

Case No.

824

Application, Transcript,
Small Exhibits, Etc.

CASE 824: Application of Tide Water Assoc-
iated Oil Company for approval of a non-
standard gas oration unit (Justis Gas Pool)

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 11, 1955

Tide Water Associated Oil Company
P. O. Box 1404
HOUSTON 1 - TEXAS

Attention: Mr. J. B. Holloway

Gentlemen:

We attach copy of Order R-605 issued by this Commission under date of March 10, 1955, in Case 824, which was heard on February 16, 1955, upon your company's application.

Very truly yours,

W. B. Macey
Secretary - Director

WBMinr

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. 824
Order No. R-605

THE APPLICATION OF TIDE WATER
ASSOCIATED OIL COMPANY FOR AN
ORDER GRANTING APPROVAL OF AN
EXCEPTION TO RULE 7 OF ORDER
R-375-A, THE SPECIAL RULES AND
REGULATIONS FOR THE JUSTIS GAS
POOL, IN THE FORMATION OF A 160-
ACRE NON-STANDARD GAS PRORATION
UNIT CONSISTING OF THE SE/4 NW/4,
W/2 NE/4, AND NE/4 NE/4 OF SECTION
24, TOWNSHIP 25 SOUTH, RANGE 37
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 February 16, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 16th day of March, 1955, 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 7 (a) of the Special Rules and Regulations for the Justis Gas Pool, as set forth in Order No. R-375-A, the Commission has power and authority to permit the formation of a gas proration unit consisting of other than a legal quarter-section after notice and hearing by the Commission.

(3) That applicant, Tide Water Associated Oil Company, is the owner of an oil and gas lease in Lea County, New Mexico, the land consisting of other than a legal quarter-section, and described as follows:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
SE/4 NW/4, W/2 NE/4, and NE/4 NE/4 of Section 24

containing 160 acres, more or less.

(4) That applicant, Tide Water Associated Oil Company, has a producing gas well on the aforesaid lease, known as the A. B. Coates "C" Well No. 1, located in SE/4 NW/4 of Section 24, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, within the horizontal limits of the Justis Gas Pool.

(5) That it is impractical to pool applicant's said lease with adjoining acreage in Section 24, and that the owners of adjoining acreage have not objected to the formation of the proposed 160-acre proration unit.

(6) That all of the above-described acreage in the proposed unit is reasonably presumed to be productive of gas from the Justis Gas Pool, and that unless a proration unit consisting of said acreage is permitted, applicant will be deprived of the opportunity to recover its just and equitable share of the natural gas from the Justis Gas Pool.

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

IT IS THEREFORE ORDERED:

(1) That the application of Tide Water Associated Oil Company for approval of a 160-acre non-standard gas proration unit consisting of the following described acreage:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
SE/4 NW/4, W/2 NE/4, and NE/4 NE/4 of Section 24

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

(2) That applicant's well, A. B. Coates "C" Well No. 1, located in SE/4 NW/4 of Section 24, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, 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.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John F. Blams
JOHN F. BLAMS, Chairman

E. S. Hallack
E. S. HALLACK, Member

V. H. Mackey
V. H. MACEY, Member and Secretary







TIDE WATER ASSOCIATED OIL COMPANY

POST OFFICE BOX 1404
HOUSTON 1, TEXAS

December 29, 1954

Mr. W. B. Macey, Secretary
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Mr. Macey:

I wish to thank you for telephoning me yesterday that you had received our application for the formation of a 160-acre non-standard gas proration unit in the Justis Gas Pool, Lea County, New Mexico, and also for informing me that your office would soon be authorized to approve such applications administratively, and that no hearing would be necessary.

We have found that the location of the well was shown erroneously in our transmittal letter as being located in the SE/4 NE/4 of Section 24, T-25-S, R-37-E. The application itself and the plat correctly show the location of the well as being in the SE/4 NW/4. We suggest that your copy of the letter either be changed or destroyed so no one will be led into again making the same error.

With kindest personal regards and Season's Greetings,
I remain

Sincerely,

J. B. Holloway

JBH:vh

(6-11-52)

BEFORE THE OIL CONSERVATION COMMISSION
OF THE
STATE OF NEW MEXICO

Re: Application of Tide Water Associated Oil Company for formation of a 160-acre Non-Standard Gas Proration Unit in the Justis Gas Pool, Lea County, New Mexico, and for the assignment of the acreage in the Unit to Tide Water Associated Oil Company's A. B. Coates Well No. 1-C for proration purposes.

