

CASE 5979: TEXAS PACIFIC OIL COMPANY INC.  
72 FOR NON-STANDARD GAS PRORATION UNITS, Inc.  
SIMULTANEOUS DEDICATION AND UNORTHODOX  
LOCATIONS, LEA COUNTY, NEW MEXICO

Case Number  
5979

Application

Transcripts.

Small Exhibits

ETC.

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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
July 6, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Texas Pacific Oil Company) CASE  
Inc., for nonstandard gas proration ) 5979  
units, simultaneous dedication and un- )  
orthodox locations, Lea County, )  
New Mexico. )

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil	Lynn Teschendorf, Esq.
Conservation Commission:	Legal Counsel for the Commission
	State Land Office Building
	Santa Fe, New Mexico
For the Applicant:	Jack M. Campbell, Esq.
	CAMPBELL, BINGAMAN & BLACK, P.A.
	Attorneys at Law
	San Francisco & Jefferson
	Santa Fe, New Mexico

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I N D E X

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Page

MELVIN L. SCHROEDER

Direct Examination by Mr. Campbell

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Cross Examination by Mr. Nutter

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EXHIBIT INDEX

Offered

Admitted

TP Exhibit One, Map

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TP Exhibit Two, Map

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TP Exhibit Three, Production Map

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1 MR. NUTTER: The hearing will come to order,  
2 please. The next case will be Case Number 5979.

3 MS. TESCHENDORF: Case 5979, application of Texas  
4 Pacific Oil Company, Inc., for nonstandard gas proration units,  
5 simultaneous dedication and unorthodox locations, Lea County,  
6 New Mexico.

7 MR. CAMPBELL: Mr. Examiner, I'm Jack M. Campbell,  
8 Campbell, Bingaman and Black, Santa Fe, New Mexico appearing  
9 on behalf of the applicant.

10 MR. NUTTER: Are there other appearances in Case  
11 5979? Please proceed.

12 MR. CAMPBELL: Mr. Examiner, I have one witness  
13 and three exhibits and if the witness could be sworn I'll  
14 present them.

15 (THEREUPON, the witness was duly sworn.)

16  
17 MELVIN L. SCHROEDER

18 called as a witness, having been first duly sworn, was examined  
19 and testified as follows:

20

21 DIRECT EXAMINATION

22 BY MR. CAMPBELL:

23 Q Will you state your name, please?

24 A My name is Melvin L. Schroeder.

25 Q Where do you live and by whom are you employed?

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1 A. I live in Midland, Texas and I'm employed by Texas  
 2 Pacific Oil Company, Inc., in the capacity of Area Engineer.

3 Q. Have you testified previously before this Commission  
 4 in your professional capacity?

5 A. Yes, sir, I have.

6 Q. On how many occasions?

7 A. I believe twice.

8 MR. CAMPBELL: Are the witness' qualifications  
 9 acceptable, Mr. Examiner?

10 MR. NUTTER: Yes, they are.

11 Q. (Mr. Campbell continuing.) Are you acquainted with  
 12 the application of Texas Pacific Oil Company, Inc. in this  
 13 case, Mr. Schroeder?

14 A. Yes, I am.

15 Q. Have you prepared three exhibits for presentation to  
 16 the Examiner in this case?

17 A. Yes, I have.

18 Q. I hand you what has been marked as TP Exhibits One,  
 19 Two and Three and ask you to state, please, in order what  
 20 those are?

21 A. Exhibit Number One is a map of a portion of the  
 22 Jalmat Field in which the Texas Pacific State "A" A/C-2 lease  
 23 is located. On this all of the present proration units are  
 24 outlined. The proration units that are presently producing  
 25 are shaded in to show the different proration units. All of

1 these proration units are in our State "A" A/C-2 Lease with  
2 the exception of one and that is the northeast quarter of  
3 Section 10 is our Mattie James Lease but all other proration  
4 units shaded in are on our State "A" A/C-2 Lease.

5 Q Now would you refer to what has been marked as TP  
6 Exhibit Two and state what that is?

7 A Exhibit Two is essentially the same in which we have  
8 outlined our proposed changes. Like I say, it is essentially  
9 the same map, we've outlined and shaded in different colors  
10 the changes that we are proposing in the nonstandard proration  
11 units.

