

standard gas proration units.

CASE No.
3516

Application,
TRANSCRIPTS,
Small Exhibits
ETC.

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

February 1, 1967

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


Re: Case No. 3516
Order No. R-3188
Applicant:

TEXAS PACIFIC OIL 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/lr

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

Other _____

Case 3516:

(1)

(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, Jalisco Gas Pool, Lea County, New Mexico:

Ethel,
please move these notes

Will there be any need for transfer of status?

(2)

A 200-acre non-standard gas proration unit comprising the SE/4 of Section 20 and the NW/4 SW/4 of Section 21, to be dedicated to its state "A" A/C-1 well No. 2 located 2260 feet from the south line and 330 feet from the west line of said Section 21;

(4)

A 160-acre non-standard gas proration unit comprising the E/2 SW/4, SW/4 SW/4, and SW/4 SE/4 of Section 26 to be dedicated to its state "A" A/C-1 well No. 8 located 660 feet from the south line and 1980 feet from the East line of said Section 21;

(5)

A 160-acre non-standard gas proration unit comprising the SW/4 of Section 4, to be dedicated to its state "A" A/C-1 well No. 18 located 660 feet from the south and West lines of said Section 4;

(6)

An 80-acre non-standard gas proration unit comprising the S/2 NW/4 of Section 4, to be dedicated to its state "A"

A/C-1 well No. 15 located 1980 feet from the north and west lines of said section 4;

- (a) A 120-acre non-standard gas proration unit comprising the N $\frac{1}{2}$ NW $\frac{1}{4}$ and NW $\frac{1}{4}$ NE $\frac{1}{4}$ of section 4, to be dedicated to its state "A" A/C-1 well No. 23 located 660 feet from the north line and 2310 feet from the East line of said section 4;

- (b) A 160-acre non-standard gas proration unit comprising the W $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$, and SW $\frac{1}{4}$ SE $\frac{1}{4}$ of section 9, to be dedicated to its state "A" A/C-1 well No. 12 located 660 feet from the south line and 1980 feet from the East line of said section 9.

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

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

(5) That approval ^{looking to the} 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.

That in order to establish the proposed non-standard gas proration units ~~Order no 1 and no. 2 of~~ ~~units as well as necessary to amend~~ Order no. R-1364 should be amended
b

(6) That in order to establish the proposed non-standard gas proration units Order no. R-1364 should be amended by the deletion of Order 1 and 2 of said Order no. R-1364 ^{therefrom} that Order no. R-2021 should be ~~superseded by this order and~~ and Admin. Order NSP-521 should be superseded by this order.

Ordered:

(1) That Order no. R-1364 is hereby amended by the deletion therefrom of Order no. 1 and 2.

(2) That a 200-acre (front page)

(3) That a 160-acre non-standard gas proration unit comprising the SE 1/4 of Section 21, T23, S. 21, Range 36 East, N. M. P. M., Lea County, N. M. is hereby abolished.

(4) That a 160 acre - (front page) is hereby created -

(5) That a 160-acre (front page) is created

(6) That Order no. R-2021 is hereby superseded by Order no. 5 of this Order.

(7) That ~~the 160~~ ^{the 160} 160-acre non-standard gas proration unit comprising the NE 1/4 of Section 4, T 23 S, R 36 E, N. M. P. M., Lea County New Mex. and the 160-acre non-standard gas proration unit comprising the NW 1/4 of said Section 4 are hereby abolished.

(8) That an 80 acre (front page) is created -

^P
(8) That a 160-acre - (fourth page)

¹¹
(9) That Administrative Order NSP 521
is hereby superseded ^{Order No. 10} by this order.

⁷
(10) That the acreage factor for allowable
purposes assigned to each of the above
described non-standard gas production
units shall bear the same ratio
to a standard gas production unit as the
acreage in said unit bears to the
acreage in a standard gas production
unit in the Federal Gas Pool.

⁷
(11) Javis.

Case 3566

Heard 1-25-67

Rec. 1-25-67

Grant Texas Pacific Oil Co. the
6 mon old. Gas production under
as listed on docket.

Thos. W. P.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 25, 1967

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 3516: 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 200-acre non-standard unit comprising the SE/4 of Section 20 and the NW/4 SW/4 of Section 21, dedicated to its State "A" A/c-1 Well No. 2 located 2260 feet from the South line and 330 feet from the West line of said Section 21;

A 160-acre non-standard unit comprising the E/2 SW/4, SW/4 SW/4, and SW/4 SE/4 of Section 21 dedicated to its State "A" A/c-1 Well No. 8 located 660 feet from the South line and 1980 feet from the East line of said Section 21;

A 160-acre non-standard unit comprising the SW/4 of Section 4, dedicated to its State "A" A/c-1 Well No. 18 located 660 feet from the South and West lines of said Section 4;

An 80-acre non-standard unit comprising the S/2 NW/4 of Section 4 dedicated to its State "A" A/c-1 Well No. 15 located 1980 feet from the North and West lines of said Section 4;

A 120-acre non-standard unit comprising the N/2 NW/4 and NW/4 NE/4 of Section 4, dedicated to its State "A" A/c-1 Well No. 23 located 660 feet from the North line and 2310 feet from the East line of said Section 4;

A 160-acre non-standard unit comprising the W/2 SW/4, SE/4 SW/4, and SW/4 SE/4 of Section 9 dedicated to its State "A" A/c-1 Well No. 12 located 660 feet from the South line and 1980 feet from the East line of said Section 9.

CASE 3517: Application of Pan American Petroleum Corporation for a vapor recovery system, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to install, at its central tank battery for the Navajo Tribal F, N, and U Leases in the Tooto-Dome Pennsylvanian "D" Pool, San Juan County, New Mexico, a vapor recovery system including facilities for extracting the liquids from said vapor, with a provision that said liquids would not be chargeable to the oil allowable for said leases.