COMES NOW Tide Water Associated Oil Company, and hereby applies for exceptions to Rules 2 and 7 of Order No. 375-A for the formation of a non-standard gas proration unit consisting of the SE/4 of the NW/4, the W/2 of the NE/4 and the NE/4 of the NE/4, Section 24, Township 25 South, Range 37 East, containing 160 acres, and the assignment of such acreage to Tide Water Associated Oil Company's A. B. Coates Well No. 1-C in the Justis Gas Pool, Lea County, New Mexico, and in support of such application states:

1. Tide Water Associated Oil Company is the owner of Federal Lease No. (Las Cruces 032650(b)) comprised of the E/2, SE/4 NW/4 and NE/4 SW/4 Section 24, T-25-S, R-37-E, N.M.P.M. containing 400 acres, all of which land is located within the designated limits of the Justis Gas Pool and reasonably considered to be productive in that pool.
2. That prior to the issuance of Order No. 356 and the amending Order No. 375-A, applicant had drilled and completed its A. B. Coates Well No. C-1 at a location in the center of the SE/4 NW/4 of Section 24, T-25-S, R-37-E, and acting on the authority granted by Order No. 378 dually completed the well in such manner that gas was produced through the tubing from the Glorietta formation of the Justis Gas Pool and gas through the casing annulus from the Langlie-Mattix Pool.
3. That in the year 1952 applicant succeeded in forming a voluntary gas production unit comprised of two separate Federal Leases, each of which provided for payment of royalty in a different manner and to different parties in those Federal Lands described as the E/2 SW/4 and the W/2 SE/4 of Section 24, T-25-S, R-37-E. That in 1952 applicant drilled and completed a gas well on this voluntary unit in the Langlie-Mattix Pool, the royalty from which is being paid proportionately to the several royalty owners. That now it would be impracticable, if not impossible, to dissolve or rearrange this unit, the agreement for which has been placed of record, or to include such lands in any other proration unit.
4. The attached plat indicates the location of the proposed unit, the producing well, the voluntary, recorded unit, and the surrounding tracts.
5. Tide Water Associated Oil Company will be deprived of a fair opportunity to recover its just and equitable share of the natural gas in the Justis Gas Pool unless the proposed non-standard proration

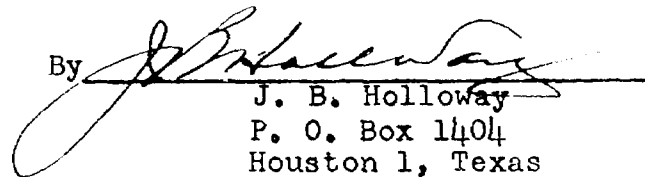
unit is formed and unless the acreage therein is assigned to Tide Water's A. B. Coates "C" No. 1 Well.

6. The creation of the proposed non-standard proration unit and the assignment of the acreage therein to the above identified well will not cause waste but will prevent waste and will protect correlative rights.

Tide Water Associated Oil Company therefore respectfully requests that this matter be set down for hearing and that upon due notice and hearing, the Commission enter its order granting applicant permission to increase the size of the gas unit for the subject well as proposed in this application.

TIDE WATER ASSOCIATED OIL COMPANY

By


J. B. Holloway
P. O. Box 1404
Houston 1, Texas

cc - Amerada Petroleum Corporation
Attention: Mr. R. S. Christie
P. O. Box 2040, Tulsa, Okla.