12 Q Now identify what Exhibit Three is?

13 A Exhibit Three is -- I guess you would call it a  
14 pseudo production map for a certain area of the field. We  
15 have gone in and beside every producing Jalmat well we have  
16 put some numbers. There will be a line, the top number will  
17 be the production during March of this year and the bottom in  
18 thousands of cubic feet and below the line will be the  
19 cumulative production as of April the first of this year and  
20 it will be in millions of cubic feet.

21 Q Did you prepare these three exhibits, Mr. Schroeder?

22 A Yes, I did.

23 MR. CAMPBELL: We would like to offer these in  
24 evidence and then ask the witness some more questions about  
25 them, Mr. Examiner.

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1 MR. NUTTER: Okay Texas Pacific Exhibits One through  
2 Three will be admitted into evidence.

3 (THEREUPON, Texas Pacific Exhibits One through  
4 Three were admitted into evidence.)

5 Q (Mr. Campbell continuing.) Mr. Schroeder, referring  
6 as appropriate to these three exhibits, will you describe to  
7 the Examiner what it is you are seeking to do and do it in  
8 the order of the request for nonstandard proration units in  
9 the application and also make reference where appropriate to  
10 the unorthodox well locations that are requested?

11 A. Okay, to summarize, we are asking for four nonstandard  
12 proration units and two unorthodox locations.

13 The first nonstandard proration unit consists of the  
14 north half of Section 11 and it also includes the west half  
15 of the southwest quarter of Section 11 and the east half of  
16 the southeast quarter of Section 11 and this proration unit  
17 will be dedicated to the State "A" A/C-2 Wells numbers 14, 36  
18 and 42.

19 Then we ask for a second nonstandard proration unit  
20 to be the east half of the southwest quarter and the west half  
21 of the southeast quarter of the same section, 11, to be  
22 dedicated to a recently drilled well, the State "A" A/C-2  
23 No. 62.

24 Q Now will you state for the Examiner the reasons  
25 why you are making this request for one four hundred and eighty

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1 acre unit and one one hundred and sixty acre unit in that  
2 section?

3 A. Okay, based on the current FPC regulations we believe  
4 that both new wells, 62 and 63, will be getting a higher gas  
5 price than the surrounding wells and we believe that if it is  
6 approved for us to have these wells in separate proration units  
7 on their own so the production can be accounted for separately  
8 and our gas purchaser has also requested, well, not so much  
9 requested, but they have suggested that they would not so  
10 much require this but they would like to see this done in  
11 this manner.

12 MR. NUTTER: For accounting purposes?

13 A. Yes, for accounting purposes and to keep the lower  
14 priced gas separate from the higher priced gas.

15 Q. (Mr. Campbell continuing.) Now would you refer to  
16 your second request, please?

17 A. We are also wanting the nonstandard proration unit,  
18 being the northeast quarter of Section 9.

19 Q. This is actually your third unit request?

20 A. Right, third unit request to be dedicated to our  
21 State "A" A/C No. 40 and then a fourth nonstandard proration  
22 unit which would be the northwest quarter of Section 9 to be  
23 dedicated to our newly drilled No. 63 and the same situation  
24 applies here as on Well No. 62. We believe No. 63 will be  
25 qualified for a higher gas price.

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1 Furthermore, we are asking for the approval of the  
2 nonstandard locations or unorthodox locations, for State "A"  
3 A/C-2 Wells No. 62 and 63.

4 Q In what respect are those wells unorthodox?

5 A Well, No. 62 is an orthodox location with respect to  
6 our proposed hundred and sixty acre proration unit. It is  
7 unorthodox with respect to a standard one hundred and sixty  
8 acre proration unit which would be a governmental quarter  
9 section insofar as it would be closer than six sixty and as  
10 far as Well No. 63, it is within an orthodox location for a  
11 standard hundred and sixty acre proration unit as is called for  
12 no closer than six hundred and sixty feet from a proration unit  
13 boundary and 63 is located three hundred and thirty feet from  
14 the east proration unit boundary for our proposed proration  
15 unit.

16 Furthermore, I would like to state that insofar as  
17 62 is involved, if we did not have to create the new proration  
18 unit it would be a standard location for a six forty acre unit  
19 insofar as it is at least nineteen eighty from both boundaries,  
20 from all side boundaries, and at least three thirty feet from  
21 any quarter-quarter section line. Well No. 63 would be a  
22 standard location insofar as distance from boundaries for a  
23 three hundred and twenty acre proration unit.

