

cc=OCC - Helen  
8/10/56

NSP - 315

# SUNRAY MID-CONTINENT OIL COMPANY

MAIN OFFICE OCC

P. O. BOX 2039

TULSA 2, OKLAHOMA

1956 AUG 10 AM 8:12

August 7, 1956

one ~~sheet~~  
9/9/56

copy for NMOG

Oil Conservation Commission  
State of New Mexico  
125 Mabry Hall  
Capitol Building  
Santa Fe, New Mexico

exc 6 5(b)-6 of R-520  
allowable per Rule 12  
of R-520

Re: Exception to Rules 2 and 5  
of the special rules and  
regulations for the Eumont  
Gas Pool, Lea County, N. M.

Gentlemen:

Sunray Mid-Continent Oil Company respectfully requests that administrative approval be granted for the completion of its A. B. Reeves Well No. 2 in the Eumont Gas Pool, Lea County, New Mexico, and for an assignment of a 160-acre non-standard gas proration unit to such well as an exception to Rules 2 and 5 of the Special rules and regulations for the Eumont Gas Pool as established under Order R-520.

loc = NW/4 NW/4 unit = N/2 N/2

Sunray's A. B. Reeves Well No. 2, located 440 feet from the North and West lines of Section 29-20S-37E, Lea County, was drilled to a total depth of 7150' and abandoned as a dry hole on August 21, 1947. 13-3/8" surface casing was set at 320' and cemented with 400 sacks of cement. 9-5/8" casing was set at 2789' and cemented to the surface. This casing was left in the hole. It is planned to re-enter this abandoned hole, clean out, run production casing and complete in the Queen Sand as a gas well.

An exception to Rule 2 is required since this well was drilled in 1947 at a location 440' from the North and West lines of Section 29, and Rule 2 requires that each well shall be drilled not closer than 1980' to any boundary line of the tract. Under Rule 3 the Secretary of the Commission has the authority to grant exception to the requirements of Rule 2 without notice and hearing where application has been filed, and the necessity for the unorthodox location is occasioned by the recompletion of a well previously drilled to another horizon. This well No. 2 is a twin to Well No. 1, which is located 660' from the North and West lines of Section 29 and is completed as an oil well in the Eunice Monument Field.

An exception to Rule 5 is required since this lease does not include 640 acres. Under Rule 5(b) the Secretary of the Commission has the authority to grant an exception to Rule 5(a) without notice and hearing where application has been filed and where certain facts exist and certain provisions are complied with. In compliance with this rule, Sunray alleges the following:



- (1). The requested 160-acre non-standard gas proration unit consists of contiguous quarter-quarter sections.
- (2). The requested 160-acre non-standard gas proration unit lies wholly within a single governmental section.
- (3). The entire 160-acre unit may reasonably be presumed to be productive of gas.
- (4). The length of this 160-acre unit does not exceed 5280'.

As required by Rule 3 and Paragraph 6 of Rule 5(b) the following operators have been notified by registered mail this date, by copy of this letter and attached plat.

The Texas Company  
P. O. Box 1720  
Fort Worth, Texas

Gulf Oil Corporation  
P. O. Box 1290  
Fort Worth, Texas

Phillips Petroleum Company  
Bartlesville, Oklahoma  
Attention: Mr. O. P. Nicola

Hudson and Hudson, Inc.  
1810 Electric Building  
Fort Worth, Texas

Amerada Petroleum Corporation  
P. O. Box 2040  
Tulsa, Oklahoma

We believe that this request for administrative approval should be granted, as such approval by the Commission will prevent waste, will protect correlative rights of all concerned and will serve the best interests of conservation.

Yours very truly,

SUNRAY MID-CONTINENT OIL COMPANY



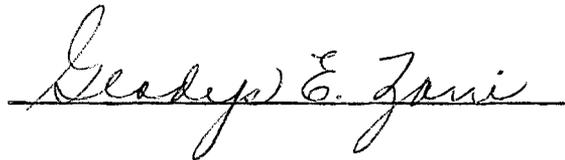
Burns H. Errebo  
Attorney

Burns H. Errebo, being duly sworn, upon his oath states:

That he is an attorney for Sunray Mid-Continent Oil Company, Tulsa, Oklahoma, that he has read the foregoing request for exception to Rules 2 and 5 of the special rules and regulations for the Eumont Gas Pool, Lea County, New Mexico, and that the facts as stated in the foregoing request are true and correct to his best knowledge and belief.