- CASE 3518: Application of Pan American Petroleum Corporation for an unorthodox location and possible directional drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the Toci to Dome-Pennsylvanian "D" Pool rules as promulgated by Order No. R-2758 to permit the drilling of its Navajo Tribal "N" Well No. 9 at an unorthodox location 600 feet from the North line and 1200 feet from the West line of Section 20, Township 26 North, Range 18 West, Toci to Dome-Pennsylvanian "D" Pool, San Juan County, New Mexico. Applicant further seeks authorization, if the Pennsylvanian "D" producing section is found above the gas-oil contact or below the oil-water contact, to intentionally deviate said well in such direction and to such extent as necessary to obtain a commercial well, provided that said well would not be bottomed any nearer than 100 feet to the outer boundary of the 160-acre proration unit.
- CASE 3519: Application of Robert N. Enfield for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Chaveroo-San Andres Pool underlying the NW/4 NW/4 of Section 11, Township 8 South, Range 33 East, Chaves County, New Mexico.
- CASE 3520: Application of Southern Natural Gas Company for the creation of a new pool and for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for Wolfcamp production for its State "C" Well No. 1 located in Unit C of Section 11, Township 11 South, Range 33 East, Lea County, New Mexico, and for the promulgation of special rules therefor, including a provision for 80-acre proration units.
- CASE 3521: Application of Sinclair Oil & Gas Company for three waterflood projects, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute three waterflood projects in the Grayburg-Jackson Pool by the injection of water into the Grayburg-San Andres formations through two wells on its Russell Lease, eight wells on its Turner "A" lease, and nine wells on its Turner "B" lease in Sections 17, 18, 19 and 20, Township 17 South, Range 31 East, Eddy County, New Mexico.
- CASE 3522: Application of Texaco Inc. for suspension of cancellation of underproduction and extension of deliverability test deadline, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order suspending the scheduled cancellation of the underproduction attributable on July 31, 1966, to its H. J. Loe Federal B Wells Nos. 2 and 3, located in Section 23, Township 29 North, Range 12 West, Basin-Dakota Gas Pool, San Juan County, New Mexico, said underproduction not having been made-up during the 6 months period ending January 31, 1967, due to said wells having been shut-in November 10, 1966,

Docket No. 3-67

-3-

(Case 3522 continued)

upon the transfer of the connecting pipeline from an intra-state status to an interstate status and delay in obtaining FPC approval for the sale of gas from said wells in interstate commerce. Applicant further seeks an extension of time in which to conduct the 1966 deliverability test of the Loe Well No. 3 until after FPC approval for gas sales has been received, and the well restored to production.

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. 3516
Order No. R-3188

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 January 25, 1967, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 1st day of February, 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 200-acre non-standard gas proration unit comprising the SE/4 of Section 20 and the NW/4 SW/4 of Section 21, to be dedicated to its State "A" A/c-1 Well No. 2 located 2260 feet from the South line and 330 feet from the West line of said Section 21;

A 160-acre non-standard gas proration unit comprising the E/2 SW/4, SW/4 SW/4, and SW/4 SE/4 of Section 21,

-2-

CASE No. 3516

Order No. R-3188

to be dedicated to its State "A" A/c-1 Well No. 8 located 660 feet from the South line and 1980 feet from the East line of said Section 21;

A 160-acre non-standard gas proration unit comprising the SW/4 of Section 4, to be dedicated to its State "A" A/c-1 Well No. 18 located 660 feet from the South line and 660 feet from the West line of said Section 4;

An 80-acre non-standard gas proration unit comprising the S/2 NW/4 of Section 4, to be dedicated to its State "A" A/c-1 Well No. 15 located 1980 feet from the North line and 1980 feet from the West line of said Section 4;

A 120-acre non-standard gas proration unit comprising the N/2 NW/4 and NE/4 NE/4 of Section 4, to be dedicated to its State "A" A/c-1 Well No. 23 located 660 feet from the North line and 2310 feet from the East line of said Section 4;

A 160-acre non-standard gas proration unit comprising the W/2 SW/4, SE/4 SW/4, and SW/4 SE/4 of Section 9, to be dedicated to its State "A" A/c-1 Well No. 12 located 660 feet from the South line and 1980 feet from the East line of said Section 9.

(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 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 establish the proposed non-standard gas proration units, Orders (1) and (2) of Order No. R-1364, Order No. R-2021, and Administrative Order NSP-521 should be superseded by this order.

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CASE No. 3516

Order No. R-3188

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 200-acre non-standard gas proration unit comprising the SE/4 of Section 20 and the NW/4 SW/4 of Section 21, to be dedicated to the Texas Pacific Oil Company State "A" A/c-1 Well No. 2 located 2260 feet from the South line and 330 feet from the West line of Section 21.
- (b) A 160-acre non-standard gas proration unit comprising the E/2 SW/4, SW/4 SW/4, and SW/4 SE/4 of Section 21, to be dedicated to the Texas Pacific Oil Company State "A" A/c-1 Well No. 8 located 660 feet from the South line and 1980 feet from the East line of Section 21.
- (c) A 160-acre non-standard gas proration unit comprising the SW/4 of Section 4, to be dedicated to the Texas Pacific Oil Company State "A" A/c-1 Well No. 18 located 660 feet from the South line and 660 feet from the West line of Section 4.
- (d) An 80-acre non-standard gas proration unit comprising the S/2 NW/4 of Section 4, to be dedicated to the Texas Pacific Oil Company State "A" A/c-1 Well No. 15 located 1980 feet from the North line and 1980 feet from the West line of Section 4.
- (e) A 120-acre non-standard gas proration unit comprising the N/2 NW/4 and NW/4 NE/4 of Section 4, to be dedicated to the Texas Pacific Oil Company State "A" A/c-1 Well No. 23 located 660 feet from the North line and 2310 feet from the East line of Section 4.
- (f) A 160-acre non-standard gas proration unit comprising the W/2 SW/4, SE/4 SW/4, and SW/4 SE/4 of Section 9, to be dedicated to the Texas Pacific Oil Company State "A" A/c-1 Well No. 12 located 660 feet from the South line and 1980 feet from the East line of Section 9.

-4-

CASE No. 3516
Order No. R-3188

(2) That Orders Nos. (1) and (2) of Order No. R-1364 are hereby superseded.

(3) That Order No. R-2021 is hereby superseded.

(4) That Administrative Order NSP-521 is hereby superseded.

(5) 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 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.

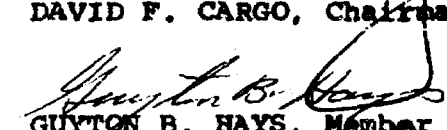
(6) That the provisions of this order shall be effective as of February 1, 1967.

