



File 2319

TENNECO OIL COMPANY • P. O. BOX 1031 • 1800 WILCO BUILDING • MIDLAND, TEXAS

May 23, 1961

*non-ortho. land
unit
+ commingle*

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

Dear Mr. Porter:

We hand you herewith three copies of Application of Tenneco Corporation for an Order authorizing the formation of an un-orthodox proration unit in the Cha Cha-Gallup Field in San Juan County, New Mexico, together with an order granting an increased allowable to such unit and granting applicant the right to commingle production from such unit with other production obtained in the area.

Please set this down for the first available examiner hearing. We propose to be properly associated with a New Mexico firm of attorneys at the time of the hearing.

We appreciate your consideration in this matter.

Yours very truly,

TENNECO OIL COMPANY

William N. Armstrong
Division Attorney

WNA:jo

Enc. 3

cc: Mr. L. B. Plumb
Big Chief Drilling Company
Elliott, Inc.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
TENNECO CORPORATION FOR AN ORDER
AUTHORIZING THE POOLING OF LOTS 3 AND
4 AND THE E/2 OF THE SW/4 OF SECTION
31, T-29-N, R-13-W, CONTAINING 90.5
ACRES OF LAND IN THE CHA CHA-GALLUP
POOL, SAN JUAN COUNTY, NEW MEXICO,
INTO A NON-STANDARD PRORATION UNIT
AND THE GRANTING OF AN INCREASED
ALLOWABLE FOR SUCH PRORATION UNIT,
TOGETHER WITH AN ORDER GRANTING
APPLICANT THE RIGHT TO COMMINGLE
PRODUCTION FROM SUCH UNIT WITH PRO-
DUCTION FROM THE E/2 OF THE W/2 AND
THE E/2 OF SAID SECTION 31

A P P L I C A T I O N

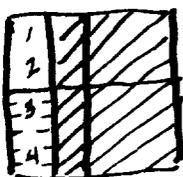
TO: THE HONORABLE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

Comes now the applicant, Tenneco Corporation, acting by its Managing Agent, Tenneco Oil Company, and makes application for an order from the Commission approving the combining of the following land in the Cha Cha-Gallup Pool in San Juan County, New Mexico into an unorthodox unit for the purpose of protecting correlative rights by obtaining an increased allowable from a well which applicant proposes to drill at a location in the E/2 of the SW/4 of Section 31, to-wit:

Lots 3 and 4 and the E/2 of the SW/4 of Section 31,
Township 29 North, Range 13 West, containing 90.5
acres of land;

and applicant further seeks an order from the Commission allowing applicant to commingle Gallup production secured from the above-described land with other Gallup production secured from existing wells situated on the E/2 of said Section 31; and for its grounds for issuance of said orders, applicant states the following:

1. That applicant and Big Chief Drilling Company are the owners of United States Oil and Gas Lease bearing Serial No. Santa Fe-078931-B, insofar as said lease covers and pertains to the E/2 of the W/2 and the E/2 of Section 31, Township 29 North, Range 13 West, San Juan County, New Mexico. Tenneco Corporation owns 87.5% interest in said lease and is the Operator of same under a valid written agreement and Big Chief Drilling Company owns 12.5% interest in said lease. Elliott, Inc. is the owner of United States Oil and Gas Lease bearing Serial No. NM-06093, insofar as said lease covers and pertains to Lots 3 and 4 of the afore-said Section 31, which said lots comprise a total of 10.5 acres of land.



320
160
480
20
500

2. The address of applicant herein, Tenneco Corporation, is 1800 Wilco Building, Midland, Texas. The address of Big Chief Drilling Company is P. O. Box 8837, Oklahoma City, Oklahoma and the address of Elliott, Inc. is P. O. Box 1355, Roswell, New Mexico.

3. That Tenneco Corporation, Big Chief Drilling Company and Elliott, Inc. propose to pool Lots 3 and 4 and the E/2 of the SW/4 of the aforesaid Section 31, comprising 90.5 acres of land, into one unit and to drill a well at a location on the E/2 of the SW/4 of said Section 31 to secure production from the Cha Cha-Gallup Pool in San Juan County, New Mexico.

4. That Tenneco Corporation, Big Chief Drilling Company and Elliott, Inc. have all agreed upon the form of instruments to be executed to effectuate the proposed unitization, together with agreements providing for the manner of sharing in production secured from the proposed well and the participation of such parties in the costs and expenses incurred in connection therewith.

5. That the aforesaid Section 31 is a non-standard section containing a total of 502 acres and that Lots 3 and 4 comprise a total of 10.5 acres and unless this application is granted and an increased allowable be given to the proposed unit, giving effect to the additional acreage to be included therein, Elliott, Inc. will not be able to recover its fair share of the oil in the reservoir without drilling on acreage of insufficient size to justify the expense involved, thereby committing economic waste.

6. That Tenneco Corporation proposes to commingle Gallup production from the proposed unit into common storage with other Gallup production secured from the E/2 and the E/2 of the W/2 of the aforesaid Section 31, measuring same separately by means of a positive displacement meter.

7. That unless applicant is granted the right to commingle production from the proposed unit with other production secured from the Cha Cha-Gallup Pool in the aforesaid Section 31, measuring same separately by means of a positive displacement meter, applicant will be compelled to store such production separately at additional unnecessary expense, thereby committing economic waste;

WHEREFORE, applicant prays that this application be set for hearing, that notice be given as required by law and that upon the evidence introduced at such hearing, the Commission issue an order approving the proposed unitization, granting an increased allowable for the proposed unit, increasing the standard

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field allowable for the proposed well by 10.5/80 and granting to applicant permission to commingle production from said well with other production secured from the Cha Cha-Gallup Pool in the E/2 and the E/2 of the W/2 of the aforesaid Section 31, but requiring the applicant to accurately measure same separately by means of a positive displacement meter.

TENNECO CORPORATION, acting by its
Managing Agent, TENNECO OIL COMPANY

By William N. Armstrong
William N. Armstrong
Division Attorney
1800 Wilco Building
Midland, Texas