24 Q Do either of these proposed unorthodox locations  
25 crowd any interest owner other than your own acreage?

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1 A. No, the referred to boundary lines are between  
2 proration units operated by TP and with the same lease holders.

3 Q. Mr. Schroeder, what has been the general pattern of  
4 development in the Jalmat Pool?

5 A. Well, although the standard proration unit set up  
6 for the field is six hundred and forty acres, the field has  
7 essentially been drilled on a hundred and sixty acre spacing.  
8 The proration is based on a hundred and sixty acre allocation  
9 factors, the average per well acreage allocation based on  
10 the June proration schedule is a hundred and seventy acres per  
11 well and the pattern has been essentially one well per a hundred  
12 and sixty acres.

13 Q. Does this proposal here bring your Company's develop-  
14 ment on this particular lease essentially in line with the rest  
15 of the Jalmat Pool?

16 A. Yes, it does. In the six hundred and forty acres  
17 that will give us four wells per six hundred and forty acres  
18 and the previous three hundred and twenty acres we only had two  
19 wells, both cases being a hundred and sixty acres per well  
20 average.

21 Q. Now in addition to the economic advantage of the  
22 price for the gas on these new wells, what other, referring  
23 particularly to Exhibit Three, what other incentive was there  
24 for the location of these wells, where they are located?

25 A. As you can see on this production map, the better

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1 production in this part of the field is generally trending  
2 north-south and runs up through Section 10 and covers about  
3 the west half of Section 11 and the east half of Section 9. As  
4 you go farther east in Section 11 you lose sand development  
5 and as you go farther west in Section 9 you lose sand develop-  
6 ment and I think the production and the cumulative recovery  
7 in the area will bear this up.

8 Q Do you believe that if you are permitted to produce  
9 these nonstandard locations and establish the units in this  
10 fashion that it will result in greater ultimate recovery of  
11 gas from this lease?

12 A Yes, I do.

13 Q Do you believe that there will be any adverse  
14 correlative rights effect upon any other interest owners if  
15 this application is approved?

16 A No, I don't and I believe that insofar as we will  
17 be bringing our density down to a hundred and sixty acres per  
18 well average that we will be protecting our own correlative  
19 rights.

20 MR. CAMPBELL: That's all of the questions I have at  
21 this time, Mr. Examiner.

22

23

CROSS EXAMINATION

24 BY MR. NUTTER:

25 Q Mr. Schroeder, in effect what we are doing, we are

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1 taking two proration units that have previously been approved  
 2 and bringing them down into four units, is that correct?

3 A. That's correct.

4 Q. Okay, now, the first one is a six hundred and forty  
 5 acre unit in Section 11. I believe that unit was previously  
 6 approved by Order No. R-4116. What is the status of that unit  
 7 at the present time, is it underproduced, overproduced,  
 8 marginal or what?

9 A. It is marginal. At the present time the three wells  
 10 are producing marginally.

11 Q. They are incapable of making a six hundred and forty  
 12 acre allowable?

13 A. That is correct.

14 Q. So you have drilled another well on that six hundred  
 15 and forty acres and are dedicating a hundred and sixty acres  
 16 to that new well?

17 A. Yes, sir.

18 Q. Do you have a test on that new well yet?

19 A. Yes, but -- well, let me state it this way, we have  
 20 a very -- well, if you are familiar with choke nipple type  
 21 measurements, that is all we have. It is flowing somewhere in  
 22 the range of two and a half to three million cubic feet a day.  
 23 Now this is not an accurate measurement using an orifice, this  
 24 is just a choke, it's a ball park type thing but it has greatly  
 25 exceeded our expectations for Well 62.

1 Q It is on the east flank of this poor development  
2 then, isn't it?

3 A Yes. One other thing I might point out that all of  
4 these older wells produced primarily from the Yates, whereas  
5 in all of the new development in this area most people are  
6 opening the Seven Rivers that is within the vertical limits and  
7 if you will notice Well No. 42 on that same six forty, the  
8 production in March doesn't reflect it but we deepened this  
9 well and increased production from four hundred MCF a day up to  
10 a million. I think the last test was eleven hundred MCF a  
11 day so I think that's part of it and it has done a lot better  
12 than we expected.