The Atlantic Refining Company
P. O. Box 871, Midland, Texas

Gulf Oil Corporation
P. O. Box 2167, Hobbs, New Mexico

R. Olsen Oil Company
Drawer Z, Jal, New Mexico

Western Natural Gas Company
Midland Tower Building
Midland, Texas

U. S. Department of the Interior
Geological Survey
Hobbs, New Mexico

PLAT SHOWING LOCATION
OF ASSIGNED ACREAGE

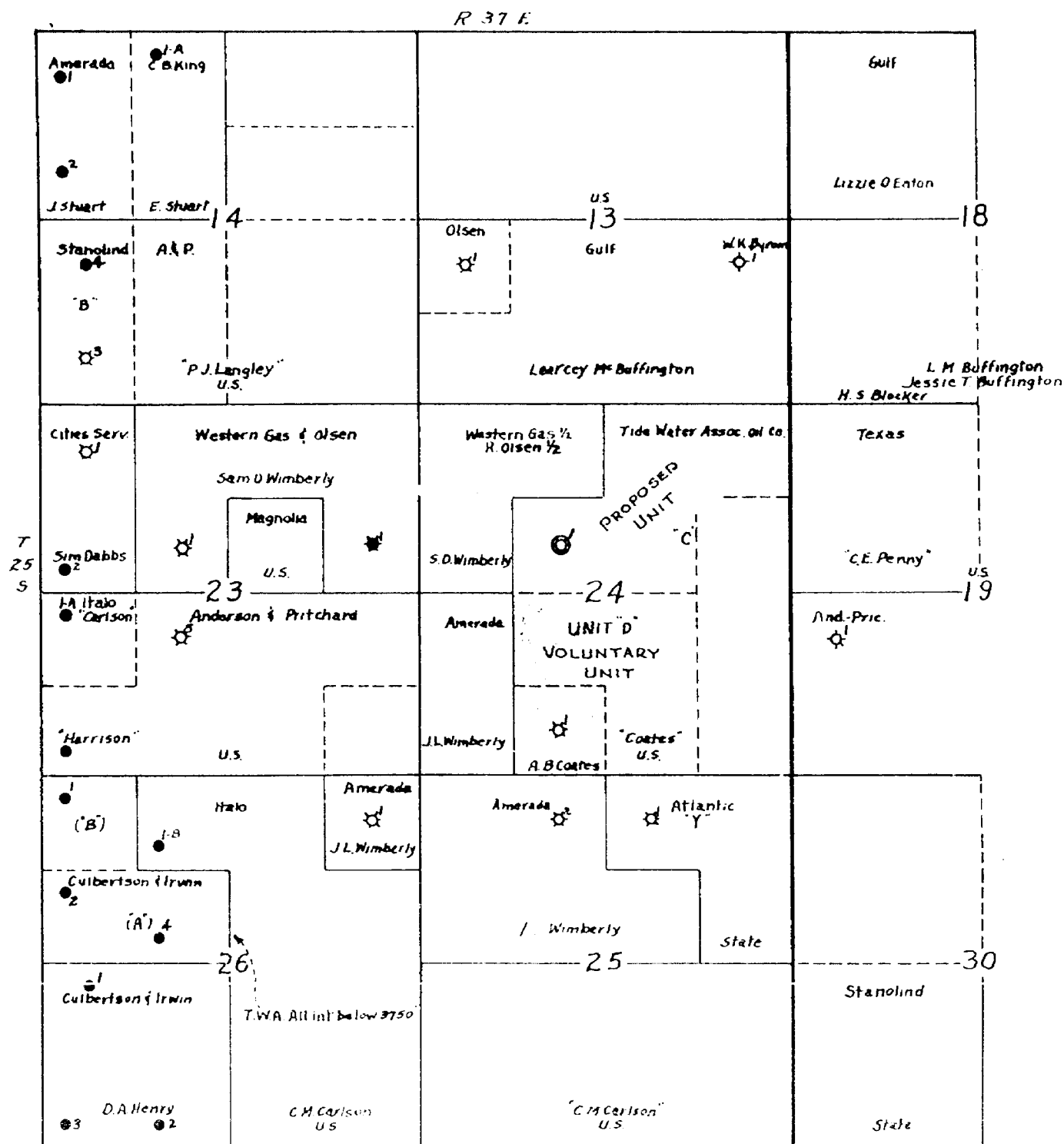


EXHIBIT "A"

- ◇ DRY HOLE
 - OIL WELL
 - ☆ GAS WELL - QUEEN SAND
 - ✱ GAS WELL - GLORIETA (PADDOCK)
 - ⊙ GAS WELL - DUAL COMPLETD
- SCALE: 1" = 2000'