(7) 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



ear/

Set for hearing

TEXAS PACIFIC OIL COMPANY

P. O. Box 4067
Midland, Texas
December 22, 1966

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter, Jr.

File 3576

Re: Application of Texas Pacific Oil
Company for Rededication of
Acreage for Non-Standard Gas
Proration Unit, Jalmat Gas Pool,
Lea County, New Mexico

Gentlemen:

① Texas Pacific Oil Company respectfully requests administrative approval of a 200 acre Non-Standard Gas Proration Unit covering the SE/4 of Section 20, and the NW/4 of the SW/4 of Section 21, all in T-23-S, R-36-E, Lea County, New Mexico. This unit is to be dedicated to the State "A" A/c-1 Well No. 2, located in the NW/4 of SW/4 of Section 21, for which, if necessary, administrative approval of a Non-Standard Location is also requested. Administrative approval is also requested for a 160 acre Non-Standard Jalmat Gas Proration Unit covering the E/2 of SW/4, SW/4 of SW/4 and the SW/4 of SE/4 of Section 21, to be dedicated to the State "A" A/c-1 Well No. 8, located 660' FSL and 1980' FEL. ② ?

③ In support of this application, the following facts are submitted:

1. Applicant's State "A" A/c-1 No. 2 was recompleted in what is presently the Jalmat gas pool on July 9, 1946.
2. Order No. R-1364 ordered that a 320 acre Non-Standard Gas Proration Unit consisting of the SE/4 of Section 20 and the SW/4 of Section 21, all in T-23-S, R-36-E, NMPM, Lea County, New Mexico be established.
3. Applicant proposes to remove 120 acres, consisting of the E/2 of SW/4 and the SW/4 of SW/4 of Section 21, from the present 320 acre unit. Applicant proposes to assign this acreage to State "A" A/c-1 No. 8.

Page 2

4. Applicant's State "A" A/c-1 No. 8 was recompleted in the Jalmat Gas Pool on August 1, 1946, and is presently assigned a 160 acre allocation comprised of the SE/4 of Section 21.
5. Applicant proposes to remove 120 acres, consisting of the N/2 of the SE/4 and the SE/4 of SE/4 of Section 21.
6. Applicant further proposes to reassign the 120 acres deleted from Well No. 2 to Well No. 8, thus forming a 160 acre unit.
7. The proposed Non-Standard Gas Proration Unit will meet the requirements of Rule 5(c) of Order R-1670 as follows:
 - a. Consists of contiguous quarter-quarter sections and/or lots;
 - b. Lie wholly within a single governmental section;
 - c. May reasonably be assumed to be productive of gas;
 - d. Length or width does not exceed 5,280 feet;
 - e. All operators in the section in which the Non-Standard Gas Proration Unit is located and all operators within 1,500 feet of the unit well have been furnished a copy of this application by registered mail.
8. This application is in the interest of prevention of waste and protection of correlative rights.

Respectfully submitted,

TEXAS PACIFIC OIL COMPANY

H. D. Holloway
H. D. Holloway
District Engineer

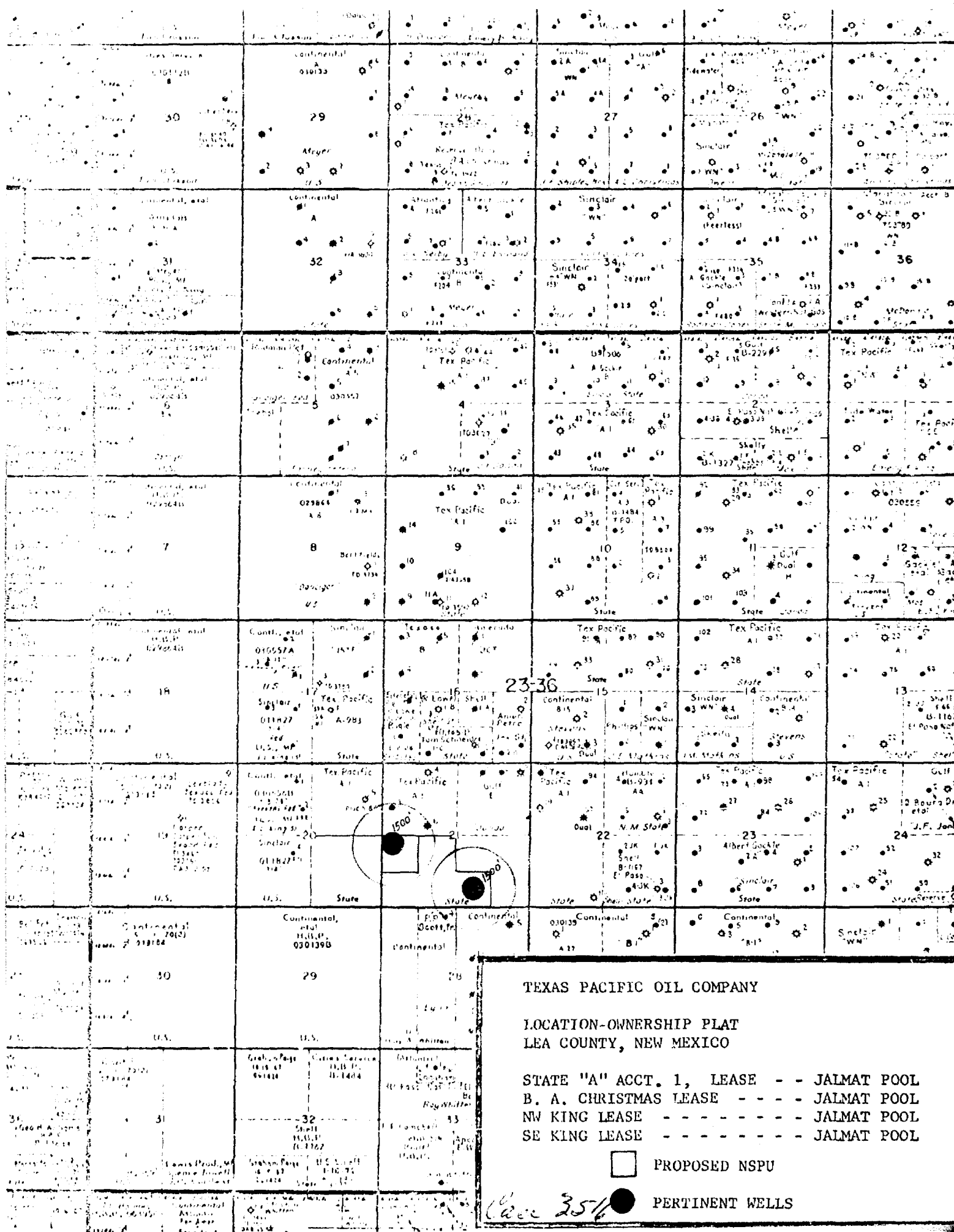
JHH:mc

cc: New Mexico Oil Conservation Commission
P. O. Box 1980
Hobbs, New Mexico

REGISTERED MAIL, RETURN RECEIPT REQUESTED:

