

Case No.

1011

Application, Transcript,
Small Exhibits, Etc.

CASE 1011: Schermerhorn Oil Corp. application
for 320-acre non-standard gas proration unit
(Amerada-State No. 1 Well)

Case #1011

In reply refer to:
Unit Division

December 28, 1956

Schermerhorn Oil Corporation
P. O. Box 1537
Hobbs, New Mexico

Re: Schermerhorn's Amerada-
State Well No. 1
Communitization Agreement -
NE/4 of Sec. 25-22S-35E and
SE/4 of Sec. 24-22S-35E,
Lea County, New Mexico

Attention: Mr. J. H. Moore

Gentlemen:

We are enclosing one copy of the above design-
ated Communitization, which was approved by the
Commissioner of Public Lands December 28, 1956.
Please give us the date you first produced this
well on a 320-acre allowable.

Also enclosed is Official Receipt in the amount
of \$5.00, which covers the filing fee.

Very truly yours,

E. S. WALKER
Commissioner of Public Lands

SWW/ER/m
enc: 2

cc: OGC-Santa Fe
OGC-Hobbs

February 10, 1956

In reply refer to:
Unit Division

Unit # 1011

*all 720 Ac
Common School
Land*

Schermerhorn Oil Corporation
P. O. Box 1537

Re: Communitizing
SE/4 of Sec. 24-22S-35E
NE/4 of Sec. 25-22S-35E

Attention: Mr. J. H. Moore

Gentlemen:

This is in reply to your letter of February 8, 1956, regarding your communitizing the above acreage, subject to the Oil Conservation Commission granting to you an exception to their Order No. R-520.

We would call your attention to the fact that the SE/4 of Section 24, Township 22S, Range 35E is contained in Lease E-396, Assignment No. 1.

*NE 1/4
NE 1/4 Sec 25
B-1357*

We would also like information regarding the well for which you are asking for a non-standard gas proration unit. Is it designated as Amerada State Well No. 1 located in the NE/4 of the SE/4 of Section 24-22S-35E?

We will be glad to approve the Communitization of these two state leases; however, in the event your non-standard gas proration unit is not approved and your need for a Communitization of your leases is unnecessary, would you please advise us.

Very truly yours,

E. S. WALKER
Commissioner of Public Lands

MMR/m

cc: OCC-Santa Fe

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
February 8, 1956

.....
IN THE MATTER OF:

The application of Schermmerhorn Oil Corporation for an order granting an exception to Rule 5 (a) of the Special Rules and Regulations for the Jalmat Gas Pool as set forth in Order No. B-520. Applicant, in the above-styled cause, seeks an order establishing a 320 acre non-standard gas proration unit consisting of the SE/4 of Section 24, NE/4 of Section 25, Township 22 South, Range 35 East; said acreage to be dedicated to applicant's Amerada-State No. 1 Well located 660 feet from the east line and 1900 feet from the south line of said Section 24, Jalmat Gas Pool, Lea County, New Mexico.

CASE NO. 1011

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BEFORE:

Warren W. Mankin, Examiner

TRANSCRIPT OF HEARING

HEARING EXAMINER MANKIN: Hearing will come to order. We will have a slight change in our cases that we will have today. The Continental and Gulf will be put on later as all of their people have been delayed by airplanes for the moment. First case that we will have today is Case 1011, the application of Schermmerhorn Oil Corporation for a non-standard unit. Those witnesses that are to testify in this - - - Will you swear those?

J. H. MOORE

called as a witness, having been first duly sworn, testified as follows:

MR. MANKIN: Would you identify yourself and I don't believe Mr. Moore that you have previously testified before this Commission.

MR. MOORE: I have not before this Commission, but I have before the Commission in Santa Fe. I qualified up there in Santa Fe.

MR. MANKIN: You qualified as an expert petroleum engineer, was it, or geologist?

MR. MOORE: Yes, that is correct.

MR. MANKIN: And you are going to testify today in that same respect and your name is J. H. Moore, and you are representing - - -

MR. MOORE: Schermerhorn Oil Corporation.

MR. MANKIN: As a petroleum — as a geologist.

MR. MOORE: That is correct.

MR. MANKIN: Your qualifications are acceptable. Proceed.

MR. MOORE: Our application is for a 320 non-standard unit. We have one completed well and it is assigned a 160 acre allowable at the present time. This well is capable of producing far in excess of the one unit allowable, and we would like to present Exhibit A which shows the location of the tract and the location of the adjoining 160 acre tract which is in separate - - different section across section lines.

MR. MANKIN: Before you start Mr. Moore, did you say it is now assigned a 160 acre allowable - this particular well.

MR. MOORE: That is correct.

MR. MANKIN: And today you are - - -

MR. MOORE: Making application to extend the unit to 320 acres, and we ask for a 320 acre allowable to be assigned to the well. Exhibit A shows the location of the well over the present unit of 160 acres and the adjoining 160 acre tract which we would like to be included in the unit. This exhibit also shows contours on top of the Yates sand, which is the gas productive horizon. I would like to present Exhibit A.

MR. MANKIN: For the record would you identify the well, its position and the unit which you are requesting so that everyone is aware of it.