PLAT SHOWING LOCATION
OF ASSIGNED ACREAGE

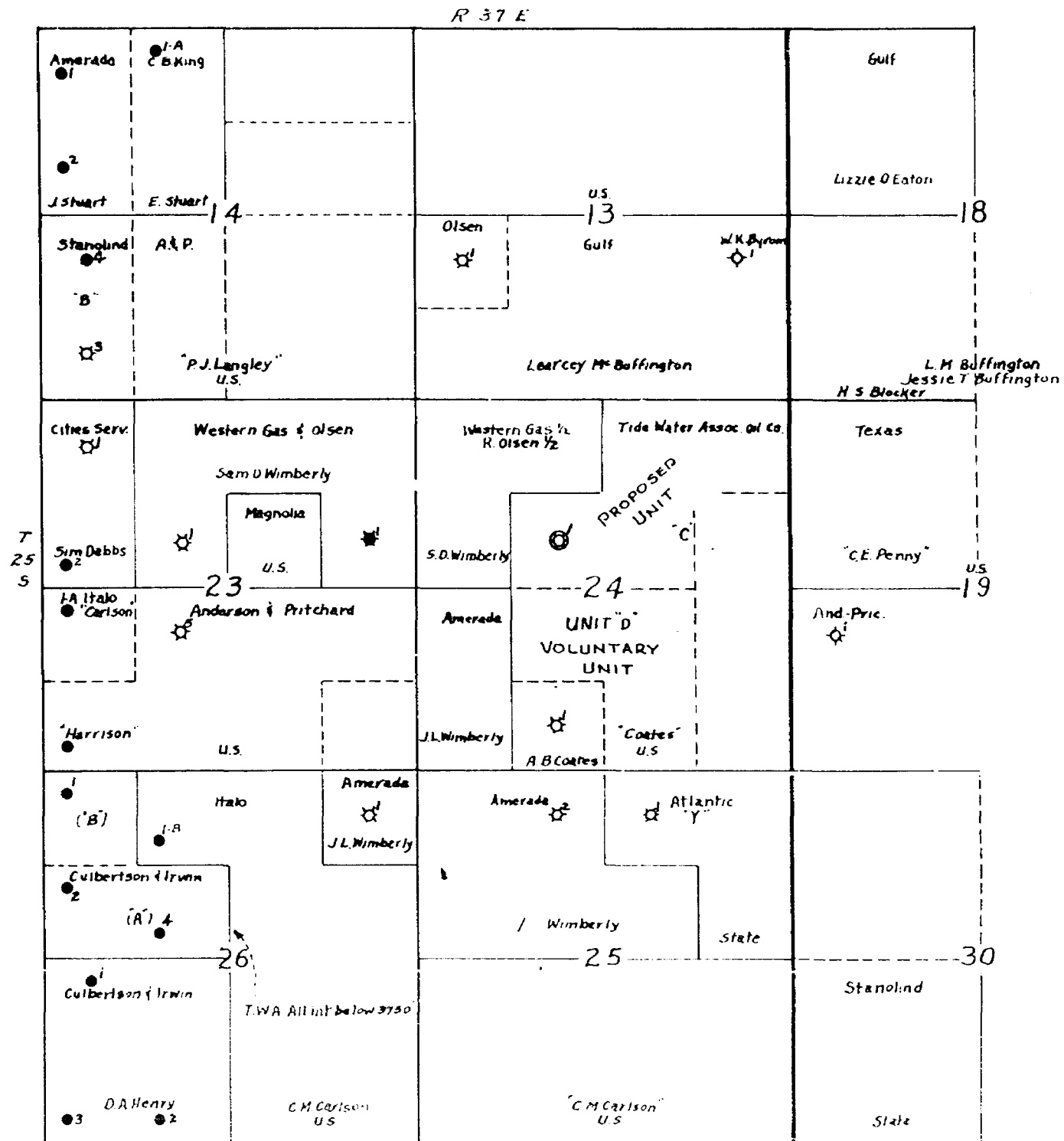


EXHIBIT "A"

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 - OIL WELL
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 - ⊙ GAS WELL - DUAL COMPT'D
- SCALE: 1" = 2000'

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 824

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
ROOMS 105, 106, 107 EL CORTEZ BUILDING
TELEPHONE 7-9546
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 16, 1955

IN THE MATTER OF:)
)
)

Application of Tide Water Associated Oil)
Company for approval of a non-standard)
gas proration unit.)
)
)

Case No. 324

BEFORE:

Honorable John F. Simms, Jr.
Mr. E. S. (Johnny) Walker
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: The next case of 324.

J. B. H O L L O W A Y

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

MR. HOLLOWAY: I believe it will help to follow my application
if I give you first an Exhibit I would like to present.

