

Case No.

951

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Application, Transcript,  
Small Exhibits, Etc.

CASE 951: Western Natural application for  
200 acre non-standard proration unit in  
Jalmet Pool.

BEFORE THE  
Oil Conservation Commission  
SANTA FE, NEW MEXICO  
September 15, 1955

IN THE MATTER OF:

CASE NO. ~~950-951~~ Consolidated

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES  
COURT REPORTERS  
605 SIMMS BUILDING  
TELEPHONE 3-6891  
ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
September 15, 1955

IN THE MATTER OF:

Application of Western Natural Gas Company  
for approval of an exception to Rule 5 (a) of  
the Special Rules and Regulations for the  
Jalmat Gas Pool, to permit the formation of a  
320 acre non-standard gas proration unit con-  
sisting of the NW/4, SW/4 NE/4, E/2 NE/4 and  
NE/4 SE/4 Section 35, Township 23 South,  
Range 36 East, Lea County, New Mexico, to be  
dedicated to applicant's No. 1-X Combest Well  
located 1940 feet from the North line and 660  
feet from the East line of Section 35. Case No. 950

Application of Western Natural Gas Company  
for approval of an exception to Rule 5 (a) of  
the Commission's Special Rules and Regulations  
for the Jalmat Gas Pool, to permit the forma-  
tion of a 200 acre non-standard gas proration  
unit to consist of the SW/4 NE/4, SE/4 NW/4,  
NE/4 SW/4, NW/4 SE/4 and NW/4 NW/4 Section 6,  
Township 25 South, Range 37 East, Lea County,  
New Mexico, to be dedicated to applicant's  
No. 1 well, located 1980' from the North and  
East lines of Section 6. Case No. 951  
Consolidated.

BEFORE:

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

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 950.

MR. SAPP: Charles Sapp, attorney, representing Western  
Natural Gas Company. May it please the Commission, we ask that  
Cases 950 and 951 be consolidated. They both relate to applica-  
tions made by Western Natural Gas Company for approval of non-  
standard gas proration units in the Jalmat Gas Pool. We think it

would be more expeditious to hear them together than take them up separately.

MR. MACEY: Any objections? If not they will be consolidated for the purpose of the record.

PAUL C. WRIGHT,

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

DIRECT EXAMINATION

By MR. SAPP:

Q State your name, please.

A Paul C. Wright.

Q Where do you reside?

A Houston, Texas.

Q By whom are you employed, and in what capacity?

A Western Natural Gas Company as Chief Engineer.

Q Have you previously qualified as an expert witness and testified before this Commission as such?

A I have.

Q Mr. Wright, I hand you a plat which I wish you would inspect and identify, if you will?

A I recognize this plat.

(Marked Western Natural Gas Company's Exhibit No. 1, Case 950, for identification.)

Q What does it show?

A It shows the non-standard gas proration consisting of 320 acres outlined in red that we would like to have assigned to our Combust Number 1-X Well in the Jalmat Gas Pool, Lea County, New Mexico.

Q Was the plat prepared under your supervision?

A It was.

MR. SAPP: We ask it be introduced in evidence as Applicant's Exhibit 1 in Case 950.

MR. MACEY: Without objection it will be received.

(Marked Western Natural Gas Company's Exhibit No. 1, Case 951, for identification.)

Q Mr. Wright, I ask that you inspect this plat.

A I recognize this plat.

Q Can you identify it?

A It is a plat showing the non-standard gas proration unit consisting of 200 acres that we would like to have assigned to our Wells No. 1 Well in the Jalmat Gas Pool, Lea County, New Mexico.

Q Was the plat prepared under your supervision?

A It was.

MR. SAPP: We would like to introduce it in evidence as Exhibit 1 in Case 951.

MR. MACEY: Without objection it will be received.

Q Mr. Wright, referring first to the plat relating to the Combest Well, does that plat correctly show the ownership of the leases around the proposed unit and the location of the wells on those leases?

A It does.

Q Will you give the Commission a run-down on the completion history on the Combest Well?

A The Combest No. 1-X was first completed in 1942 as an oil well. In June of 1953 it was worked over and recompleted as a dually completed gas well and oil well; the gas completion being

4  
in the Yates Formation through perforations 2936 to 3432. The oil completion being in the Seven Rivers-Queen, from 3488 to 3576.

Q Is the well presently completed in the Jalmat Gas Pool within the vertical and horizontal limits of that gas pool?

