp and E. A. Hanson for two
waterflood projects, Eddy County, New Mexico. Applicants,
in the above-styled cause, seek authority to institute two
cooperative waterflood projects by the injection of water
into the Queen formation through two injection wells loca-
ted in the NW/4 SE/4 and the SW/4 SE/4 of Section 6, Town-
ship 19 South, Range 31 East, Shugart Pool, Eddy County,
New Mexico.

CASE 3898: Application of Tenneco Oil Company for salt water disposal,
Lea County, New Mexico. Applicant, in the above-styled
cause, seeks authority to dispose of produced salt water
into the Queen formation in the open-hole interval from
approximately 3258 feet to 3341 feet in its Ginsberg-Federal
Well No. 6 located in Unit E of Section 31, Township 25
South, Range 38 East, Langlie-Mattix Field, Lea County, New
Mexico.

CASE 3899: Application of Cities Service Oil Company for salt water
disposal, Lea County, New Mexico. Applicant, in the above-
styled cause, seeks authority to dispose of produced salt
water into the San Andres formation in the interval from
approximately 4087 feet to 4176 feet in its State AD Well
No. 8 located in Unit J of Section 22, Township 10 South,
Range 32 East, Mescalero-San Andres Pool, Lea County, New
Mexico.

CASE 3900: Application of Continental Oil Company for downhole commin-
gling, Lea County, New Mexico. Applicant, in the above-
styled cause, seeks authority to commingle production from
the Vacuum Wolfcamp Pool and the North Vacuum Abo Pool in
the well-bore of its State H-35 Well No. 7 located 660 feet
from the North line and 1780 feet from the East line of
Section 35, Township 17 South, Range 34 East, Lea County,
New Mexico.

CASE 3901: Application of Continental Oil Company for salt water dis-
posal, Lea County, New Mexico. Applicant, in the above-
styled cause, seeks authority to dispose of produced salt
water into the Yates-Seven Rivers formations in the perforated
interval from approximately 3330 feet to 3552 feet in its
Lynn A-28 Well No. 6 located in Unit H of Section 28, Township

(CASE 3901 continued)

23 South, Range 36 East, Jalmat Pool, Lea County, New Mexico.

CASE 3902: Application of Continental Oil Company for a 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 Queen formation through its Stevens "B" Well No. 8 located in Unit A of Section 12, Township 23 South, Range 36 East, Langlie-Mattix Pool, Lea County, New Mexico.

CASE 3903: Application of Continental Oil 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 Delaware formation in the perforated intervals from approximately 4675 feet to 4765 feet in its Payne Well No. 11 and from 4666 feet to 4740 feet in its Payne Well No. 12 located 660 feet from the South line and 1650 feet from the West line of Section 30, 1935 feet from the North line and 2090 feet from the West line of Section 31, respectively, Township 26 South, Range 33 East, El Mar-Delaware Pool, Lea County, New Mexico.

CASE 3904: Application of Continental Oil Company for a 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 Delaware formation through its Thompson Federal 19 Well No. 2 located in Unit F of Section 19, Township 26 South, Range 32 East, North Mason-Delaware Pool, Lea County, New Mexico.

CASE 3905: Application of Texas Pacific Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the open-hole interval from approximately 12,269 feet to 12,541 feet in its State "O" Well No. 1 located in Unit J of Section 15, Township 10 South, Range 36 East, South Crossroads-Devonian Pool, Lea County, New Mexico.