Tide Water Associated Oil Company is applying for exceptions
to Rules 2 and 7 of Order No. 375-A for the formation of a Non-
standard Gas Proration Unit, to consist of the SE/4 NW/4, the W/2
NE/4 and the NE/4 NE/4 of Section 24, T-25-S, R-37-E, which will
contain 160 acres. It is requested that this acreage be assigned
to Tide Water Associated Oil Company's A. B. Coates Well #1-C in
the Justis Gas Pool, Lea County, New Mexico, for proration purposes.

Tide Water Associated Oil Company is the owner of a 400-acre
Federal Lease No. Las Cruces 032650B, which covers the E/2 and the

SE/4 NW/4 and the NE/4 SW/4 of Section 24, T-25-S, R-37-E, N.M.P.M. All of this land is located within the designated limits of the Justis Gas Pool and can reasonably be considered to be productive in that Pool.

Tide Water completed its A. B. Coates "C" Well # 1 on this lease on February 3, 1951. The well is located in the center of the SE/4 of the NW/4 of Section 24, T-25-S, R-37-E. On October 21, 1953, by Order No. R-378, Tide Water was authorized to dually complete the A. B. Coates "C" Well # 1 in the Justis Gas Pool for Paddock production and for Queen production from the gas cap of the Langlie-Mattax Oil Pool. This was done prior to the issuance of Order No. R-375-A, prescribing Special Rules and Regulations for the Justis Gas Pool.

During the year 1952, applicant succeeded in forming the voluntary gas production unit, which is comprised of two separate Federal leases, each of which provide for payment of royalty in a different manner and to different parties. One of these leases was for the SE/4 of the SW/4, containing 40 acres, and the remaining 120 acres was made up of lands included in the Las Cruces Lease 032650B previously described, to form a voluntary unit, consisting of the E/2 SW/4 and the W/2 SE/4 of Section 24. A Queen sand gas well was drilled on the unit during May, 1952, the royalty from which is being paid proportionately to the several royalty owners. We believe it would be impractical to attempt to dissolve or rearrange this unit or to include such lands in any other proration unit, because of the many complexities that will arise. The plat submitted with our application shows in color the location of the proposed unit and the producing well. It also shows the voluntary

unit which has been recorded and the surrounding tracts which we understand are not Federal lands. It is our opinion that the creation of the proposed Non-standard Proration Unit and the assignment of the acreage therein to A. B. Coates Well # "C"-1 will not cause waste, but will prevent waste and will protect correlative rights. We further believe that Tide Water Associated Oil Company will be deprived of a fair opportunity to recover its just and equitable share of the natural gas in the Justis Gas Pool unless the proposed Non-standard Proration Unit is formed in the manner requested.

That is my official statement, Mr. Commissioner, unless you have some questions.

MR. MACEY: Does anyone have any questions of the witness, if not, the witness may be excused. Do you wish to submit this Exhibit in evidence?

MR. HOLLOWAY: Yes. One just like it is attached to my application, but for your convenience, you might find extra copies desirable.

MR. MACEY: I don't think that is necessary. We will take the case under advisement.

STATE OF NEW MEXICO)
) SS.
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 25th day of February, 1955.

Ada Dearnley
NOTARY PUBLIC, Court Reporter

My Commission Expires:
June 19, 1955.

ADA DEARNLEY & ASSOCIATES
STENOGRAPHIC REPORTERS
ALBUQUERQUE, NEW MEXICO
TELEPHONE 3-6601



TIDE WATER ASSOCIATED OIL COMPANY

POST OFFICE BOX 1404

HOUSTON 1, TEXAS

December 23, 1954

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

Attention: Mr. W. D. Macey, Secretary

Gentlemen:

We are enclosing three copies of application of Tide Water Associated Oil Company for the formation of a 160-acre non-standard gas proration unit in the Justis Gas Pool, Lea County, New Mexico, and for the assignment of the acreage in the unit to Tide Water Associated Oil Company's A. B. Coates Well #1-C for proration purposes. This well is located in the SE/4 NE/4 of Section 24, T-25-S, R-37E.

If time and your docket will permit we will appreciate it if this application could be set down for consideration at the regular January 1955 hearing.

Yours very truly,

TIDE WATER ASSOCIATED OIL COMPANY

By


J. B. Holloway

JBH:vh
Encls.