

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. 781  
Order No. R-555

THE APPLICATION OF ATLANTIC REFINING  
COMPANY FOR AN ORDER (1) GRANTING  
PERMISSION TO DUALY COMPLETE AND  
PRODUCE ITS SEALE FEDERAL NO. 1,  
LOCATED IN THE NW/4 SW/4 OF SECTION 34,  
TOWNSHIP 20 SOUTH, RANGE 36 EAST, NMPM,  
LEA COUNTY, NEW MEXICO, EUMONT GAS  
POOL; AND (2) GRANTING APPROVAL OF AN  
EXCEPTION TO RULE 5 OF THE SPECIAL RULES  
AND REGULATIONS PERTAINING TO THE EUMONT  
GAS POOL IN ORDER R-520 IN THE ESTABLISHMENT  
OF A 160-ACRE PRORATION UNIT CONSISTING OF  
THE SW/4 OF SECTION 34, TOWNSHIP 20 SOUTH,  
RANGE 36 EAST, NMPM, LEA COUNTY, NEW  
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m., on October 20, 1954, at Hobbs, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 16<sup>th</sup> day of December 1954, the Commission, a quorum being present, having considered the records and testimony adduced, 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 5 (b) (Eumont) of Order No. R-520, the Commission has power and authority to permit the formation of a gas proration unit consisting of other than a legal section after notice and hearing by the Commission.

(3) That applicant, The Atlantic Refining Company, is the owner of an oil and gas lease in Lea County, New Mexico the land consisting of other than a legal section, and described as follows, to-wit:

TOWNSHIP 20 SOUTH, RANGE 36 EAST, NMPM  
SW/4 of Section 34

*Entered December 17,*

containing 160 acres, more or less, and lying within the horizontal limits of the Eumont Gas Pool.

(4) That the entire 160 acres of said lease is productive of oil and gas from the Eumont Gas Pool.

(5) That applicant, The Atlantic Refining Company, proposes to drill a well on the aforesaid lease to be known as Seale Federal Well No. 1, located 660' from the west line and 1980' from the south line of Section 34, Township 20 South, Range 36 East.

(6) That it is impractical to pool applicant's said lease with adjoining acreage in the Eumont Gas Pool, and that the owners of adjoining acreage in said area have not objected to the formation of the proposed proration unit of 160 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 Eumont 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.

(9) That geological evidence indicates that applicant's well known as Seale Federal No. 1, to be located 1980' from the south line and 660' from the west line of Section 34, Township 20 South, Range 36 east, NMPM, may encounter an oil productive horizon within the defined limits of the Eumont Gas Pool at a lesser depth than the high pressure gas productive horizon of the Eumont Gas reservoir.

(10) That the total gas volume, both associated gas produced with the oil, and dry gas produced, should be charged against the gas allowable assigned the well, and the oil allowable assigned the well shall be based on a 40-acre proration unit subject to the limiting gas-oil ratio in effect in the Eumont Gas Pool.

IT IS THEREFORE ORDERED:

(1) That the application of The Atlantic Refining Company for approval of a non-standard proration unit consisting of the following described acreage:

TOWNSHIP 20 SOUTH, RANGE 36 EAST, NMPM  
SW/4 of Section 34.

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

(2) That applicant's well, Seale Federal Well No. 1, located in the NW/4 SW/4 of Section 34, Township 20 South, Range 36 East, NMPM, shall be granted an allowable in the proportion that the above described

160-acre unit bears to the standard or orthodox proration unit for said pool, all until further order of the Commission.

(3) That the total volume of gas produced by both zones of the Eumont gas reservoir shall be charged against the well's allowable.

(4) That the oil volume produced by the well shall be based upon a proration unit of 40 acres subject to the Eumont Gas Pool limiting gas-oil ratio.

IT IS FURTHER ORDERED:

That applicant, herein The Atlantic Refining Company, be and it hereby is authorized to dually complete and produce its Seale Federal, Well No. 1, to be located in the NW/4 SW/4 of Section 34, Township 20 South, Range 36 East, NMPM, in such a manner that gas from the Seven Rivers formation of the Eumont Gas Pool may be produced through the tubing and oil and associated gas from the Yates formation of the Eumont Gas Pool may be produced through a string of tubing suspended in the annular space between the first string of tubing and the casing by proper perforations and the installation of a suitable packer separating the Yates zone from the Seven Rivers zone.

PROVIDED, HOWEVER, That upon the actual dual completion of such subject well applicant shall submit to the District Office of the Commission in which the subject well is located Form C-103, Form C-104, Form C-110 and Form C-122 outlining the information required on these forms by existing Rules and Regulations.

PROVIDED, HOWEVER, That subject well shall be completed, and thereafter produced, in such a manner that there will be no commingling within the well bore, either within or outside the casing of gas, oil and gas, or oil produced from either or both of the separate strata, and,

PROVIDED FURTHER, That said subject well for dual completion and production shall be equipped in such a way that reservoir pressures may be determined separately for each of the two specified strata, and further, be equipped with all necessary connections required to permit recording meters to be installed and used, at any time, as may be required by the Commission or its representatives, in order that natural gas, oil, or oil and gas from each separate stratum may be accurately measured and the gas-oil ratio thereof determined, and,

PROVIDED FURTHER, That the operator applicant shall make any and all tests, including segregation tests, but not excluding other tests and/or determinations at any convenient time and in such manner as deemed necessary by the Commission; the original and all subsequent tests shall be witnessed by representatives of offset operators, if any there be, at their election, and the results of each test properly attested to by the applicant herein and all witnesses, and shall be filed with the Commission within ten (10) days after the completion of such test, and,

PROVIDED FURTHER, That upon the actual dual completion of such subject well, applicant shall submit to the Commission a diagrammatic sketch of the mechanical installation which was actually used to complete and produce the seal between the strata, and a special report of production, gas/oil ratio and reservoir pressure determination of each producing zone or stratum immediately following completion.

IT IS FURTHER ORDERED: That jurisdiction of this cause is hereby retained by the Commission for such further order or orders as may seem necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of applicant to comply with any requirement of this order after proper notice and hearing, the Commission may terminate the authority hereby granted and require applicant or its successors and assigns to limit its activities to regular single-zone production in the interests of conservation.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



W. B. MACEY, Member and Secretary

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*Entered 12-17-1954*

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