- CASE 3906:** Application of Skelly Oil 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 Queen formation through its Mattix "A" Well No. 4 located in Unit K of Section 2, Township 24 South, Range 37 East, Langlie-Mattix Oil Pool, Lea County, New Mexico. Applicant further seeks a procedure whereby said project may be expanded administratively without a showing of well response.
- CASE 3907:** Application of Skelly Oil Company for a waterflood project, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot waterflood project by the injection of water into the San Andres formation through its Hobbs "W" Well No. 9 located in Unit F of Section 29, Township 7 South, Range 34 East, Chaveroo-San Andres Pool, Roosevelt County, New Mexico. Applicant further seeks a procedure whereby said project may be expanded administratively without a showing of well response.
- CASE 3908:** Application of Pan American Petroleum Corporation for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from approximately 3932 feet to 4027 feet in its Miller Federal Well No. 4 located in Unit L of Section 35, Township 7 South, Range 31 East, Tom-Tom San Andres Pool, Chaves County, New Mexico.
- CASE 3909:** Application of Champlin Petroleum Company for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into San Andres formation, Chaveroo-San Andres Pool, Roosevelt County, New Mexico, through the following two wells located in Township 7 South, Range 33 East:
- Champlin Lauck-Federal Well No. 12,
Unit J of Section 29; Disposal Interval -
4202 feet to 4404 feet;
- Champlin State 32-7-33 Well No. 5, Unit J
of Section 32; Disposal Interval - 4303
feet to 4425 feet.

- CASE 3910: Application of Atlantic Richfield Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Bough "C" zone of the Pennsylvanian formation underlying the SW/4 of Section 17, Township 10 South, Range 34 East, Vada-Pennsylvanian Pool, Lea County, New Mexico. Said acreage to be dedicated to a well located in the NE/4 SW/4 of said Section 17.
- CASE 3911: Application of Atlantic Richfield Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Bough "C" zone of the Pennsylvanian formation underlying the SE/4 of Section 8, Township 10 South, Range 34 East, Vada-Pennsylvanian Pool, Lea County, New Mexico. Said acreage to be dedicated to a well located in the NW/4 SE/4 of said Section 8. In the alternative applicant seeks approval of a non-standard oil proration unit comprising the E/2 SE/4 of said Section 8 and the W/2 SW/4 of Section 9, said Township and Range, said unit to be dedicated to a well to be drilled in the NE/4 SE/4 of said Section 8.
- CASE 3882: (Continued from the October 9, 1968, Examiner Hearing)
Application of Solar Oil Company for a special gas-oil ratio limitation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 506 of the Commission Rules and Regulations to provide for a limiting gas-oil ratio of 6,000 cubic feet of gas per barrel of oil in the Teague Blinbry Pool, Lea County, New Mexico.
- CASE 3883: (Continued from the October 9, 1968, Examiner Hearing)
Application of Solar Oil Company for a special gas-oil ratio limitation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 506 of the Commission Rules and Regulations to provide for a limiting gas-oil ratio of 6,000 cubic feet of gas per barrel of oil in the Imperial Tubb-Drinkard Pool, Lea County, New Mexico.



200 JEFFERSON AVENUE
EL DORADO, ARKANSAS 71730

October 16, 1968

Mr. A. L. Porter, Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 871
Sante Fe, New Mexico 87501

Re Case 3894, Docket No. 31-68
Application of Signal Oil & Gas Company
for a non-standard oil proration unit,
Lea County, New Mexico

Dear Mr. Porter:

Murphy Oil Corporation, as Interest Owner in Section 7, Township 10 South, Range 3rd East, in the Middle Lane Field of New Mexico, wishes to express opposition to the application noted above.

The area involved in the application is currently spaced on 160 acres, based on governmental quarter sections. The application, upon reference to a land map, would appear to be an attempt to form a gerrymandered unit for the purpose of solving a land problem. It is on this presumption that Murphy Oil Corporation opposes the application, as we do not feel use of exceptions to rules of regulatory bodies should be the device by which land problems are solved. Such non-standard proration units should be sought for and granted only when a more efficient drilling or drainage pattern results, or when the protection of correlative rights is at issue. I am certain that propriety of including acreage in a proration unit which already contains a dry hole, and the effect upon future proration units in the area should the field develop further to the east, will be duly considered by the commission.

I am confident the New Mexico Oil Conservation Commission will be in a better position to judge the application after knowledge of all the facts have been received, but Murphy Oil Corporation reiterates its philosophy that "unorthodox proration units" should not be employed for the solution of land problems.

It is requested that this letter be entered into the records for the captioned Case and Docket Numbers.