  
Burns H. Errebo

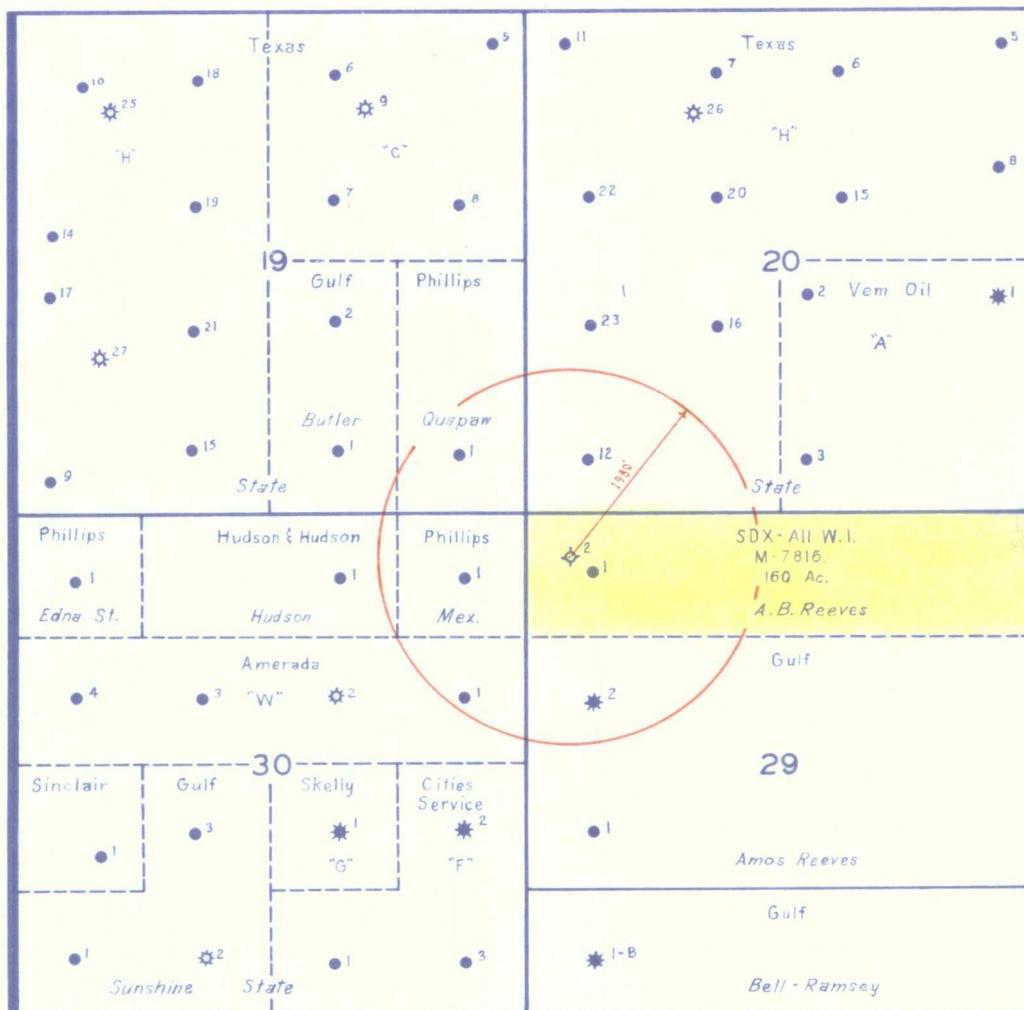
Subscribed and sworn to before me, a Notary Public within and for the State of Oklahoma, County of Tulsa, on this 7<sup>th</sup> day of August, 1956.



My Commission expires:

25<sup>th</sup> day of February 1957

R 37 E



T  
20  
S

| PRODUCING FORMATION        |                      | SUNRAY OIL CORPORATION      |  | PRODUCING LEASES |  |
|----------------------------|----------------------|-----------------------------|--|------------------|--|
| <u>NAME</u>                | <u>AVERAGE DEPTH</u> | FIELD: EUMONT               |  | REEVES, A. B.    |  |
|                            |                      | DISTRICT: NEW MEX. GROUP:   |  |                  |  |
|                            |                      | COUNTY: LEA STATE: NEW MEX. |  |                  |  |
| SCALE                      |                      |                             |  |                  |  |
| 2000 1000 0 1000 2000 4000 |                      |                             |  |                  |  |
| FEET                       |                      |                             |  |                  |  |

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

September 19, 1956

Sunray Mid-Continent Oil Company  
Box 2039  
Tulsa, 2, Oklahoma

Attention: Mr. Burne H. Erbe

Gentlemen:

Reference is made to Administrative Order NSP-315 dated September 10, 1956 for your A. B. Reeves Well No. 1, located in the NW/4 NW/4 of Section 29, Township 20 South, Range 37 East, Lea County, New Mexico.