13 Q Do you think that the new well, No. 62, is going to  
14 be capable of making a one hundred and sixty acre allowable?

15 A Yes.

16 Q And the reduction of the acreage assigned to the  
17 three wells that are presently producing will better enable  
18 them to make their allowable also?

19 A Yes. As it now stands they will not be able to make  
20 a four hundred and eighty acre allowable but we plan a similar  
21 type workover on 36 that we did on 42 which I think will help  
22 us meet that requirement.

23 Q Okay, now, at the present time the north half of  
24 Section 9 is dedicated to Well No. 40?

25 A That's correct.

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1 Q And that was approved, I believe, by Order No.

2 R-3264-A. What is the status of that particular unit?

3 A It is presently also marginal.

4 Q No. 40 cannot make a three hundred and twenty acre  
5 allowable then?

6 A That is true and it's kind of a combination of two  
7 things, as the gas demand has increased and as the well's  
8 natural productivity has decreased, we have reached a point  
9 where it will no longer make a full three hundred and twenty  
10 acre allowable.

11 Q Will that well make a one hundred and sixty acre  
12 allowable?

13 A Yes, it will.

14 Q Okay, do you have a test on the No. 63 yet?

15 A Yes, No. 63, again we are still in the testing  
16 stage and all we have is choke nipple, choke type measurements,  
17 and it is not doing nearly as well as expected, in fact, it  
18 is only making between a hundred and two hundred MCF a day. We  
19 plan on doing some additional testing, we believe the well is  
20 damaged in some fashion and we are going to take, I think, some  
21 pains to find out how it is damaged and how we can improve it  
22 because No. 63 actually has, based on the logs, a much better  
23 sand development than Well No. 62.

24 Q So in the absence of success in completion operations  
25 on this well it would probably be marginal for a hundred and

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1 sixty acre unit?

2 A. As far as we can tell right now it would be.

3 Q. But you have hopes to increase the production?

4 A. Yes, we do.

5 MR. NUTTER: Are there any further questions of this  
6 witness? He may be excused.

7 (THEREUPON, the witness was excused.)

8 MR. NUTTER: Do you have anything further,

9 Mr. Campbell?

10 MR. CAMPBELL: That's all, Mr. Examiner.

11 MR. NUTTER: Does anyone have anything they wish to  
12 offer in Case Number 5979? We will take the case under  
13 advisement.

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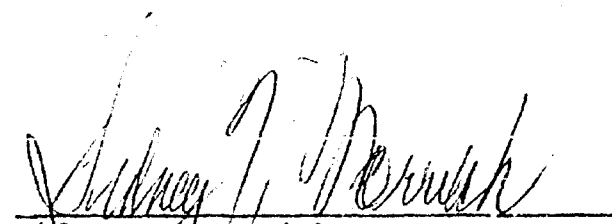
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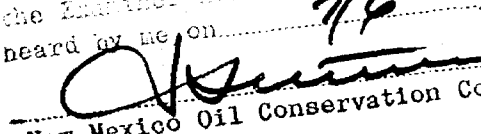
REPORTER'S CERTIFICATE

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I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,  
do hereby certify that the foregoing and attached Transcript  
of Hearing before the New Mexico Oil Conservation Commission  
was reported by me, and the same is a true and correct record  
of the said proceedings to the best of my knowledge, skill and  
ability.

  
Sidney F. Morrish, C.S.R.

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I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of case No. 5979  
heard by me on 7/6, 19 77.  
 Examiner  
New Mexico Oil Conservation Commission



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. 5979  
Order No. R-5493

APPLICATION OF TEXAS PACIFIC OIL  
COMPANY, INC. FOR NON-STANDARD PRORATION  
UNITS, SIMULTANEOUS DEDICATION, AND  
UNORTHODOX LOCATIONS, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 6, 1977,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 19th day of July, 1977, 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, Inc.,  
seeks approval of the following non-standard gas proration units  
on its State "A" A/C-2 Lease in Township 22 South, Range 36 East,  
NMPM, Jalmat Gas Pool, Lea County, New Mexico:

a 480-acre unit comprising the N/2, W/2 SW/4, and E/2  
SE/4 of Section 11 to be simultaneously dedicated to  
Wells Nos. 14, 36, and 42 located at unorthodox locations  
in Units B, M, and E, respectively, of said Section 11;

a 160-acre unit comprising the E/2 SW/4 and the W/2 SE/4  
of Section 11 to be dedicated to Well No. 62 drilled at  
an unorthodox location in Unit K of said Section 11;

a 160-acre unit comprising the NW/4 of Section 9 to be  
dedicated to Well No. 63 drilled at an unorthodox  
location in Unit C of said Section 9;

a 160-acre unit comprising the NE/4 of Section 9 to be  
dedicated to Well No. 40 located at a standard location  
in Unit A of said Section 9.