MR. MOORE: Alright. The well is Schermerhorn Oil Corporation Amerada-State No. 1 which is located in Section 24, Township 22 South, Range 35 East, Lea County. It is in the Jalmat Pool. The well is located 1980 feet from the south line and 660 feet from the east line of Section 24. The unit is called the Schermerhorn Oil Corporation Amerada

State Unit. The second exhibit which I would like to present is a back pressure data sheet for the well. This is the only test made on the well, and it shows the open flow potential of the well, the Schermerhorn Amerada State No. 1. That test was taken 6/23/55, which was the last complete test taken on the well which was - - the test was made by El Paso Natural Gas Company who is the purchaser of the gas. The open flow - - the absolute open flow for this well is 19,700 MCF. This data sheet also shows the calculated rate at several different flows. That is flowing at different pressures, that is against different back pressures. It shows a seven million delivery rate against a pressure of 574, that is approximately the line pressure.

MR. MANKIN: That is identified as Exhibit B.

MR. MOORE: That is right.

MR. GURLEY: Do you wish to testify any further in this case?

MR. MOORE: No. I believe that that is all the testimony I have.

MR. MANKIN: Mr. Moore, I notice from the gas well plat that was submitted with the application, that Carper Drilling Company has completed an oil well in the NE/4 of the NE/4 of Section 24 which is in the 160 acres just north of the unit requested, and to what zone is that particular well completed?

MR. MOORE: I believe that the present status of that well is a gas well. It might have been completed an oil well but I know from being on the ground that it is connected into a high pressure line. I would say that it is probably a gas well producing some oil. That perforated lower in the Yates sand.

MR. MANKIN: It is productive in the Yates.

MR. MOORE: Basal part of the Yates, yes, sir. The Schermerhorn Amerada State Well is in the upper part of the Yates. It is completed lower than the Schermerhorn I believe. I am not sure but I think it might be on the gas schedule.

MR. MANKIN: Is the well in question in this case producing any liquids?

MR. MOORE: We have no separator at the well. It does not make any fluid with the

gas. We don't capture any.

MR. MANKIN: You have no knowledge that it has made or is making any fluid.

MR. MOORE: No.

MR. GURLEY: Mr. Moore, as to the ownership of the minerals under the 320 - Schermerhorn owns the entire piece of acreage.

MR. MOORE: Schermerhorn and their partner Kenwood Oil Company own all of the lease interests under, that is the working interest leases on the two quarter sections that is correct. The state owns all of the royalty. There are two overriding royalty interest owners.

MR. GURLEY: And who are they?

MR. MOORE: Amerada owns an overriding royalty under the north 160 and an individual in Houston owns an override on the south part.

MR. GURLEY: Do you have the name of that individual?

MR. MOORE: Mildred P. Moore.

MR. GURLEY: And Amerada owns an overriding royalty on the north part.

MR. MOORE: 1/16th of 8/8ths. 5% of 8/8ths.

MR. GURLEY: You have notified all of the offset operators of the intentions for this unit.

MR. MOORE: Yes, sir.

MR. GURLEY: Do you have available the names of those?

MR. MOORE: The offset operators.

MR. GURLEY: Yes. Will you read that into the record please?

MR. MOORE: Cities Service Oil Company, Carper Drilling Company, Amerada Petroleum Corporation, Atlantic Refining Company and Mr. J. E. Cone. I believe that is all of the offset operators - lease operators.

MR. GURLEY: Have you had any answer to these letters?

MR. MOORE: No replies. No correspondence from any offset operators.

MR. GURLEY: How long ago did you send them a copy of your application?

MR. MOORE: We sent them a copy at the same time we ask for this hearing which was January 11th, 1956.

MR. GURLEY: That is all.

MR. MANKIN: Mr. Moore, this 320 acres in question in this case, is that one state lease - in other words

MR. MOORE: No, two separate state leases which we are combining.

MR. MANKIN: Is it common beneficiary?

MR. MOORE: To the state.

MR. MANKIN: Yes.

MR. MOORE: I couldn't answer that. I don't know for sure.

MR. MANKIN: Have you made a request to the New Mexico State Land Office for this acreage to be consolidated or communitized?

MR. MYERS: Not yet. We plan to do that as soon as the application is approved.

MR. GURLEY: Would you carry that out at your earliest possible convenience so that we might have that in our records for considering before approval. You will get that permission from the Land Office.

MR. MOORE: Yes.

MR. GURLEY: You don't happen to have the numbers of the state leases do you?

MR. MOORE: No I don't have them.

MR. GURLEY: We would like to have them for the file. That is all.

MR. MANKIN: Mr. Montgomery or Mr. Rieder. Is there further questions of this witness? Did you wish to introduce these Exhibits A and B in evidence in this case?

MR. MOORE: Yes.

MR. MANNING: Is there objection to the entering of Exhibit A and Exhibit B in evidence in this case? If not, they will be so entered as exhibits, in this particular case. If there is no questions of the witness, the witness may be excused. We will take the case under advisement.

