

DOCKET: EXAMINER HEARING MAY 28, 1958

Oil Conservation Commission 9 a.m. Mabry Hall, State Capitol, Santa Fe

The following cases will be heard before Elvis A. Utz, Examiner:

- CASE 1225: Application of Moab Drilling Company and Utex Exploration Company for an order amending Order No. R-975. Applicant, in the above-styled cause, seeks an order amending Order No. R-975 to permit the conversion to a water injection well of the Utex Exploration Company Donohue-Federal No. 3 Well, located in the SE/4 SW/4 of Section 15, Township 16 South, Range 29 East, Eddy County, New Mexico.
- CASE 1446: Application of The Texas Company for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its Cotton Draw Unit embracing 35,144 acres, more or less, of Federal, State of New Mexico, and patented lands, located in Township 24 South, Ranges 31 and 32 East; Township 25 South, Ranges 31 and 32 East, in Eddy and Lea Counties, New Mexico.
- CASE 1447: Application of The Texas Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 320-acre non-standard gas proration unit in the Eumont Gas Pool comprising the E/2 of Section 11, Township 20 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the applicant's C. H. Weir "B" Well No. 3, located 330 feet from the North line and 660 feet from the East line of said Section 11.
- CASE 1448: Application of Ambassador Oil Corporation for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its North Caprock Queen Unit No. 2 embracing 1808 acres, more or less, of State of New Mexico lands located in Township 13 South, Ranges 31 and 32 East, in Chaves and Lea Counties, New Mexico.
- CASE 1449: Application of Graridge Corporation for an exception to Rule 309 of the Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order permitting the consolidation of tank batteries to receive the production from more than sixteen wells in the North Caprock Queen Unit No. 1 in Chaves and Lea Counties, New Mexico, which was established by Order No. R-1145. The applicant further seeks permission to install automatic custody transfer equipment on the above-referenced Unit.
- CASE 1450: Application of Neville G. Penrose, Inc. for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its November State Unit comprising 913 acres, more or less, of State of New Mexico and patented lands, located in Township 10 South, Range 37 and 38 East, and Township 11 South, Range 38 East, Lea County, New Mexico.

- CASE 1451: Application of Amerada Petroleum Corporation for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 280-acre non-standard gas proration unit in the Justis Gas Pool consisting of the W/2 SW/4 Section 24, NW/4 and SW/4 NE/4 of Section 25, all in Township 25 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the applicant's proposed well to be drilled in the NE/4 NW/4 of said Section 25.
- CASE 1452: Application of Amerada Petroleum Corporation for the dual completion of a producing oil well to permit the disposal of salt water therein. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its H. C. Posey "A" No. 4 Well, located in the NW/4 NE/4 of Section 14, Township 12 South, Range 32 East, Lea County, New Mexico, in such a manner as to permit the production of oil through the tubing from the Pennsylvanian formation, adjacent to the East Caprock-Pennsylvanian Pool, and to permit the disposal of salt water through the casing tubing annulus into the Devonian formation between 11,205 feet and 11,370 feet.
- CASE 1453: Application of Magnolia Petroleum Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Stephens Estate No. 1 Well, located in the NW/4 SW/4 of Section 24, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Terry-Blinebry Pool and Wantz-Abo Pool.
- CASE 1454: Application of Gulf Oil Corporation for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Learcy McBuffington No. 4 Well, located 660 feet from the South line and 1980 feet from the West line of Section 13, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from an undesignated Blinebry oil pool and oil from the Justis-Ellenburger Pool through parallel strings of tubing.
- CASE 1455: Application of Gulf Oil Corporation for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Learcy McBuffington Well No. 5, located 1650 feet from the South line and 1980 feet from the East line of Section 13, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from an undesignated Blinebry oil pool and oil from the Justis-Ellenburger pool through parallel strings of tubing.

NEVILLE G. PENROSE, INC.
FAIR BUILDING
FORT WORTH 2, TEXAS

April 28, 1958

*May 28
Exam hearing*

Mr. A. L. Porter
Oil Conservation Commission
State of New Mexico
P. O. Box 871
Santa Fe, New Mexico

Re: November State Unit - Lea County, New Mexico

Dear Mr. Porter:

We enclose original and two copies of application on behalf of Neville G. Penrose, Inc., Unit Operator, for approval by the Oil Conservation Commission of the proposed Unit Agreement covering 913.36 acres of land in Lea County, New Mexico.

Because of the early expiration of New Mexico State Lease E-1860, we request that this application be set down for the earliest possible hearing before an Examiner and that the required public notice be made as soon as possible.

The Unit Agreement together with application to extend State Lease E-1860 has been presented to the State Land Commissioner for approval.

Cordially,

NEVILLE G. PENROSE, INC.

By *R. T. Churchill*
R. T. Churchill

RTC/ta

CERTIFICATE OF APPROVAL

BY COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

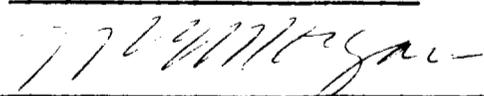
~~NOVEMBER STATE UNIT - - - COMMUNICATION~~

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, the attached Agreement for the development and operation of acreage which is described within the attached Agreement, dated March 28, 1958, which has been executed or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the state, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 7-11-39, 7-11-40, 7-11-41, 7-11-47, 7-11-48, New Mexico Statutes Annotated 1953 Compilation, I, the undersigned, Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, ~~this~~ Certificate of ~~Approval~~ is executed, with seal affixed, this _____ day of _____ 19 58.