This is to advise that the well number was in error. Please correct your order to read Well No. 2 instead of Well No. 1.

Very truly yours,

A. L. PONTER, JR.  
Secretary-Director

WHL:nc

cc: OGC, Hobbs  
N. M. Oil & Gas Engr. Comm., Hobbs  
EPNG, Jal  
EPNG, El Paso

C  
O  
P  
Y

# SUNRAY MID-CONTINENT OIL COMPANY

MAIN OFFICE OCC

P. O. BOX 2039

TULSA 2, OKLAHOMA

1956 SEP 19 PM 4:07  
R. E. FOSS, VICE PRESIDENT  
R. W. GRIFFITH, ASST. TO THE VICE PRESIDENT  
M. S. PATTON, JR., MANAGER  
ENGINEERING DIVISION

PRODUCTION DEPARTMENT

C. J. KERWIN, SUPERINTENDENT  
PRODUCTION DIVISION  
L. G. RODGERS, GENERAL MANAGER  
GAS DIVISION  
J. H. DOUMA, MANAGER  
JOINT OPERATIONS DIVISION

September 17, 1956

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

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

Gentlemen:

We are in receipt of your administrative order NSP-315 dated September 10, 1956 which grants approval of Sunray's application for a 160-acre non-standard gas proration unit in the Eumont Gas Pool of Lea County. However, in your letter the well is shown as A. B. Reeves Well No. 1 while the application was actually for the A. B. Reeves Well No. 2. We are assuming this is just a typographical error.

Very truly yours,

SUNRAY MID-CONTINENT OIL COMPANY



J. W. Sutherland

JWS:at



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6759  
Order No. R-6276

APPLICATION OF SUN OIL COMPANY  
FOR AN UNORTHODOX LOCATION, NON-STANDARD  
GAS PRORATION UNIT, INFILL FINDINGS,  
SIMULTANEOUS DEDICATION AND DOWNHOLE  
COMMINGLING, LEA COUNTY, NEW MEXICO.

*See Also Order No.*

*R-6276-A*

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 12, 1979, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 26th day of February, 1980, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Sun Oil Company, seeks approval for the unorthodox location of its Reeves Well No. 6 to be drilled at a point 660 feet from the North line and 610 feet from the East line of Section 29, Township 20 South, Range 37 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated with its Reeves Well No. 2 in Unit D of Section 29 to a 160-acre non-standard gas proration unit comprising the N/2 N/2 of Section 29.

(3) That the applicant also seeks approval for the down-hole commingling of Eumont gas production and Monument oil and gas production in the wellbore of said well.

(4) That the applicant further seeks findings that the proposed well is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well on the proration unit.

(5) That the evidence presented demonstrated that the aforesaid Reeves Well No. 2 has junk in the hole and has been temporarily abandoned, and that it is incapable of effectively and efficiently draining the 160-acre Eumont proration dedicated to it, being the N/2 N/2 of the subject Section 29.

(6) That the evidence demonstrates that the new proposed well, the Reeves Well No. 6, should recover some 392 million cubic feet of gas which are not recoverable by the old well on the unit, the Reeves Well No. 2.

(7) That the evidence further demonstrates that between the two wells, the Reeves No. 2 and the Reeves No. 6, the subject 160-acre non-standard gas proration unit should be effectively and efficiently drained of the natural gas reserves in place.

(8) That there may be recoverable oil and gas reserves in the San Andres formation underlying the NE/4 NE/4 of Section 29, and applicant proposes to drill Reeves Well No. 6 to a total depth of approximately 4000 feet and attempt a completion in the San Andres formation.

(9) That should said well produce from the San Andres, it is expected that such production will be of low marginal nature, and uneconomic to produce separately, and applicant therefore proposes to commingle such San Andres production in the wellbore with the aforementioned Eumont production, and said downhole commingling may cause to be recovered oil and gas which would otherwise remain unrecovered, thereby preventing waste.

(10) That upon completion of the subject well, the Eumont or San Andres zone should be tested separately, and the applicant should consult with the Supervisor of the Hobbs District Office of the Division to determine an allocation formula for each of the zones commingled.

(11) That the proposed unorthodox location for the subject well results from having to move away from an existing well in the NE/4 NE/4 of Section 29.