STATE OF NEW MEXICO)
) ss
COUNTY OF SANTA FE)

I, Bobby Postlewaite, do hereby certify that the foregoing
and attached transcript of proceedings before the New Mexico Oil
Commission Examiner at Hobbs, New Mexico, is a true and correct
record, to the best of my knowledge, skill and ability.

Dated At Santa Fe, New Mexico this 5th day of March, 1956.

Bobby Postlewaite

SCHERMERHORN OIL CORPORATION

P. O. BOX 1537
HOBBS, NEW MEXICO

January 11, 1956

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Re: Jalmat Gas Pool
Lea County, New Mexico
Request for Enlargement of
Non-standard Gas Proration Unit

Attention: Mr. W. B. Macey,
Secretary-Director

Gentlemen:

It is respectfully requested that the Conservation Commission schedule a hearing to consider our application for approval for a 320 acre non-standard gas proration unit comprising the SE/4 of Section 24 and the NE/4 of Section 25, Twp. 22S, Rge. 35E, and to be assigned to the Schermerhorn Oil Corporation, Amerada-State #1, Jalmat pool, Lea County, New Mexico.

The Amerada-State #1 is located 660' from the East line and 1,980' from the South line of Section 24 and is completed as a gas well in the Jalmat pool. At the present time this well is assigned an allowable for 160 acres. This well is capable of producing far in excess of one unit allowable, therefore, an exception to Rule 5 (A), Order R-520 is requested, permitting the assignment of a 320 acre non-standard gas proration unit to the well. The proposed unit consists of contiguous quarter sections and the entire area may reasonably be presumed to be productive of gas.

It is requested that an examiner hear this case at the Hobbs office of the New Mexico Oil Conservation Commission.

All operators owning interests in Section 24 and 25 and within 1,500' of Amerada-State #1 as indicated on the attached plat have been furnished copies of this request by registered mail.

Yours very truly,

SCHERMERHORN OIL CORPORATION

By J. H. Moore
J. H. Moore

cj

cc: New Mexico Oil Conservation Commission
P. O. Box 2045
Hobbs, New Mexico

Cities Service Oil Company
P. O. Box 97
Hobbs, New Mexico

Carper Drilling Company
Carper Building
Artesia, New Mexico

Amerada Petroleum Corporation
Drawer D
Monument, New Mexico

Atlantic Refining Company
P. O. Box 6640
Roswell, New Mexico

Mr. J. R. Cone
Great Plains Life Building
Lubbock, Texas

Gas Well Plat

Schermehorn Oil Corp. Amerada-State 1
Operator Lease Well No.

No. Acres Dedicated to the Well 320

<p>R-35E</p> <p>I hereby certify that the information given above is true and complete to the best of my knowledge.</p>	<p>R-36E</p> <p>0 4 22</p>
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Name J. H. Moore
Position Geologist
Representing Schermmerhorn Oil Corp.
Address Box 1537, Hobbs, N. Mex.

(over)

EXHIBIT "B"
Case 1011

NEW MEXICO
OIL CONSERVATION COMMISSION
Back Pressure Data Sheet

Form C-122

Pool: Jalmat Date: 6-23-55
Company: Schermerhorn Oil Corp. Lease: Amerada State Well No. 1
County: Lea Sec. 24 Twp. 22S Rge. 35E Loc. Unit I
4.892 ID casing set @ 3594 ; 1.995 ID tubing 2 OD tubing set @ 3680
Pay zone from 3594 to 3710 ; Separator gas gr. .690 Barometer rdg. 13.2
Assumed
Reservoir temperature ° Produced through: csg. tbg. X
Average gas/liquid ratio during test: Cu. ft. /bbl. gravity of liquid ° API
Size of meter run or prover: 2" Critical Flow Prover

OBSERVED DATA

Wellhead shut-in pressure, $P_{X P_c}$ Casing 1269.2 Tubing 1246.2 PSIA

Run No.	Orifice Size	Orifice x Line	Meter Pressures		Coefficient C Flg. tap Pipe tap	Wellhead Pr.		Flowing Temp.	
			Static P_m Abs.	Diff. h_w		Casing P_{wc} Abs.	Tubing P_{wc} Abs.	Meter P	Wellhead
1	.750	2 x .750			12.20	1018.2	577.2	62	
2	.500	2 x .500			5.523	1072.2	865.2	71	
3	.375	2 x .375			3.070	1125.2	1006.2	78	
4	.250	2 x .250			1.403	1154.2	1124.2	78	

DATA FOR PLOTTING CURVE $P_c^2 - P_w^2$

Run No.	Delivery Rate in MCF per 24 hours (Q)	XXXXXXXXXX (thousands)
1	7,000	574
2	4,851	461
3	3,109	345
4	1,609	279
5		

Absolute Open Flow 19,700 MCF

CERTIFICATION: I hereby swear or affirm that, to the best of my knowledge, the information given above is true and correct.
Test data as measured by El Paso Natural Gas Company.