Continental Oil Company
P. O. Box 460
Hobbs, New Mexico

Gulf Oil Corp.
P. O. Drawer 1938
Roswell, New Mexico 88201



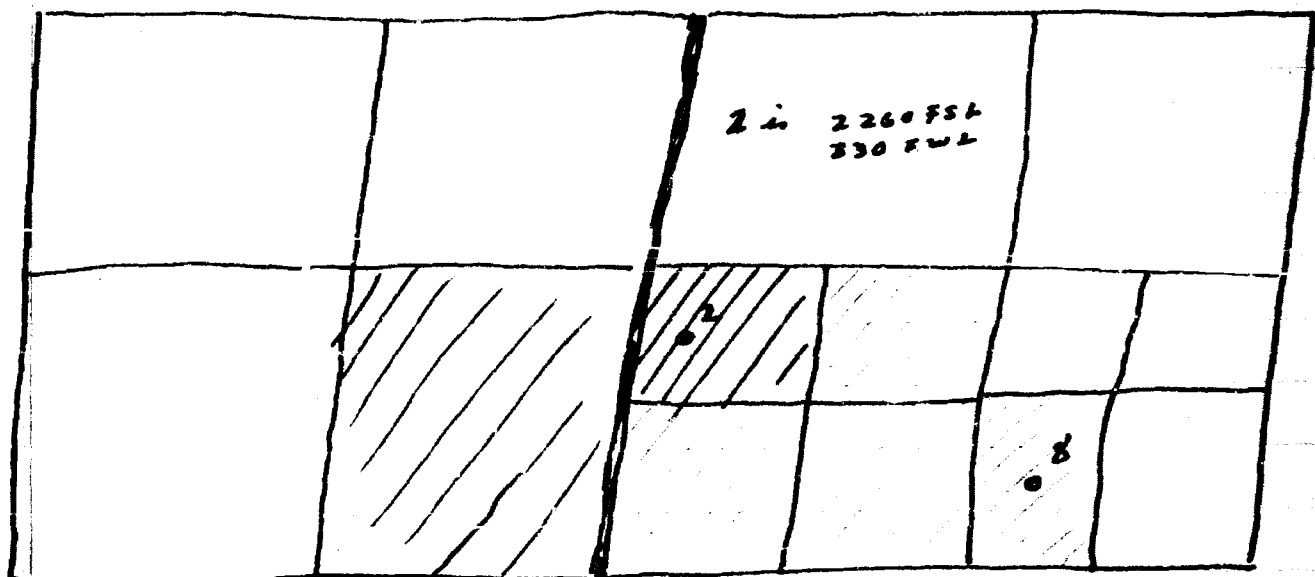
T23-315-36E

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21

asking

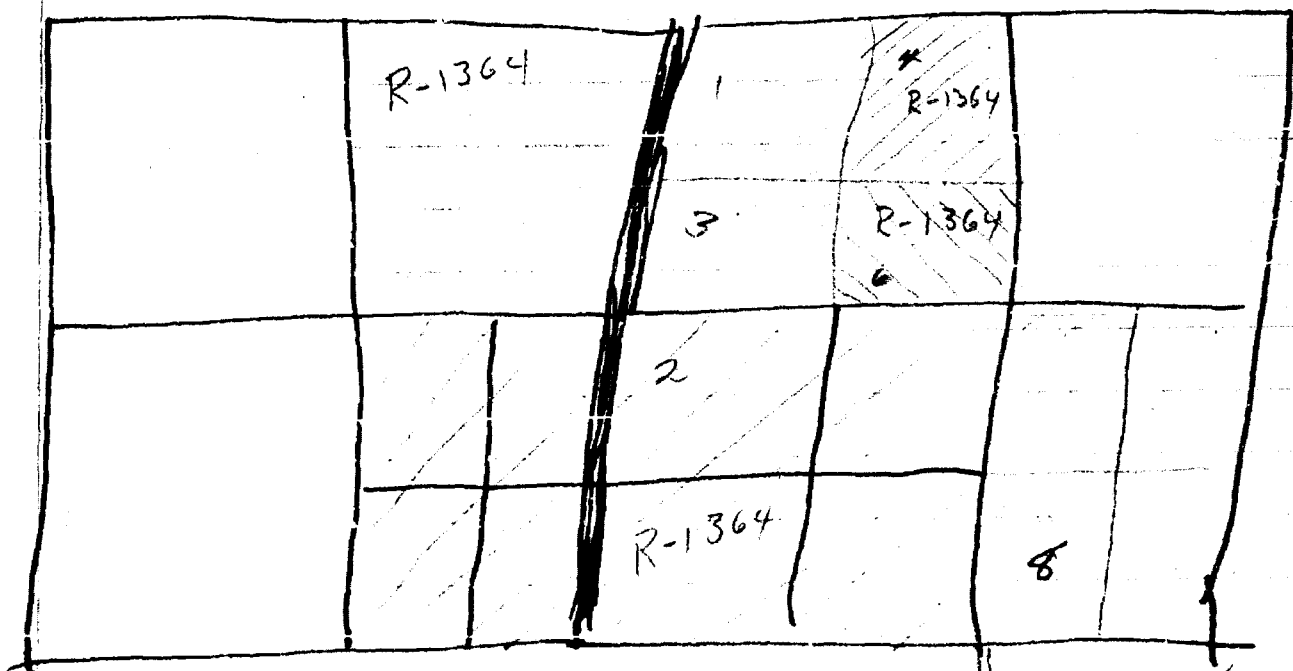


2640
1980
660

20

21

now



R-1364

no R order
or other order

TEXAS PACIFIC OIL COMPANY

P. O. Box 4067
Midland, Texas
December 21, 1966

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter, Jr.