Case No. 5979  
Order No. R-5493

(3) That the entire non-standard proration units may each reasonably be presumed productive of gas from the Jalmat Gas Pool and that the entire non-standard gas proration units can each be efficiently and economically drained and developed by the afore-said wells.

(4) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Jalmat Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

(5) That those portions of Commission Orders Nos. R-4116 and R-3264-A which are inconsistent with this order, and which previously approved certain proration units involving these same lands should be superseded.

IT IS THEREFORE ORDERED:

(1) That the applicant, Texas Pacific Oil Company, Inc., is hereby granted the following non-standard gas proration units on its State "A" A/C-2 Lease in Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico:

a 480-acre unit comprising the N/2, W/2 SW/4, and E/2 SE/4 of Section 11 to be simultaneously dedicated to Wells Nos. 14, 36 and 42 located at unorthodox locations in Units B, M, and E, respectively, of said Section 11;

a 160-acre unit comprising the E/2 SW/4 and the W/2 SE/4 of Section 11 to be dedicated to Well No. 62 drilled at an unorthodox location in Unit K of said Section 11;

a 160-acre unit comprising the NW/4 of Section 9 to be dedicated to Well No. 63 drilled at an unorthodox location in Unit C of said Section 9;

a 160-acre unit comprising the NE/4 of Section 9 to be dedicated to Well No. 40 located at a standard location in Unit A of said Section 9.

(2) That those portions of Commission Orders Nos. R-4116 and R-3264-A which are inconsistent with this order are hereby superseded.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

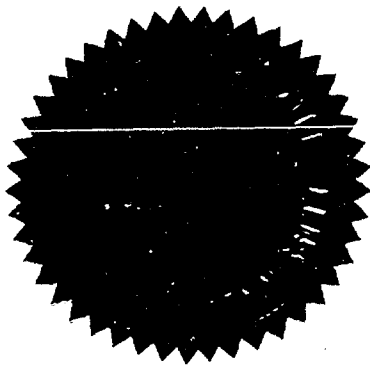
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Case No. 5979

Order No. R-5493

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



*Phil R. Lucero*  
PHIL R. LUCERO, Chairman

*Emery G. Arnold*  
EMERY G. ARNOLD, Member

*Joe D. Ramey*  
JOE D. RAMEY, Member & Secretary

S E A L

jr/

CASE 5977: Application of ETA Oil Producers for a dual completion and salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its JV-P Hagood Well No. 1 located in Unit B of Section 25, Township 26 South, Range 35 East, Lea County, New Mexico, in such a manner as to produce gas from the Pennsylvanian formation thru tubing in the production casing and to dispose of produced salt water down the production/intermediate casing annulus into the Delaware formation thru the open-hole interval from 5050 feet to approximately 6555 feet.