Name:

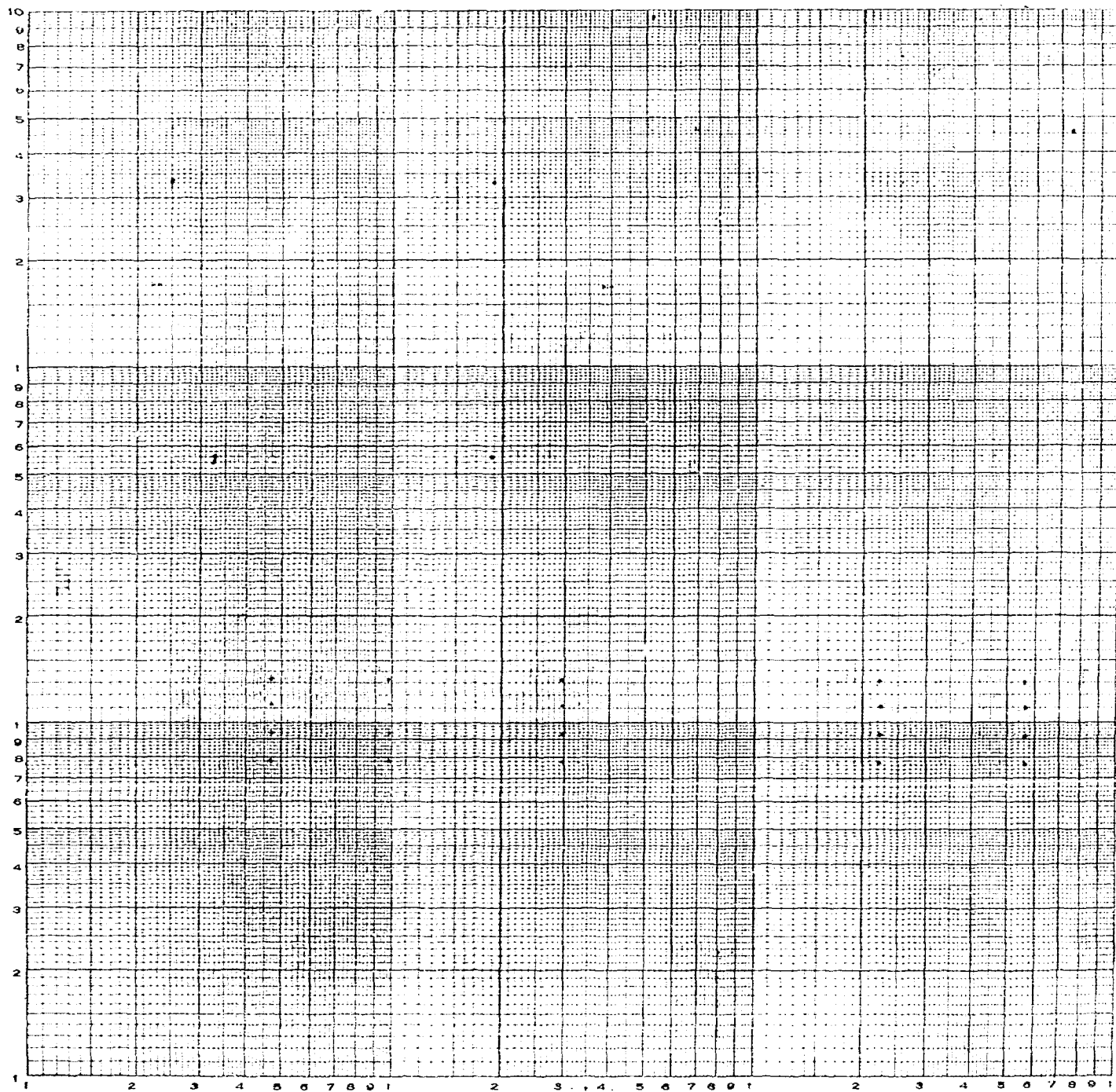
Position:

Company:

Address:

Please plot curve on back

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
Subscribed 8 EXHIBIT No. 13
CASE 1011