(12) That the application of Sun Oil Company in this case for an unorthodox location, a 160-acre non-standard gas proration unit, downhole commingling, simultaneous dedication of acreage, and infill drilling findings are all in the interest of conservation, will not cause but will prevent waste, will not impair but will protect correlative rights, and should be approved.

IT IS THEREFORE ORDERED:

(1) That a 160-acre non-standard gas proration unit in the Eumont Gas Pool, comprising the N/2 N/2 of Section 29, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, is hereby approved and simultaneously dedicated to the Sun Oil Company Reeves Well No. 2, located in Unit D of said Section 29, and to Sun's Reeves Well No. 6, to be drilled as an infill well at an unorthodox location, also hereby approved, at a point 660 feet from the North line and 610 feet from the East line of said Section 29. The authorization for infill drilling granted by this order is necessary to permit the drainage of a portion of the reservoir covered by the 160-acre non-standard proration unit which cannot be effectively and efficiently drained by any existing well thereon.

(2) That the applicant is hereby authorized to commingle Eumont and Monument production within the wellbore of the above-described Reeves Well No. 6.

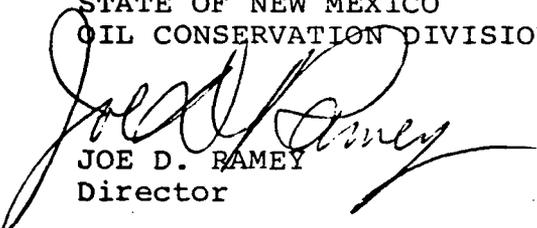
(3) That the applicant shall separately test the Eumont or the San Andres zone, or both zones, of said Reeves Well No. 6 during completion operations, and shall thereafter consult with the Supervisor of the Hobbs District Office of the Division to determine an allocation formula for the allocation of production to each zone in the subject well.

(4) That the operator of said Reeves Well No. 6 shall immediately notify the aforesaid Supervisor at any time the well has been shut in for seven consecutive days, and shall present for approval by the Division a plan for remedial action to prevent crossflow between the zones.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY  
Director

S E A L  
fd/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 8028  
Order No. R-6276-A

APPLICATION OF SUN EXPLORATION  
AND PRODUCTION COMPANY FOR AN  
UNORTHODOX WELL LOCATION AND  
SIMULTANEOUS DEDICATION, LEA  
COUNTY, NEW MEXICO

*See Also Order No.*

*R-6276*

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on December 15, 1983, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 9th day of January, 1984, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Sun Exploration and Production Company, seeks approval of an unorthodox gas well location for its A. B. Reeves Well No. 7 located 990 feet from the North line and 2310 feet from the West line of Section 29, Township 20 South, Range 37 East, NMPM, Eumont Gas Pool, Lea County, New Mexico.

(3) That the applicant further seeks to simultaneously dedicate the N/2 N/2 of said Section 29 to the above-described well and to its Reeves Well No. 6 located 660 feet from the North line and 610 feet from the East line of said Section 29.

(4) That Division Order No. R-6276, entered on February 26, 1980, gave authorization in part for a 160-acre non-standard Eumont Gas proration unit comprising the N/2 N/2 of said Section 29 to be simultaneously dedicated to the applicant's, then Sun Oil Company, A. B. Reeves Well No. 2, located 440 feet from the

North and West lines of said Section 29 and to said A. B. Reeves Well No. 6 located at the above-described unorthodox location.

(5) That said A. B. Reeves Well No. 2 was plugged and abandoned in November, 1983.

(6) That the A. B. Reeves Well No. 7 at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.

(7) That no offset operator objected to the proposed unorthodox location and simultaneous dedication.

(8) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject 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.

IT IS THEREFORE ORDERED:

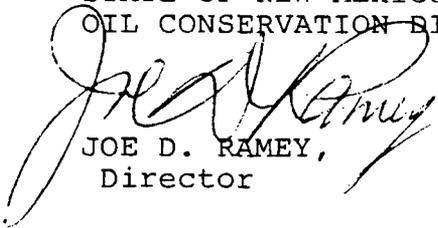
(1) That Sun Exploration and Production Company is hereby authorized to drill its A. B. Reeves Well No. 7 at an unorthodox location 990 feet from the North line and 2310 feet from the West line of Section 29, Township 20 South, Range 37 East, NMPM, Eumont Gas Pool, Lea County, New Mexico.

(2) That the N/2 N/2 of said Section 29 shall be simultaneously dedicated to the above-described well and to applicant's Reeves Well No. 6 located 660 feet from the North line and 610 feet from the East line of said Section 29.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY,  
Director

S E A L