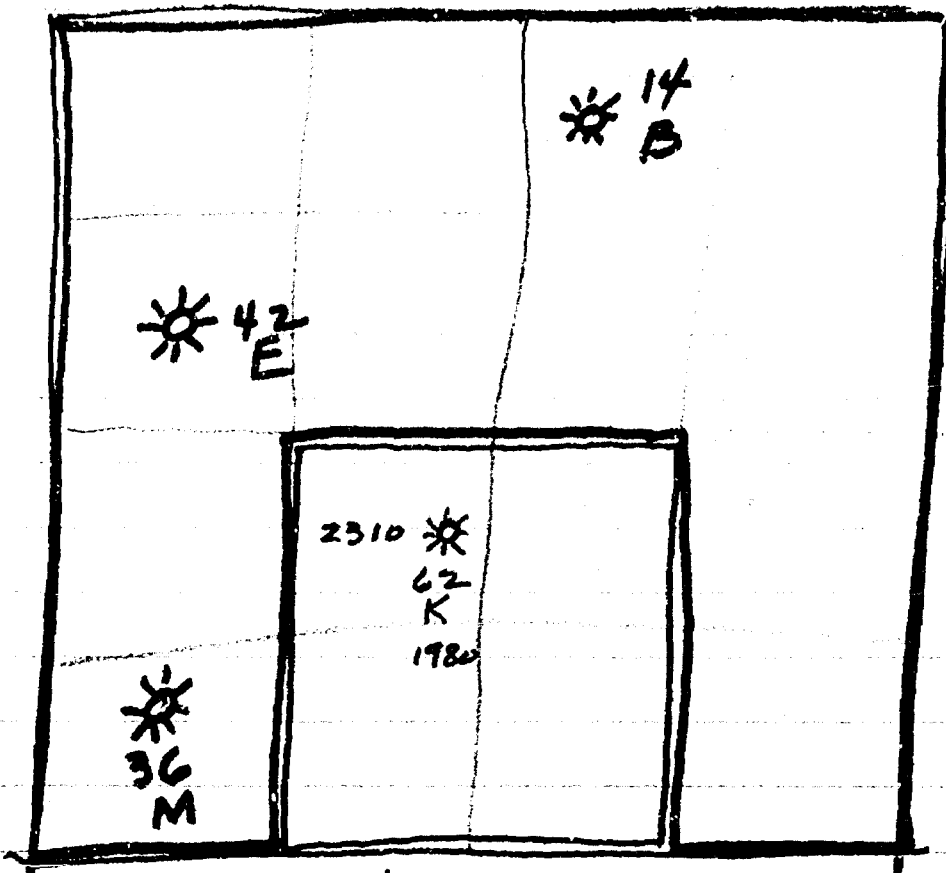
CASE 5978: Application of ETA Oil Producers for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a Pennsylvanian Gas Pool for its Hagood Well No. 1 located in Section 25, Township 26 South, Range 35 East, Lea County, New Mexico, and the promulgation of special rules therefor, including a provision for 640-acre spacing and proration units.

CASE 5979: Application of Texas Pacific Oil Company, Inc., for non-standard gas proration units, simultaneous dedication and unorthodox locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the following non-standard gas proration units on its State "A" A/C-2 Lease in Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico:

a 480-acre unit comprising the N/2, W/2 SW/4, and E/2 SE/4 of Section 11 to be simultaneously dedicated to Wells Nos. 14, 36 and 42 located at unorthodox locations in Units B, M, and E, respectively, of said Section 11; a 160-acre unit comprising the E/2 SW/4 and the W/2 SE/4 of Section 11 to be dedicated to Well No. 62 to be drilled at an unorthodox location in Unit K of said Section 11; a 160-acre unit comprising the NW/4 of Section 9 to be dedicated to Well No. 63 to be drilled at an unorthodox location in Unit C of said Section 9; a 160-acre unit comprising the NE/4 of Section 9 to be dedicated to Well No. 40 located at a standard location in Unit A of said Section 9.