NEW MEXICO
OIL CONSERVATION COMMISSION

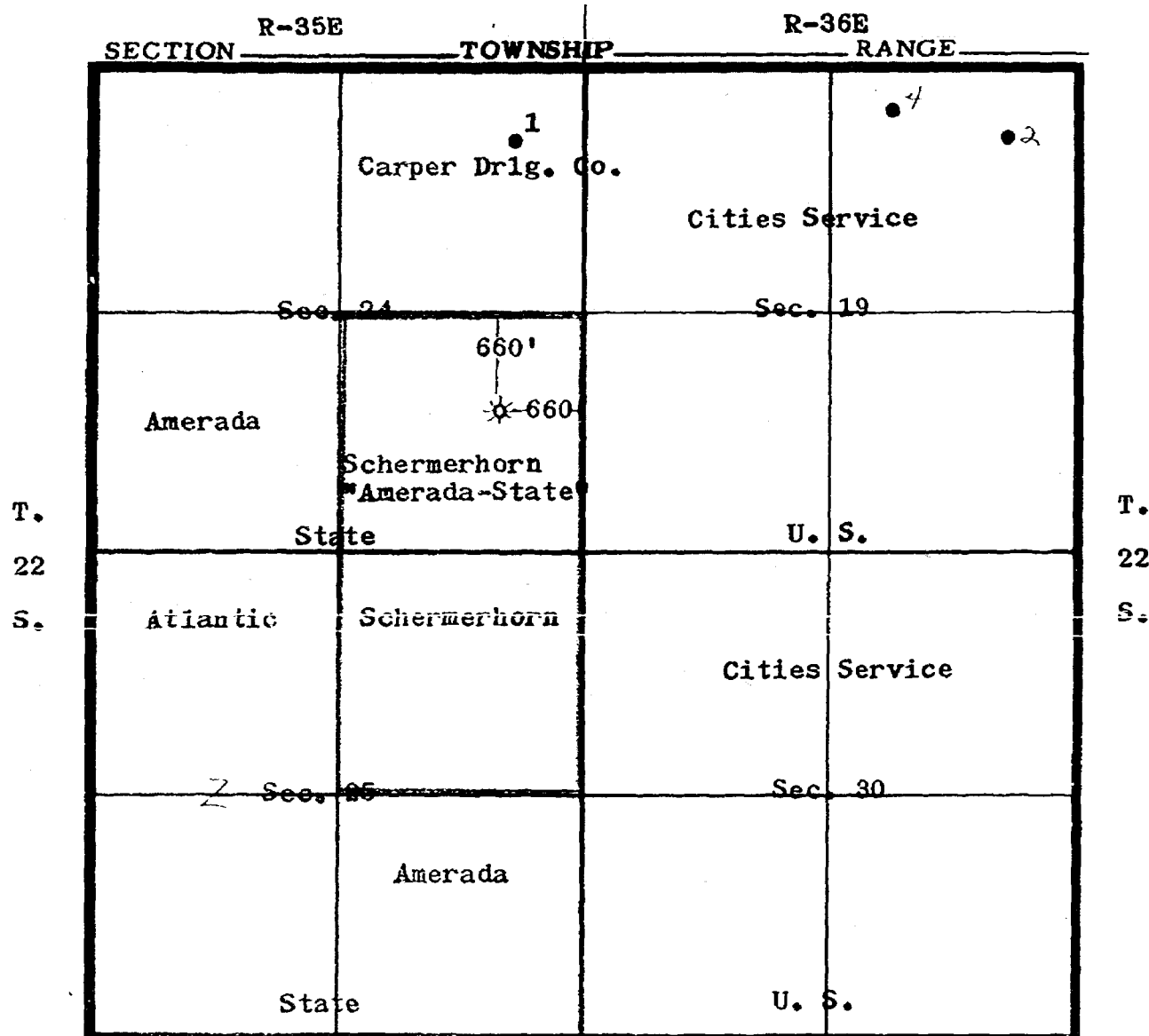
Gas Well Plat

Date Jan. 11, 1956

Schermerhorn Oil Corp. Amerada-State 1
Operator Lease Well No.

Name of Producing Formation Yates Pool Jalmat

No. Acres Dedicated to the Well 320



I hereby certify that the information given above is true and complete to the best of my knowledge.

Name J. H. Moore
Position Geologist
Representing Schermerhorn Oil Corp.
Address Box 1537, Hobbs, N. Mex.

(over)

INSTRUCTIONS

1. Is this gas well a dual completion? Yes _____ No. _____.
2. If the answer to Question 1 is Yes, are there any other dually completed wells within the dedicated acreage?
Yes _____ No. _____.

A separate plat must be filed for each gas well, outlining the area dedicated to such well and showing the location of all other wells (oil and gas) within the outlined area.

Mail in duplicate to the district office for the district in which the well is located.

SCHERMERHORN OIL CORPORATION

P. O. BOX 1537
HOBBS, NEW MEXICO

*File
to 1011*
February 8, 1956

Mr. E. S. Walker
Commissioner of Public Lands
P. O. Box 791
Santa Fe, New Mexico

Re: Oil Conservation
Commission Case 1011

Dear Sir:

In Oil Conservation Commission Case 1011 our company has made application for an order granting an exception to Rule 5 (a) of the special rules and regulations for the Jalmat gas pool as set forth in Order R-520 to establish a 320 acre non-standard gas proration unit consisting of the SE/4 of Section 24 and the NE/4 of Section 25 in Twp. 22S, Rge. 35E, Lea County, New Mexico.

The SE/4 of Section 24, Twp. 22S, Rge. 35E is a portion of State lease NM-1071. The NE/4 of Section 25, Twp. 22S, Rge. 35E is New Mexico State lease E-1357.

The royalty under the proposed 320 acre unit is owned by the State of New Mexico subject to the above described leases. This is to ask approval by your office for the communitization of the two leases for the unit.

If the formation of this gas unit is agreeable, will you please so advise and a communitization agreement will be submitted for a certificate of approval.

Yours very truly,

SCHERMERHORN OIL CORPORATION

By J. H. Moore

cj
cc: ✓ New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico
attention--Mr. W. W. Mankin

Amerada Petroleum Company
P. O. Box 591
Midland, Texas
attention--Mr. John Cornwall

Memo

4/16/06

From
Wron

Re: Case # 1011

To

JWG

OK to go ahead approving
320 Ac. NSP by order.