Re: Application of Texas Pacific Oil
Company for Rededication of Acreage
for Non-Standard Gas Proration Unit
Jalmat Gas Pool, Lea Co., New Mexico

Gentlemen:

Texas Pacific Oil Company respectfully requests administrative approval of a 160 acre Non-Standard Jalmat Gas Proration Unit covering the SW/4 of Section 4, T-23-S, R-36-E, Lea County, New Mexico. This unit is to be dedicated to the State "A" A/c-1 Well No. 18, located 660 feet from the south line and 660 feet from the west line of Section 4.

In support of this application, the following facts are submitted:

1. Applicant's State "A" A/c-1 Well No. 18 was completed as a gas well on December 4, 1946.
2. Order No. R-2021 dated July 13, 1961, ordered that a 320 acre Non-Standard Proration Unit consisting of the SW/4 of Section 4 and the NW/4 of Section 9, all in Township 23 South, Range 36 East, NMPM, Lea County, New Mexico, be established.
3. Applicant proposes to remove 160 acres, consisting of the NW/4 of Section 9, from the present 320 acre unit.
4. The proposed Non-Standard Gas Proration Unit will meet the requirements of Rule 5 (c) of Order R-1670 as follows:

Page 2

- a. Consists of contiguous quarter-quarter sections and/or lots;
 - b. Lie wholly within a single governmental section;
 - c. May reasonably be assumed to be productive of gas;
 - d. Length or width does not exceed 5,280 feet;
 - e. All operators in the section in which the Non-Standard Gas Proration Unit is located and all operators within 1,500 feet of the unit well have been furnished a copy of this application by registered mail.
5. This application is in the interest of prevention of waste and protection of correlative rights.

Respectfully submitted,

TEXAS PACIFIC OIL COMPANY

H. D. Holloway
H. D. Holloway
District Engineer

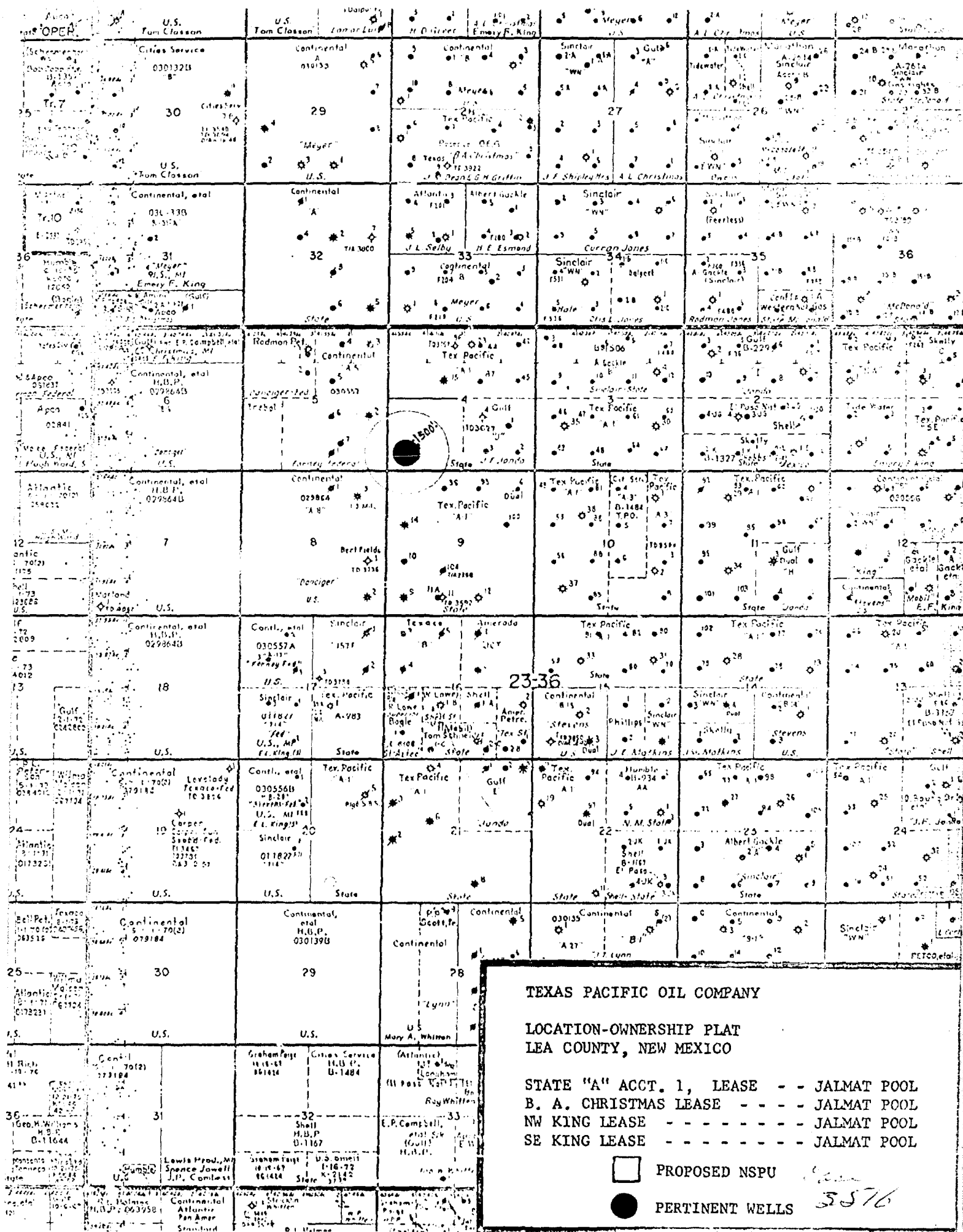
JHH:mc

cc: New Mexico Oil Conservation Commission
P. O. Box 1980
Hobbs, New Mexico

REGISTERED MAIL, RETURN RECEIPT REQUESTED:


Continental Oil Company
P. O. Box 460
Hobbs, New Mexico

Gulf Oil Corp.
P. O. Drawer 1938
Roswell, New Mexico 88201



ackn⁴

now⁴



18	

18 R-2021	

9

9

Will require
hearing as it will
amount an R order

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO

*File
3516*

January 3, 1967

C
O
P
Y

Texas Pacific Oil Company
P. O. Box 4067
Midland, Texas

DOCKET MAILED

Attention: Mr. H. D. Holloway

Date 1-12-67

Re: Applications of Texas Pacific Oil Company
for Rededication of Acreage for Non-Standard
Gas Proration Units, Jalmat Gas Pool, Lea
County, New Mexico, dated December 21 and
22, 1966

Gentlemen:

Several of the non-standard gas proration units requested
by you involve the amendment of Commission orders. As Commis-
sion orders cannot be amended without a hearing, the Commission
has set all of the above applications for hearing before an
examiner on January 25, 1967.