A It is.

Q Referring to the plat showing the Wells Well, will you give the Commission the completion history of that well?

A The Wells No. 1 was originally completed October 19, 1939 as a gas well in the Yates Formation, 2830 to 3150.

Q The well is presently completed within the vertical and horizontal limits of the Jalmat Gas Pool?

A It is.

Q Mr. Wright, referring to the plat showing the Combest Well, will you state whether or not the royalty and lease ownership under the proposed unit are uniform throughout?

A Both the royalty ownership and the leasehold interest are common throughout that acreage.

Q In your opinion, is all of the acreage delineated in red on that plat, productive of gas?

A It is.

Q Do you think that the Combest Well situated on the proposed unit will be capable of producing the allowable which will be allocated to it if this unit were approved?

A I think so.

Q Referring now to the plat showing the Wells Well, is the ownership of the royalty interest throughout the proposed unit uniform?

A The royalty interest?

Q Yes.

A Yes.

Q Will you state the condition with respect to ownership and the lease interest?

A The northwest quarter of the northwest quarter, the gas rights under that acreage is owned by El Paso Natural Gas Company. The leasehold interest of the 160 acres in the center of the section is owned by Western Natural Gas Company.

Q Has Western Natural Gas and El Paso unitized the leasehold interest of each so that each has a uniform interest throughout the proposed unit at this time?

A That is right.

Q Will you state whether or not in your opinion, all of the acreage included in the proposed unit is productive of gas?

A It is.

Q Do you feel that the well situated on the proposed unit can produce the allowable that will be allocated to it if this unit were approved?

A Yes, sir.

Q Do you feel that if the application made by Western Natural Gas Company, with respect to each of these units, is approved, it will tend to promote the conservation of oil and gas and protect correlative rights?

A Yes, sir.

MR. SAPP: Nothing further.

MR. MACEY: Any questions of the witness?

MR. NUTTER: Yes.



CROSS EXAMINATION

By MR. NUTTER:

Q With reference to Case 951, that 40-acre tract up in the northwest of the northwest, I wonder if you would regard that as being contiguous acreage with the other 160 acres?

A Yes, we feel that corner touching is contiguous.

Q You feel that a corner is ground for contiguous acreage?

A The El Paso has attempted to unitize with other people in there and they could unitize with us where they couldn't unitize with other folks.

Q Did they make an effort to unitize --

A (Interrupting) To the best of my knowledge they did.

Q Into that Texas Company B Number 2 up north?

A Across the section line?

Q Yes.

A I don't know what action they took in that regard. When this thing first came up we asked them the same question, and it was our understanding that they were to do that sort of thing, check on the other wells and see if they could unitize with them.

Q Your well located in the southwest quarter of the northeast quarter presently has a 40-acre proration unit assigned to it?

A Yes, sir.

Q That well is over produced by quite a large amount?

A It has been shut in for a number of months.

Q It has been shut in and making it up?

A That is right. In putting together this unit we first requested a 160-acre unit of our acreage alone. We contacted the other operators in that section and all of them said it was all

right to go ahead on 160 acre basis, except the El Paso, and they said they would like to come in on a unit with us. In order to keep it all in the section and another point in that regard is that 40 acres is the only acreage in that northwest quarter that is not in a unit now. That is our acreage and El Paso's acreage, so they didn't have any way to turn in that governmental section except to us. They said, well, they would like to unitize with us and we agreed and reached an agreement.

Q Do you know of any other cases in any part of New Mexico where a proration unit has been established that is contiguous, where the acreage is contiguous on a point like that?

A No, sir.

Q That would be setting a precedent?

A I don't know of setting a precedent. I just don't know of any other cases. There could be some.

Q Your well presently has 40 acres assigned to it. You have 160 acres that are definitely contiguous with each other. If you had 160 acres you would have four times the present size of the proration unit. Would you be satisfied if the Commission felt that, if the Commission saw fit to deny that 40-acre tract up there, would you be satisfied with 160 acres?

A Yes, sir, we would abide by the decision of the Commission.

MR. NUTTER: That is all.

MR. MACEY: Anyone else?

By MR. GURLEY:

Q In your Case 950, has there been any attempt by your company to unitize the Gulf 40 acres in there?