M

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 20, 1956

C
O
P
Y

Mr. J. H. Moore
Schermerhorn Oil Corp.
P.O. Box 1537
Hobbs, New Mexico

Dear Sir:

We enclose a copy of Order R-762 issued March 14, 1955, by the Oil Conservation Commission in Case 1011, which was heard on February 8th in Hobbs.

Very truly yours,

W. B. Macey
Secretary - Director

WRM:brp
Encl.

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. 1011
Order No. R-762

THE APPLICATION OF SCHERMERHORN
OIL CORPORATION FOR AN ORDER
GRANTING APPROVAL OF AN EXCEPTION
PURSUANT TO RULE 6 (a) OF THE
SPECIAL RULES AND REGULATIONS FOR
THE JALMAT GAS POOL AS SET FORTH
IN ORDER NO. R-520 IN ESTABLISHMENT
OF A NON-STANDARD GAS PRODUCTION UNIT
OF 320 CONTIGUOUS ACRES IN LEA COUNTY,
NEW MEXICO, CONSISTING OF SE/4 SECTION
24 AND THE NE/4 SECTION 25, TOWNSHIP
22 SOUTH, RANGE 35 EAST, NMPM.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10 o'clock a.m. on
February 8, 1956, at Hobbs, New Mexico, before Warren W. Mankin,
Examiner duly appointed by the Oil Conservation Commission of New
Mexico, in accordance with Rule 1214 of Order R-681.

NOW, on this 11th day of March 1956, the Oil Conserva-
tion Commission of New Mexico, a quorum being present, having
considered the application, the evidence and the recommendations
of the examiner, Warren W. Mankin, and being fully advised in the
premises,

FINDS:

(1) That due notice of the time and place of hearing
and the purpose thereof having been given as required by law, the
Commission has jurisdiction of this case and the subject matter
thereof.

(2) That pursuant to provisions of Rule 6 (a) of the
Special Rules and Regulations for the Jalmat Gas Pool as set forth
in Order No. R-520, the Commission has power and authority to
permit the formation of a gas production unit consisting of other
than a legal section after notice and hearing by the Commission.

(3) That applicant, Schermershorn Oil Corporation is
the owner of oil and gas leases in Lea County, New Mexico, the
land consisting of other than a legal section, and described as
follows, to-wit:

TOWNSHIP 22 SOUTH, RANGE 35 EAST, NMPM
SE/4 Section 24
NE/4 Section 25

containing 320 acres, more or less.

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. 1011
Order No. R-762

THE APPLICATION OF SCHERMERHORN
OIL CORPORATION FOR AN ORDER
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PURSUANT TO RULE 5 (a) OF THE
SPECIAL RULES AND REGULATIONS FOR
THE JALMAT GAS POOL AS SET FORTH
IN ORDER NO. R-520 IN ESTABLISHMENT
OF A NON-STANDARD GAS PRORATION UNIT
OF 320 CONTIGUOUS ACRES IN LEA COUNTY,
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(1) That due notice of the time and place of hearing
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in Order No. R-520, the Commission has power and authority to
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than a legal section after notice and hearing by the Commission.

(3) That applicant, Schermerhorn Oil Corporation is
the owner of oil and gas leases in Lea County, New Mexico, the
land consisting of other than a legal section, and described as
follows, to-wit:

TOWNSHIP 22 SOUTH, RANGE 35 EAST, NMPM
SE/4 Section 24
NE/4 Section 25

containing 320 acres, more or less.

(4) That applicant, Schermerhorn Oil Corporation has a producing well on the aforesaid leases known as its Amerada-State No. 1, located 660 feet from the East line and 1,980 feet from the South line of Section 24, Township 22 South, Range 35 East.

(5) That the aforesaid well is located within the vertical and the horizontal limits of the pool heretofore delineated and designated as the Jalmat Gas Pool.

(6) That it is impractical to pool applicant's said lease with adjoining acreage in the Jalmat Gas Pool and that the owners of adjoining acreage in said area have not objected to the formation of the proposed proration unit of 320 acres.

(7) That unless a proration unit consisting of applicant's aforesaid acreage is permitted, applicant will be deprived of the opportunity to recover its just and equitable share of the natural gas in the Jalmat Gas Pool..

(8) That creation of a proration unit consisting of the aforesaid acreage will not cause but will prevent waste, and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Schermerhorn Oil Corporation for approval of a non-standard gas proration unit consisting of the following described acreage in the Jalmat Gas Pool, Lea County, New Mexico:

TOWNSHIP 22 SOUTH, RANGE 35 EAST, NMPM
SE/4 Section 24
NE/4 Section 35

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

(2) That applicant's well, Amerada State Well No. 1, located in the NE/4 of the SE/4 of said Section 24, shall be granted an allowable in the proportion that the above described 320 acre unit bears to the standard proration unit for said pool, all until further order of the Commission.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John F. Sims
JOHN F. SIMS, Chairman

E. S. Walker
E. S. WALKER, Member

W. B. Macey
W. B. MACEY, Member and Secretary



BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
February 8, 1956

IN THE MATTER OF:

CASH 1011

TRANSCRIPT OF PROCEEDINGS

REGISTER

HEARING DATE

February 8, 1956

TIME 10:00 a.m.