Yours very truly,

Carl E. Haskett

Carl E. Haskett
Chief Petroleum Engineer

Docket Mailed

10-25-68

CEH:mat



New Mexico Oil Conservation Commission
October 16, 1968
Page 2

cc: Caymen Corporation
Attn: Mr. Tom Johnson, Vice President
27608 Silver Spur Road
Box 2099
Palos Verdes Peninsula, California 90274

Leonard A. Lewis

J. O. SETH (1883-1963)

A. K. MONTGOMERY
W. FEDERICI
FRANK ANDREWS
FRED C. HANNAHS
RICHARD S. MORRIS
SUMNER G. BUELL
SETH D. MONTGOMERY

MONTGOMERY, FEDERICI, ANDREWS, HANNAHS & MORRIS

ATTORNEYS AND COUNSELORS AT LAW

350 EAST PALACE AVENUE
SANTA FE, NEW MEXICO 87501

POST OFFICE BOX 2307
AREA CODE 505
TELEPHONE 982-3876

October 16, 1968

Case 3894

Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87501

Re: NMOCC Case No. 3894; Application of Signal Oil and Gas
Company for a Non-Standard Proration Unit, Vada-
Pennsylvanian Pool, Lea County, New Mexico

Gentlemen:

Enclosed is original and two copies of a Supplemental Applica-
tion in which Signal Oil and Gas Company proposes the establishment
of an 80-acre non-standard proration unit as an alternative to the
original application filed in this case. Signal Oil and Gas Com-
pany prefers the establishment of a 160-acre non-standard proration
unit as proposed by the original application in this case, and is
proposing the 80-acre non-standard proration unit only as an
alternative in the event the original application is not favorably
considered.

Since the 80-acre non-standard proration unit proposed by the
supplemental application covers acreage that is included within the
original 160-acre non-standard proration unit application, it
probably is not necessary for the case to be readvertised for hear-
ing; however, we of course have no objection to a readvertisement
if you believe it to be necessary or advisable.

We understand that Sunray DX Oil Company is filing an applica-
tion for forced pooling with respect to the SE/4 of Section 17,
Township 10 South, Range 34 East, Lea County, New Mexico, which
application also will be set for hearing on November 7, 1968.
Since Sunray's application is inconsistent with the original and
supplemental applications filed by Signal Oil and Gas Company,
Signal will oppose the granting of Sunray's application.

Very truly yours,

Richard S. Morris
DOCKET MARKER

RSM:jh
Enclosures

Date *10-25-68*

cc: Mr. W. B. Kelly
White, Gilbert, Koch & Kelly
Attorneys at Law
Lincoln Building
Santa Fe, New Mexico 87501

cc: Mr. A. C. Ambler
Division Production Manager
Signal Oil and Gas Company
125 Central Building
Midland, Texas 79701

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

APPLICATION OF SIGNAL OIL AND
GAS COMPANY FOR A NON-STANDARD
PRORATION UNIT, VADA-PENNSYLVANIAN
POOL, LEA COUNTY, NEW MEXICO

CASE NO. 3894

SUPPLEMENTAL APPLICATION

Comes now the applicant, Signal Oil and Gas Company, by its attorneys, and supplements its original application herein as follows:

1. In its original application herein, applicant has sought the establishment of a 160-acre non-standard proration unit in the Vada-Pennsylvanian Pool comprising the W/2 NE/4 and the N/2 SE/4 of Section 17, Township 10 South, Range 34 East, Lea County, New Mexico, which unit would be dedicated to the applicant's State AP Well No. 1 located in Unit I of said Section 17.

2. As stated in the original application, the said well previously was the unit well for a standard 80-acre proration unit in the Simanola-Pennsylvanian Pool consisting of the N/2 SE/4 of said Section 17.

3. In the alternative to its original application, applicant seeks by this supplemental application the establishment of an 80-acre non-standard proration unit in the Vada-Pennsylvanian Pool consisting of the N/2 SE/4 of said Section 17 to be dedicated to the said State AP Well No. 1.

4. In the event the 80-acre non-standard proration unit is established in accordance with this supplemental application, the allowable for the said State AP Well No. 1 should be the normal unit allowable multiplied by a depth factor of 3.77.