If this arrangement is not satisfactory, please let us
know.

Very truly yours,

GEORGE M. HATCH
Attorney

GMH/esr

dearnley-meier reporting service inc.

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

1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-4491 • ALBUQUERQUE, NEW MEXICO



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 25, 1967

IN THE MATTER OF:

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

Case 3516

Before:

Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOREGISTERHEARING DATE JANUARY 25, 1967TIME: 9 A.M.

NAME:	REPRESENTING:	LOCATION:
Louis C. Ross	Pan American Petr. Corp.	DENVER, Colo.
George Eaton	" "	Farmington, N.M.
H. A. [unclear]	" "	Denver, Colo.
John Hendrick	Texas Pacific Oil	Midland, Tex.
FRED HUGHEY	" "	" "
A. M. Roney	Pan American Petr. Corp.	Denver, Colo.
R. M. Anderson	Sinclair	Midland, Tex.
John D. Russell	Texas Pacific Oil	Roswell, N.M.
G. R. [unclear]	E. C. [unclear]	Albuquerque, N.M.
P. J. Mc [unclear]	U.S.G.S.	Farmington
Barber Kelly	U.S. [unclear]	" "
[unclear]	North American [unclear]	Midland, Tex.
and W. Eaton, Jr.	" "	" "
Robert [unclear]	Robert [unclear]	" "
Harold R. Heberling	Southern Natural Gas Co.	Houston, Texas
James M. [unclear]	Texas [unclear]	Farmington, New Mex.

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

REGISTER

HEARING DATE JANUARY 25, 1967 TIME: 9 A.M.

NAME:	REPRESENTING:	LOCATION:
<i>A. L. DuHaime</i>	<i>occ</i>	<i>to hear</i>
<i>N. L. DuHaime</i>	<i>RW BYPAM</i>	<i>SANTA FE</i>
<i>E. L. Arnold</i>	<i>occ</i>	<i>after 11 AM</i>

MR. UTZ: The Hearing will come to order, please.
The first Case on the Docket will be 3516.

MR. HATCH: Case 3516. Application of Texas Pacific
Oil Company for several non-standard gas proration units,
Lea County, New Mexico.

MR. RUSSELL: I am John Russell, Roswell, New
Mexico, representing the Applicant and I have one witness.

JOHN HENDRIX, called as a witness, having first been
duly sworn on oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. RUSSELL:

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

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

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

A Yes, sir, I have.

Q Now, are you familiar with the Case Number 3516 which
is the application of Texas Pacific Oil Company for several
non-standard gas proration units?

A Yes, sir.

Q What is the purpose of the rededication as requested
in the application?

A This group of non-standard changes is the first in an initial part of our overall plan to achieve a more efficient usage and allocation of acreage and what we are striving to do here is, more nearly balances our productivity in connection with the acreage of assignment.

Q And this is really the first step and overall study of reallocation of acreage on this lease?

A Yes, sir. Following this, we will re-work or re-drill or re-assign acreage to several other portions of the lease.

Q All right. Now, have you prepared some exhibits in connection with this application?

A Yes, we have prepared four exhibits.

(Whereupon Applicant's Exhibits
One through Four were marked
for identification)

Q Will you identify each of the four at this time, since you will have to be going back and forth, as to the Exhibits?

A Okay, sir. Exhibit Number One is a location ownership map showing Texas Pacific State A Account-1 Lease, colored in red.

Q In red?

A I'm sorry. In yellow. Also shown on this map are the proposed acreage allegations for the six non-standard

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proration units.

Exhibit Number Two is the same location ownership platt showing the present Jalmat proration unit as assigned to the subject wells.

Number Three is a construction map contoured on top of the Yates Sand which we will refer to later to establish that all of the acreage we are referring to may reasonably be assumed to be productive.

Exhibit Number Four is a data sheet having pertinent data on each of the six wells and on this we have completion data, current deliverability data and present and proposed allowable information.

Q All right. Now, I think our most logical approach to this consolidated application, is to start and go down the line in the order in which they are set out in the Docket, so if you will refer to your exhibits, show the acreage which is presently dedicated to the well, and give the well by name and then do on and show what acreage you propose to assign to that particular well?

A Okay, sir. The initial well will be our State A Account Well, Number Two, located twenty-six sixty from the South line and three thirty from the West line of Section 21, Township 23, South, Range 36 East. Presently, this well is assigned three hundred and twenty acres which is comprised of

the southwest quarter of Section 21 and the southeast quarter of Section 20. We propose to reallocate the acreage assigned to this well and assign the southeast quarter of Section 20 and the northwest quarter of the southeast quarter of Section 20, which is forty acres that the well is physically located on.

Q Now, I think you better go to that next well before getting into the reason for the reallocation of acreage?

A Okay, sir. Well Number Eight which is located six sixty from the south and nineteen eighty from the east line of Section 21, presently has a hundred and sixty acres assigned. Well, the hundred and twenty acres we are proposing to delete from Well Number Two will be picked up and assigned to Well Number Eight and at the same time we would reduce Well Number Eight by the hundred and twenty so in effect, Well Number Eight will have exactly the same acreage as it had beforehand. This will leave a hundred and twenty acres of presently unassigned acreage.

Pending the outcome of these hearings, we will either drill a well on this tract or reassign acreage.

Q That is your overall plan for this State lease?

A Yes, sir.

Q Now, what was the reason for reallocation of acreage as to these two wells?