R. T. Montgomery	OCC	Hobbs
J. A. Moore	Schermerhorn Oil Corp.	Hobbs
C. M. Riedel	OCC	Hobbs.
J. A. Rogers	Mag. Co. Oil Co.	Hobbs
W. H. Harrington	Gulf	Hobbs
J. L. McCallum	Gulf	Hobbs
W. G. Shofert	U.S. GS	Hobbs
W. J. Wheeler Jr	Continental	Ennice, N.M.
Carl Shofert	Continental	Hobbs, N.M.
C. R. Smith	Continental Oil	Ennice, N.M.
W. E. Allen	Continental Oil	" "
W. G. Abbott	Amerada Pet Corp	Monument, N.M.
J. S. Dawsey	Humble Oil & Refining Co	Midland Texas.
James E. Huie	" " " "	Hobbs, N.M.
J. M. Huie	" " " "	" "
H. C. Huie Jr	" " " "	Hobbs N.M.
Frank O. Huie	J. E. Elliott	Hobbs N.M.
Don Walter	Gulf Oil Corp.	H. Worth, Tex
Frank Malone	Gulf Standard	Hobbs N.M.

R E G I S T E R

HEARING DATE

February 8, 1956

TIME 10:00 A.M.

L. W. Latow, Jr.	Standard	Roswell, N.M.
E. Donald Kaye	Standard	Roswell, N.M.
J. W. Adams	Mapanza Oil Co.	Hobbs, N.M.
A. B. Kirkpatrick	Gulf	Hobbs, N.M.
Thos. A. [unclear]	OCC	Santa Fe
Victor T. Lyon	Continental Oil Co.	Ft. Worth
Jason W. Kellahmi	" "	Santa Fe
J. A. Moore	" "	Roswell, NM
R. C. Lannier	" "	Farmington NM

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
February 8, 1956

.....
IN THE MATTER OF:

The application of Schermerhorn Oil Corporation for an order granting an exception to Rule 5 (a) of the Special Rules and Regulations for the Jalmat Gas Pool as set forth in Order No. R-520. Applicant, in the above-styled cause, seeks an order establishing a 320 acre non-standard gas proration unit consisting of the SE/4 of Section 24, NE/4 of Section 25, Township 22 South, Range 35 East; said acreage to be dedicated to applicant's Amerada-State No. 1 Well located 660 feet from the east line and 1980 feet from the south line of said Section 24, Jalmat Gas Pool, Lea County, New Mexico.

CASE NO. 1011

.....
BEFORE:

Warren W. Mankin, Examiner

TRANSCRIPT OF HEARING

HEARING EXAMINER MANKIN: Hearing will come to order. We will have a slight change in our cases that we will have today. The Continental and Gulf will be put on later as all of their people have been delayed by airplanes for the moment. First case that we will have today is Case 1011, the application of Schermerhorn Oil Corporation for a non-standard unit. Those witnesses that are to testify in this - - - Will you swear those?

J. H. MOORE

called as a witness, having been first duly sworn, testified as follows:

MR. MANKIN: Would you identify yourself and I don't believe Mr. Moore that you have previously testified before this Commission.

MR. MOORE: I have not before this Commission, but I have before the Commission in Santa Fe. I qualified up there in Santa Fe.

MR. MANKIN: You qualified as an expert petroleum engineer, was it, or geologist?

MR. MOORE: Yes, that is correct.

MR. MANKIN: And you are going to testify today in that same respect, and your name is J. H. Moore, and you are representing - - -

MR. MOORE: Schermerhorn Oil Corporation.

MR. MANKIN: As a petroleum --- as a geologist.

MR. MOORE: That is correct.

MR. MANKIN: Your qualifications are acceptable. Proceed.

MR. MOORE: Our application is for a 320 non-standard unit. We have one completed well and it is assigned a 160 acre allowable at the present time. This well is capable of producing far in excess of the one unit allowable, and we would like to present Exhibit A which shows the location of the tract and the location of the adjoining 160 acre tract which is in separate - - different section across section lines.

MR. MANKIN: Before you start Mr. Moore, did you say it is now assigned a 160 acre allowable - this particular well.

MR. MOORE: That is correct.

MR. MANKIN: And today you are - - -

MR. MOORE: Making application to extend the unit to 320 acres, and we ask for a 320 acre allowable to be assigned to the well. Exhibit A shows the location of the well over the present unit of 160 acres and the adjoining 160 acre tract which we would like to be included in the unit. This exhibit also shows contours on top of the Yates sand, which is the gas productive horizon. I would like to present Exhibit A.

MR. MANKIN: For the record would you identify the well, its position and the unit which you are requesting so that everyone is aware of it.