Commissioner of Public Lands
of the State of New Mexico

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF NEVILLE G. PENROSE, INC. FOR)
THE APPROVAL OF A UNIT AGREEMENT)
EMBRACING THE W/2 W/2 OF SECTION)
31-10S-38E; ALL OF SECTION 36-10)
S-37E, EXCEPT SW/4 NW/4 AND W/2)
SW/4; AND LOTS, 1, 2, 3, 4, N/2)
SW/4 AND N/2 SE/4 OF SECTION 4-)
11S-38E, N.M.P.M., ALL IN LEA)
COUNTY, NEW MEXICO, AND CONTAIN-)
ing 913.36 ACRES, MORE OR LESS.)

CASE NO. _____

Comes now the applicant, NEVILLE G. PENROSE, INC., of Fort Worth, Texas, acting by and through its Secretary and General Counsel, R. T. Churchill, and makes application for the approval of a Unit Agreement embracing the W/2 W/2 of Section 31-10S-38E; all of Section 36-10S-37E, except SW/4 NW/4 and W/2 SW/4 and Lots 1, 2, 3, 4, N/2 SW/4 and N/2 SE/4 of Section 4-11S-38E, N.M.P.M., all in Lea County, New Mexico, and containing 913.36 acres, more or less, for the production of oil and/or gas therefrom; said Agreement having been subscribed to by all of the owners of working interest, royalty, overriding royalty and similar interest owners, except royalty owners Lorene E. Whitley McClinton Longwell, Aneta Field and the State of New Mexico, and which parties are presently being circulated for approval and signature, and in support of this application would show:

1. That the W/2 W/2 of Section 31-10S-37E, N.M.P.M., Lea County, New Mexico, are privately owned lands. That an undivided 1/2 interest in the W/2 NW/4 of said Section 31 is subject to four valid and subsisting leases described in the Exhibit B of the Unit Agreement attached hereto, and that the remaining 1/2 interest in the said W/2 NW/4 of Section 31 is unleased and is owned equally

by Leonard Oil Company and Sunshine Royalty Company. That an undivided 1/4th interest in the N/2 SW/4 of said Section 31 is subject to two valid and subsisting oil and gas leases, described in said Exhibit B ; and that the remaining 3/4th interest therein is unleased and is owned equally by Leonard Oil Company, Sunshine Royalty Company and J. L. Read.

The remaining lands embraced in said unit are owned by the State of New Mexico and are subject to the following oil and gas leases from the State of New Mexico:

<u>NUMBER</u>	<u>LESSEE</u>	<u>ACREAGE COMMITTED</u>
OG-362	Neville G. Penrose, Inc.	E/2 NE/4 and E/2 SW/4 of Section 36-10S-37E
E-8224	Gulf Oil Corporation	SE/4 of Section 36-10S-37E
E-6979	Aztec Oil & Gas Company	NW/4 NE/4 of Section 36-10S-37E
OG-1317	Aztec Oil & Gas Company and Neville G. Penrose, Inc.	N/2 NW/4 of Section 36-10S-37E
E-1860	Neville G. Penrose, Inc.	SE/4 NW/4 and SW/4 NE/4 of Section 36-10S-37E
OG-2300	Neville G. Penrose, Inc	Lots 1,2,3, & 4 of Section 4-11S-38E
E-9179	Neville G. Penrose, Inc.	N/2 SW/4 of Section 4-11S-38E
E-9440	Amerada Petroleum Corp.	N/2 SE/4 of Section 4-11S-38E

Request has been made to the Commissioner of Public Lands of the State of New Mexico to approve said Unit Agreement insofar as the above State Oil and Gas leases are concerned.

2. The Unit Agreement dated March 28, 1958, which is attached hereto and made a part hereof by reference, has been entered into and executed by all the owners of the working interest, royalty interest, unleased mineral interest and overriding royalty

interest, in and under the lands embraced in said unit, except royalty and overriding royalty owners, Lorene E. Whitley MC Clinton Longwell and Aneta Field, which parties are now being circularized for signature and under the terms of said Unit Agreement there will be no costs of development or operation of the pooled unit to be borne by said two royalty owners.

3. Upon information and belief, that the geological formations, porosity and drainage under all of the lands embraced in said Unit are substantially equal and uniform and the approval of such Unit will promote the orderly development of such lands for oil and gas, protect correlative rights and prevent waste. That the Unit Agreement attached hereto provides for the development and operation of the unit area as an entirety with the understanding and agreement between the parties that all oil and gas produced therefrom shall be allocated among the parties on an acreage basis.

Respectfully submitted,

NEVILLE G. PENROSE, INC.

By R. T. Churchill
R. T. Churchill
1813 Fair Building,
Fort Worth 2, Texas
Attorney for Applicant

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF NEVILLE G. PENROSE, INC. FOR)
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