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A Well, sir. Based on our present allowable situation referring to Exhibit Number Four, you will note that at about the, in the fourth column from the right, we have a column here labeled, "Present Average Monthly Allowable" and this is the present allowable based on the monthly average allowable during 1964, '65 and '66. This is nineteen million cubic feet per month per hundred and sixty acres. So, here we have a maximum average allowable of twenty-six million per month for the old unit.

The column to the right of this column is the present average monthly production, actual production during the first eleven months of 1966. You will note that this well has an average of 16.3 million per month while having an allowable of twenty-six million. Based on past allowable history, we have anticipated if it remains as it has in the past on the average with a new unit of two hundred acres, we would anticipate an average monthly allowable of 16.25 million per month. Balancing this against the average allowable, you can see it would be quite close.

We have also submitted deliverability data which you will note we have a deliverability at a hundred pounds of five hundred and sixty-seven MCF per day for this well. Based on a 30.5 day month, this would come out to a maximum that we could sell at 17.3 million a month, and here again, this would

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be a very close agreement of 16.25 million when we anticipate the average allowable for the proposed two hundred acre unit.

Going on to the State A Account-1 Well, Number Eight, we see very true the same procedure. This should be corrected to 13 million in column which we have labeled "One". The present average production for this well during 1966 has been 10.6 million. Based on current deliverability tests, 10.6 is the maximum which we could produce so this well has been producing continually on the hundred pound line.

The maximum allowable we could have here would be 13 million per month, so actually the well lacks a little capacity to make the entire allowable.

MR. UTZ: And the present monthly average allowable is 13 rather than 6. Do you want to correct that?

THE WITNESS: Yes, sir, please. Proceeding on to the next well, we have out State Account-1 Well, Number Eighteen, located six hundred and sixty feet from the south line and from the west line of Section Four.

Referring to Exhibit Two, you will note that this well is presently assigned to the northwest quarter of Section Nine and the southwest quarter of Section Four. Here, again for three hundred and twenty acres, you would have the average allowable of 26 million per month. Actual average production during the first eleven months, was 10.3 million per month.

Going on an anticipated future allowable for the one hundred and sixty acres which we propose to assign to the well, being the southwest quarter only of Section Four, we would have an allowable of 13 million per month. Based on deliverability, the maximum that we could produce on a 30.5 day month, would be 16.2 million.

Due to line pressure fluctuation, mechanical situation such as maybe an El Paso Compressor being down and what not. In the capacity as I have pointed out previously, we have only been able to average 10.3 million. We feel that thirteen million would be a very reasonable allocation for the well.

MR. UTZ: Which number was this that you were just talking about?

MR. RUSSELL: Eighteen.

THE WITNESS: Number Eighteen. It is located 660 from the south and from the west line of Section Four.

Proceeding to the next proposed non-standard unit, I will refer you to State A Account -1 Well Number Fifteen, located 1980 feet from north and from the west line of Section Four. This well, it presently has acreage assigned to the northwest quarter of the sub-section being a hundred and sixty acre unit. Referring again to the Exhibit Number Four, you will note that the deliverability at a hundred and twenty-eight

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pounds was a hundred and twenty-eight MCF per day. The average past top allowable for one hundred and sixty acres, of course, will be 13 million per month, whereas, the average production, actual production during the first eleven months of 1966 was 8.95 million per month.

You will note that the deliverability has declined on this well rather sharply and based on our test taken by El Paso on 9-23 in '66, the maximum we could anticipate at a hundred pounds pressure and at an average of a 30.5 day month, would be 4.36 million. So, we are asking for an eighty acre non-standard unit where the average allowable would be 6.5 and we feel the maximum we could produce would be approximately 4.3 million per month at the line pressure.

Next, with this proposed change we have proposed to reallocate the acreage on Number Twenty-Three which is located six hundred and sixty feet from the north line and twenty-three hundred and ten feet from the east line of Section Four. On the north half of the northwest quarter of Section Four, which we have deleted from Well Number Fifteen, we are proposing to re-assign that acreage to Well Number Twenty-Three and at the same time we are proposing to delete a hundred and twenty acres from Well Number Twenty-Three, being the east half of the northeast quarter and the southwest quarter of the northeast quarter of Section Four. This would give us an

acreage allocation of a hundred and twenty acres for Well Number Twenty-Three.

You will note on Exhibit Four that the average production during the past eleven months has been 12.5 million. This actually reflects a greater capacity than the Well, a greater producing capacity than the well now has. During the past five months we have had an average of 10.2 million per month, so based on the past average allowables we would anticipate a 9.75 million cubic feet per month allowable, so this would tie in very closely with a 10.2 million per month which the well has averaged, producing during the past five months.

We do have a deliverability higher than this. Of course, these line pressures fluctuate in which, well, I think they are where we see these hundred and hundred and thirty. They can range up to around a hundred and seventy and a hundred and eighty line pressure. So, in essence, in that our past five months production has been at the rate of only 10.2 million and the new allowable will be 9.75, we probably also will have to have a hundred and twenty acre non-standard unit.

Going to the next well, our State A Account-1 Well Number Twelve, located six hundred and sixty feet from the

south line, nineteen hundred and eighty from the east line of Section Nine, presently has a two hundred and forty acre acreage allocation. That is comprised of the southeast quarter of Section Nine and the south half of the northeast quarter of Section Nine. You will note from the location on the ownership plat that the southwest quarter of Section Nine is presently un-allocated insofar as Jalmat gas production is concerned.

We would propose to delete all of the subject, presently allocated acreage from Numver Twelve with exception of the forty acres which the Well is on and reassign that forty acres and the additional southwest quarter of Section Nine. I'm sorry -- all of the southwest quarter of Nine with the exception of the northeast of the southwest of Nine. This would give us a hundred and sixty acre unit.

Again, referring to Exhibit Number Four, you will note that the top allowable production for a two hundred and forty acre unit has been approximately 19.5 million per month. During 1966 we have averaged 8.94 million cubic feet per month. So, based on the new acreage allocation of a hundred and sixty acres, the maximum allowable we would anticipate would be 13 million per month, being somewhat in excess of what we have actually produced.