MR. MOORE: Alright. The well is Schermerhorn Oil Corporation Amerada-State No. 1 which is located in Section 24, Township 22 South, Range 35 East, Lea County. It is in the Jalmat Pool. The well is located 1980 feet from the south line and 660 feet from the east line of Section 24. The unit is called the Schermerhorn Oil Corporation Amerada

State Unit. The second exhibit which I would like to present is a back pressure data sheet for the well. This is the only test made on the well, and it shows the open flow potential of the well, the Schermerhorn Amerada State No. 1. That test was taken 6/23/55, which was the last complete test taken on the well which was - - the test was made by El Paso Natural Gas Company who is the purchaser of the gas. The open flow - - the absolute open flow for this well is 19,700 MCF. This data sheet also shows the calculated rate at several different flows. That is flowing at different pressures, that is against different back pressures. It shows a seven million delivery rate against a pressure of 574, that is approximately the line pressure.

MR. MANKIN: That is identified as Exhibit B.

MR. MOORE: That is right.

MR. GURLEY: Do you wish to testify any further in this case?

MR. MOORE: No. I believe that that is all the testimony I have.

MR. MANKIN: Mr. Moore, I notice from the gas well plat that was submitted with the application, that Carper Drilling Company has completed an oil well in the NE/4 of the NE/4 of Section 24 which is in the 160 acres just north of the unit requested, and to what zone is that particular well completed?

MR. MOORE: I believe that the present status of that well is a gas well. It might have been completed an oil well but I know from being on the ground that it is connected into a high pressure line. I would say that it is probably a gas well producing some oil. That perforated lower in the Yates sand.

MR. MANKIN: It is productive in the Yates.

MR. MOORE: Basal part of the Yates, yes, sir. The Schermerhorn Amerada State well is in the upper part of the Yates. It is completed lower than the Schermerhorn I believe. I am not sure but I think it might be on the gas schedule.

MR. MANKIN: Is the well in question in this case producing any liquids?

MR. MOORE: We have no separator at the well. It does not make any fluid with the

gas. We don't capture any.

MR. MANKIN: You have no knowledge that it has made or is making any fluid.

MR. MOORE: No.

MR. GURLEY: Mr. Moore, as to the ownership of the minerals under the 320 - Schermerhorn owns the entire piece of acreage.

MR. MOORE: Schermerhorn and their partner Kenwood Oil Company own all of the lease interests under, that is the working interest leases on the two quarter sections that is correct. The state owns all of the royalty. There are two overriding royalty interest owners.

MR. GURLEY: And who are they?

MR. MOORE: Amerada owns an overriding royalty under the north 160 and an individual in Houston owns an override on the south part.

MR. GURLEY: Do you have the name of that individual?

MR. MOORE: Mildred P. Moore.

MR. GURLEY: And Amerada owns an overriding royalty on the north part.

MR. MOORE: 1/16th of 8/8ths. 5% of 8/8ths.

MR. GURLEY: You have notified all of the offset operators of the intentions for this unit.

MR. MOORE: Yes, sir.

MR. GURLEY: Do you have available the names of those?

MR. MOORE: The offset operators.

MR. GURLEY: Yes. Will you read that into the record please?

MR. MOORE: Cities Service Oil Company, Carper Drilling Company, Amerada Petroleum Corporation, Atlantic Refining Company and Mr. J. E. Cone. I believe that is all of the offset operators - lease operators.

MR. GURLEY: Have you had any answer to these letters?

MR. MOORE: No replies. No correspondence from any offset operators.

MR. GURLEY: How long ago did you send them a copy of your application?

MR. MOORE: We sent them a copy at the same time we ask for this hearing which was January 11th, 1956.

MR. GURLEY: That is all.

MR. MANKIN: Mr. Moore, this 320 acres in question in this case, is that one state lease - in other words

MR. MOORE: No, two separate state leases which we are combining.

MR. MANKIN: Is it common beneficiary?

MR. MOORE: To the state.

MR. MANKIN: Yes.

MR. MOORE: I couldn't answer that. I don't know for sure.

MR. MANKIN: Have you made a request to the New Mexico State Land Office for this acreage to be consolidated or communitized?

MR. MOORE: Not yet. We plan to do that as soon as the application is approved.

MR. GURLEY: Would you carry that out at your earliest possible convenience so that we might have that in our records for considering before approval. You will get that permission from the Land Office.

MR. MOORE: Yes.

MR. GURLEY: You don't happen to have the numbers of the state leases do you?

MR. MOORE: No I don't have them.

MR. GURLEY: We would like to have them for the file. That is all.

MR. MANKIN: Mr. Montgomery or Mr. Richter. Is there further questions of this witness? Did you wish to introduce those Exhibits A and B in evidence in this case?

MR. MOORE: Yes.

MR. MANNIX: Is there objection to the entering of Exhibit A and Exhibit B in evidence in this case? If not, they will be so entered as exhibits, in this particular case. If there is no questions of the witness, the witness may be excused. We will take the case under advisement.

STATE OF NEW MEXICO)
 : ss
COUNTY OF SANTA FE)

I, Bobby Postlewaite, do hereby certify that the foregoing
and attached transcript of proceedings before the New Mexico Oil
Commission Examiner at Hobbs, New Mexico, is a true and correct
record, to the best of my knowledge, skill and ability.

Dated At Santa Fe, New Mexico this 5th day of March, 1956.

Bobby Postlewaite