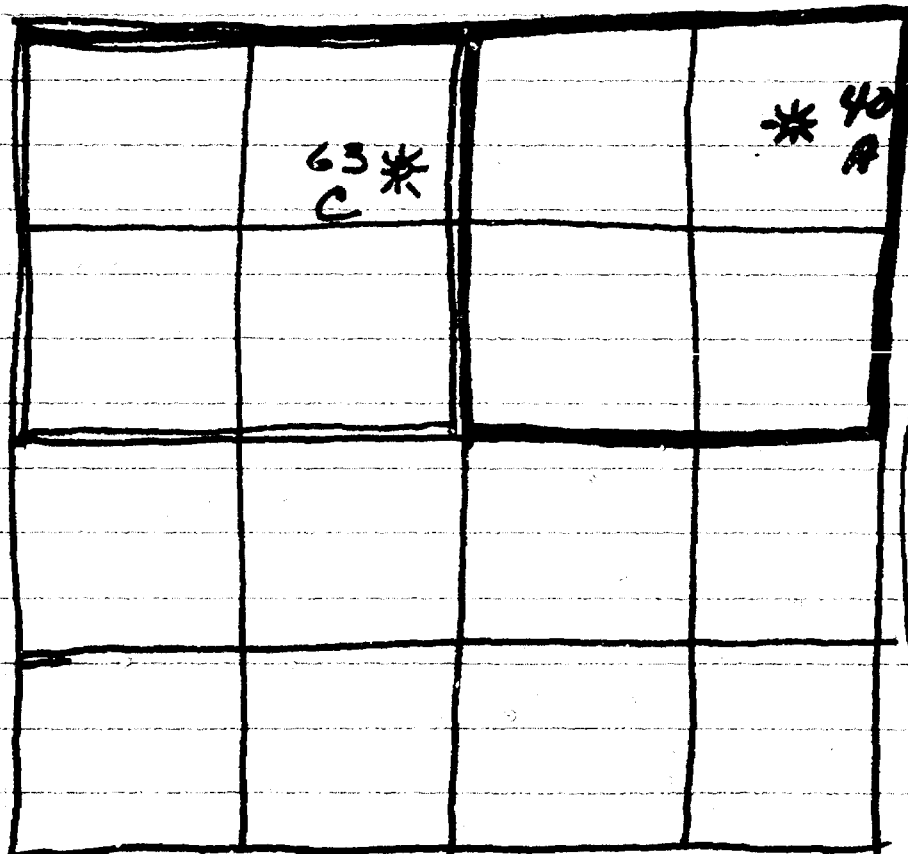
CASE 5980: Application of Ken Blackford, et al., for a non-standard gas proration unit and an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the N/2 NW/4, SW/4 NW/4 and NW/4 SW/4 of Section 24, Township 29 North, Range 12 West, Fulcher Kutz-Pictured Cliffs Pool, San Juan County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the North line and 1980 feet from the West line of said Section 24.

CASE 5981: Application of W. A. Moncrief, Jr., for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of an oil pool for Upper-Pennsylvanian production for his State Well No. 1 located in Unit E of Section 26, Township 16 South, Range 33 East, Lea County, New Mexico, and the promulgation of special rules therefor, including a provision for 80-acre spacing.



Section 11

640 acre unit  
comprising all  
of 11V and  
dedicated to  
# 14, 42, & 36  
was approved  
by R-4116  
(among other  
units)



Section 9

240 acre unit  
comprising the  
NE 1/4 & E 1/2 NW 1/4  
of 9 was approved  
by R-3264  
(dedicated to #40)  
240 acre unit was  
abolished by R-3244  
and replaced by  
320 acre unit  
(all of N 1/2) dedi-  
cated to #40  
(among other  
units)

CAMPBELL, BINGAMAN AND BLACK, P. A.

LAWYERS

JACK M. CAMPBELL  
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June 6, 1977

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

Gentlemen:

Enclosed for filing please find Application of Texas Pacific Oil Company, Inc. I would appreciate it if you would advise me when this case has been assigned a number, and furnish me with information concerning the time and place of the Examiner hearing.

Very truly yours,

  
Jack M. Campbell

JMC:bf

cc: Mr. Mel Schroeder  
Mr. R. J. Womack



BEFORE THE OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION )  
OF TEXAS PACIFIC OIL COMPANY, INC. )  
FOR APPROVAL OF FOUR NON-STANDARD )  
GAS PRORATION UNITS SITUATED IN )  
SECTIONS 9 AND 11, TWP. 22 SOUTH, )  
RANGE 36 EAST, JALMAT GAS POOL, )  
LEA COUNTY, NEW MEXICO. )

Case No. 5979

APPLICATION

COMES NOW Applicant, TEXAS PACIFIC OIL COMPANY,  
INC., and states:

1. It is the owner and operator of certain wells  
situated in Sections 9 and 11, Township 22 South, Range 36  
East, Jalmat Gas Pool, Lea County, New Mexico.

2. It desires to establish and requests approval  
for four non-standard proration units, as follows:


- (a) The N/2, the W/2 of the SW/4, and the E/2  
of the SE/4 of said Section 11 (480 acres)  
to be dedicated to its State "A" A/C-2  
Nos. 14, 36 and 42 (See Order R-4116).
- (b) The E/2 of the SW/4 and the W/2 of the  
SE/4 of said Section 11 (160 acres) to be  
dedicated to its State "A" A/C-2 No. 62 to  
be drilled at a location 2310' FWL and 1980'  
FSL of said Section 11 (See Order R-4116).
- (c) The NE/4 of said Section 9 (160 acres) to  
be dedicated to its State "A" A/C-2, No. 40  
(See Order R-3264-A). *Unit A*
- (d) The NW/4 of said Section 9 (160 acres) to  
be dedicated to its State "A" A/C-2 No. 63  
to be drilled at a location 2310' FWL and  
990' FNL of said Section 9 (See Order R-3264-A).