Here is the case. If we can get the line pressure

reduced, which we are working on, we will be able to make around the 13 million. You will notice, based on the deliverabilities taken on 9-23 '66, the well had a deliverability of four hundred and eighty MCF and a hundred and seventy-six pound line pressure. This would be a maximum producing capacity of 14.8 million per month which is slightly in excess of the top allowable of $\frac{1}{2}$ for a hundred and sixty acre unit. I believe that is all.

Q (By Mr. Russell) Now, under your consolidated application is there any acreage which you are picking up and assigning to the proposed units that was not previously assigned to a unit, proration unit?

A Yes, sir. The acreage we are picking up will be assigned to Well Number Twelve and this acreage would consist of the south half of the southwest quarter of Section Nine and the northwest quarter of the southeast quarter of Section Nine.

Q And, in your opinion, can that acreage be reasonably assumed to be productive of gas?

A Yes, sir. Referring to Exhibit Number Three, which is the Yates Structure Map and looking at the subject acreage in the southwest quarter of Section Nine, you will note that there are numerous down-dip Jalmat gas wells. Jalmat gas wells are denoted as green dots on the structure map.

Continental Oil Company has two wells down-dip which would be on their Dansinger Lease. Texaco has a well in the northwest quarter of the northwest quarter of Section Sixteen which would be down structure to any of the proposed acreage which is a producer. So, based on the structure map, I think it would be quite reasonable to assume that, that the acreage is productive of gas.

Q Now, there is some acreage in the present unit which will be deleted if these applications are approved?

A Yes, sir.

Q But, you plan to either reassign that acreage to existing wells, or to drill additional wells so that they will be allocated to a well?

A Yes, sir. That is correct.

Q Now, this entire acreage is a single State Lease, is it not?

A Yes, sir. I think there are approximately four hundred acres in this State Lease.

Q And Texas Pacific Oil Company is the only unit of the entire working interest under this Lease

A That's correct.

Q Now, is there anything further on any of these Exhibits that you want to present to the Examiner?

A I believe, in essence, that covers it.

Q Well, now, these applications, all with the exception of the one covered by your Well Number Two, would be subject to administrative approval, would they not?

A Yes.

Q Under the rule?

A Under Rule 5-C of R 1670. Had they not been given our order previously, they would have been eligible for administrative approval.

Q All right. Now, in your opinion, will the granting of these applications enable you to recover your fair share of the gas in the pool and will also prevent economic waste which would result in the drilling of unnecessary wells, to produce your fair share of the gas?

A Yes, sir. That is my belief.

Q Were Exhibits One, Two, three and Four prepared by you or under your direction?

A Yes, sir.

MR. RUSSELL: I would like to offer Exhibits One, Two, Three and Four into evidence at this time.

MR. UTZ: Without objection, Exhibits One through Four will be entered into the Record in this Case.

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

(Whereupon Exhibits 1, 2, 3 and 4 were admitted in evidence)

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Hendrix?

A Yes, sir.

Q I am trying to do a little adding up here and see how you are coming out in the way of allowable?

A All right.

Q Your present allowable, as I calculate it here, the total on your Exhibit Number Four, is about a hundred and ten thousand, five hundred on the six wells, is that correct?

A I haven't totaled these. This is the present monthly average top allowable?

Q Yes.

A I believe that would be approximately correct.

Q And your proposed monthly allowable, your estimate on it, is 71,500?

A Right.

Q Now, I haven't had a chance to total up your present producing capacity and your anticipated producing capacity. How does that stack up?

A Just looking at it briefly here, it would be approximately 65 million per month, I believe. I can total them here real quickly.

Q All right, we will just total them.

A Okay, sir. An average 67 million per month, I believe.

Q For both of them?

A No, for monthly average production currently.

Q Yes. Now, how about your anticipated monthly production?

A I think, it will be approximately 65 million per month. So, they are in pretty close agreement.

Q However, your allowable will be substantially decreased?

A Right.

Q What do you intend to do about this decreased allowable?

A Well, we are concerned about allowables of course, but we would like to think in terms of producing capacity rather than in terms of allowable. As we just discussed, if we have a proposed allowable of approximately 65 million per month and a present capacity of approximately 67, well, we are in a very close agreement. Now, as to what we plan to do with this decrease, we want to get it all back at the next hearing. For example, referring to Exhibit Two, you will note that on Well Number Twelve, we had a portion of the northeast quarter of Section Nine, assigned to that Well. Also, on Well Number Eighteen on the same Exhibit, we had all of the north-

west quarter of Section Nine assigned. Well Number Forty-One located in the northeast quarter, northeast quarter of Section Nine has been recompleted as a Jalmat gas well. We haven't gotten an assignment of allowables in that we are going to have to have a hearing on that, this will be a non-standard location. So, provided we get these approved right there we will pick up, well, half a section of allowable, which would be an additional 26 million.

Q In other words, you intend to pick up the acreage that you are deleting from this application with new completion or recompletion?

A Yes, sir. In every case.

MR. UTZ: Is this application, you are attempting to make the well -- I don't know hardly how to state it. The allowables in production, I will say, are more nearly equal to your contractual obligations or El Paso's contractual obligations?

A That is not our primary objective, no, sir. No, we have -- well, if you will refer to, again to Exhibit Number Two, you will notice that we do have the southwest quarter of Nine which is unassigned and which is being subjected to drainage by offset operators presently. We would like to protect these rights. Also, the north half of the northeast quarter of Section Nine is presently unallocated and is being

subjected to offset drainage and we would like to protect these rights.

Q Well, this is an effort, however, to make the allowables more nearly equal to the ability of the wells to put gas into the pipe, under producing conditions, is it not?

A Oh yes, sir.

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

(Witness excused)

MR. UTZ: Any statements in this Case? The Case will be taken under advisement.

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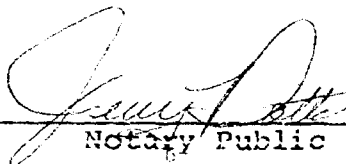


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STATE OF NEW MEXICO)
) SS
COUNTY OF BERNALILLO)


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 21 day of March, 1967.


Notary Public

My Commission Expires:

July 10, 1970

I do hereby certify that the foregoing is a true and correct copy of the transcript of the hearing held on March 21, 1967, held by me on March 21, 1967.

New Mexico Oil Conservation Commission