5. Approval of this supplemental application will prevent waste and protect correlative rights; conversely, denial of this application or the original application in this case

would result in the impairment of the correlative rights of the applicant.

WHEREFORE, Signal Oil and Gas Company requests that the original application in this case be granted or, in the alternative, that this supplemental application be granted. Applicant further requests that this case be heard upon the original application and this supplemental application at the examiner hearing to be held on November 7, 1968.

MONTGOMERY, FEDERICI, ANDREWS,
HANNAHS & MORRIS

By: *Richard S. Morris*

P. O. Box 2307
Santa Fe, New Mexico 87501

Attorneys for Applicant, Signal
Oil and Gas Company

CERTIFICATE OF MAILING

I certify that I caused to be mailed a true and correct copy of the foregoing Supplemental Application to White, Gilbert, Koch & Kelly, Attention Mr. W. B. Kelly, Lincoln Building, Santa Fe, New Mexico 87501, attorneys for Sunray DX Oil Company, this 16th day of October, 1968.

R. S. Morris

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

APPLICATION OF SIGNAL OIL AND
GAS COMPANY FOR A NON-STANDARD
PRORATION UNIT, VADA-PENNSYLVANIAN
POOL, LEA COUNTY, NEW MEXICO

CASE NO.

3894

APPLICATION

Comes now the applicant, Signal Oil and Gas Company, by its attorneys, and applies to the New Mexico Oil Conservation Commission for an order approving and establishing a non-standard proration unit in the Vada-Pennsylvanian Pool, Lea County, New Mexico, and in support of its Application states:

1. Applicant is the operator of the State AP Well No. 1 located in Unit I, Section 17, Township 10 South, Range 34 East, Lea County, New Mexico.
2. Prior to the entry of N.M.O.C.C. Order No. R-3472, the said well was located in the Simanola-Pennsylvanian Pool, and the N/2 SE/4 of said Section 17 was dedicated to the said State AP Well No. 1.
3. N.M.O.C.C. Order No. R-3472 contracted the Simanola-Pennsylvanian Pool and placed all of Section 17 in the Vada-Pennsylvanian Pool.
4. By letter dated August 29, 1968, from the Hobbs office of the New Mexico Oil Conservation Commission, the applicant was advised to "...file Form C-102 showing 160 acres dedicated to this well."
5. Applicant is the operator of the W/2 NE/4 and the N/2 SE/4 of said Section 17, together comprising 160 acres, which it proposes to dedicate to the said State AP Well No. 1 in the Vada-Pennsylvanian Pool. Attached to this Application as Exhibit "A" is a plat showing the location of the said State AP Well No. 1 and the acreage operated by applicant which it proposes to dedicate to

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the said well.

6. The configuration of the acreage applicant proposes to dedicate to the said State AP Well No. 1 constitutes a non-standard proration unit under the rules and regulations for the Vada-Pennsylvanian Pool and by this Application, applicant seeks approval of this non-standard proration unit.

7. Approval of this Application will neither cause waste nor impair correlative rights and to the contrary will protect the correlative rights of the applicant.

WHEREFORE, Signal Oil and Gas Company requests that this Application be set for hearing before the Commission or one of its examiners and that the Commission enter its order approving this Application.

MONTGOMERY, FEDERICI, ANDREWS,
HANNAHS & MORRIS

By: 

P. O. Box 2307
Santa Fe, New Mexico 87501

Attorneys for Applicant, Signal
Oil and Gas Company

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Alp.

DRAFT
GMH/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. 3894

Order No. R-3556
11-7-68

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APPLICATION OF SIGNAL OIL AND GAS
COMPANY FOR A NON-STANDARD OIL
PRORATION UNIT, LEA COUNTY, NEW
MEXICO.

Abu

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 ~~o'clock~~ a.m. on
November 7, 1968, at Santa Fe, New Mexico, before Examiner
Elvis A. Utz.

NOW, on this day of November, 1968, the Commission,
a quorum being present, having considered the record and the
recommendations of the Examiner, and being fully advised in the
premises,

FINDS:

That the applicant's request for dismissal should be
granted.

IT IS THEREFORE ORDERED:

That Case No. 3894 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.