WHEREFORE, Applicant requests the Commission to:

1. Set this matter down before an Examiner for the Commission and publish notice of hearing as provided by law.
2. After hearing, to issue its order
  - (a) Approving the four above-described non-standard proration units, and
  - (b) Approving the non-standard well locations for its aforementioned State "A" A/C-2 wells Nos. 62 and 63.

Respectfully submitted,

DATED: June 6, 1977

  
JACK M. CAMPBELL  
Campbell, Bingaman & Black, P.A.  
P.O. Box 2208  
Santa Fe, New Mexico 87501

Attorneys for Applicant

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

dr/

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 5979Order No. R- 5493

APPLICATION OF TEXAS PACIFIC OIL  
COMPANY, INC. FOR NON-STANDARD PRORATION  
UNITS, SIMULTANEOUS DEDICATION, AND UNORTHODOX  
LOCATIONS, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSIONBY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 6,  
19 77, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this        day of July, 19 77, 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, Inc.,  
seeks approval of the following non-standard gas proration units  
on its State "A" A/C-2 Lease in Township 22 South, Range 36 East,  
NMPM, Jalmat Gas Pool, Lea County, New Mexico:

a 480-acre unit comprising the N/2, W/2 SW/4, and E/2 SE/4 of Section 11 to be simultaneously dedicated to Wells Nos. 14, 36, and 42 located at unorthodox locations in Units B, M, and E, respectively, of said Section 11;

a 160-acre unit comprising the E/2 SW/4 and the W/2 SE/4 of Section 11 to be dedicated to Well No. 62 ~~to be~~ drilled at an unorthodox location in Unit K of said Section 11;

a 160-acre unit comprising the NW/4 of Section 9 to be dedicated to Well No. 63 ~~to be~~ drilled at an unorthodox location in Unit C of said Section 9;

a 160-acre unit comprising the NE/4 of Section 9 to be dedicated to Well No. 40 located at a standard location in Unit A of said Section 9.

(3) That the entire non-standard proration units may *each* reasonably be presumed productive of gas from the Jalmat Gas Pool and that the entire non-standard gas proration units can *each* be efficiently and economically drained and developed by the aforesaid wells.

(4) That approval of the subject application will afford the applicant the opportunity to produce <sup>its</sup> just and equitable share of the gas in the Jalmat Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

(5) That Commission Administrative Orders ~~Nos.~~ <sup>those portions of</sup> Nos. R-4116 and R-3264-A which are inconsistent with this order, and which previously approved ~~the subject~~ <sup>certain</sup> proration units should be superseded.

*involving these same lands*

IT IS THEREFORE ORDERED:

(1) That the applicant, Texas Pacific Oil Company, Inc., is hereby granted the following non-standard gas proration units on its State "A" A/C-2 Lease in Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico:

a 480-acre unit comprising the N/2, W/2 SW/4, and E/2 SE/4 of Section 11 to be simultaneously dedicated to Wells Nos. 14, 36 and 42 located at unorthodox locations in Units B, M. and E, respectively, of said Section 11;

a 160-acre unit comprising the E/2 SW/4 and the W/2 SE/4 of Section 11 to be dedicated to Well No. 62 ~~to be~~ drilled at an unorthodox location in Unit K of said Section 11;

a 160-acre unit comprising the NW/4 of Section 9 to be dedicated to Well No. 63 ~~to be~~ drilled at an unorthodox location in Unit C of said Section 9;

a 160-acre unit comprising the NE/4 of Section 9 to be dedicated to Well No. 40 located at a standard location in Unit A of said Section 9.

-4-  
Case No. 5979  
Order No. R-

(2) ~~That Commission Administrative Order RSP~~  
~~is hereby superseded.~~

(3) That jurisdiction of this case 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.

(2) That those portions of Commission Orders Nos. R-4116 and R-3264-A which are inconsistent with this Order are hereby superseded.