A Yes, sir. We carried on quite a bit of correspondence with

Gulf, telephone conversation, in attempting to reach some kind of an agreement on what kind of a unit should be set up and how to handle it. We were never able to agree with them and vice versa. I understand now that Gulf has drilled a well on that 40 acres. It doesn't show on this plat because it is subsequent to the date of this plat, but it is either just completed or in the process of being completed.

By MR. MANKIN:

Q In connection with that Gulf well, that is now to be a dual completion in a 40-acre unit. Do you feel that your well located 660 feet from one unit line will efficiently and economically drain the entire unit as you are asking for it, for a 320-acre unit?

A I believe our well is capable of draining 320 acres. That brings us back to the old problem of compensatory drainage. You have some wells draining on our acreage, and maybe ours draining on someone else's acreage. I can't say where the gas is coming from. We have 320 acres productive of gas. We feel we are entitled to get our share of that gas.

MR. MACEY: Your lease, your Combest Lease is subject to drainage from the Continental "B-26" 4, Stevens "A-35", possibly, 1 and 2?

A Yes, sir, I didn't follow those names as you called them off.

MR. MACEY: Section 26, the Number 4 line of Continental.

A Yes.

Q The west offset, the Number 2 of Continental, and the south offset, the Stevens. You are completely surrounded with gas wells?

A Yes.

MR. MACEY: But they are all Jalmat producers?

A Yes, sir.

MR. MACEY: If no further questions the witness may be excused.

(Witness excused.)

MR. HOWELL: I would like to make a statement. Ben Howell, representing the El Paso Natural Gas Company. We are an owner of orphan lot containing approximately 40 acres in the northwest quarter of the northwest quarter of the section in Case Number 951. They attempted to wed the orphan to the Texas Company well, but we were not successful in getting a wedding there and the only other well in the entire section that has the capability to produce an allowable that would take care of our orphan is the Western Natural Gas Company well. So, we have asked to wed our orphan to theirs, and we hope that the Commission will see fit to give the allowable under those circumstances to the entire 200 acres.

MR. MANKIN: This would be setting the precedent in the State of New Mexico, I believe, as far as contiguous, would it not?

MR. MACEY: I believe that is correct. Anything else? If nothing further we will take the cases 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 10th day of October, 1955.

My Commission Expires:  
June 19, 1959

*Ada Dearnley*  
Notary Public, Court Reporter

ADA DEARNLEY & ASSOCIATES  
STENOGRAPHIC REPORTERS  
ALBUQUERQUE, NEW MEXICO  
TELEPHONE 3-6691

# Memo

From WWM (for DSN)

Case # 95-1 heard 9/15/55

To JWB

Goodrich & Winters

Apprais

only

160 Ac. NSP

Western Nat Gas. #1 Wells (Federal)

VALMAT comp. intaken on 10/19/39

Now has only 40 Ac. all (SW/4 NE/4)

SW/4 NE/4

SE/4 NW/4

NE/4 SW/4

NW/4 SE/4

SE/4

NE/4

SW/4

NW/4

Long NW/4 NW/4 (EPNG) acreage (Federal)

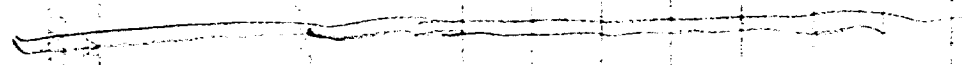
Find that EPNG must include their  
40 Ac (NW/4 NW/4) with the Texas (Federal) B<sup>2</sup><sub>2</sub>  
on W/2 SW/4 Sec. 31-24S-37E

40

J	57364
F	37436
M	4144
A	8258
M	816
J	1881
J	9265
A	150
S	0
O	0
N	4037
D	457
J	0
F	0
M	0
A	0
M	0
J	55 0

production  
over Jan 60

July, still over-produced 45,281



*What amount  
has been  
assigned  
to this well  
since Jan.*

NEW MEXICO  
OIL CONSERVATION COMMISSION

Gas Well Plat

Date \_\_\_\_\_

Operator \_\_\_\_\_


Lease \_\_\_\_\_

Well No. *167*

Name of Producing Formation \_\_\_\_\_ Pool \_\_\_\_\_

No. Acres Dedicated to the Well \_\_\_\_\_

SECTION \_\_\_\_\_ TOWNSHIP \_\_\_\_\_ RANGE \_\_\_\_\_

			<i>#1 well</i>

I hereby certify that the information given above is true and complete to the best of my knowledge.

Name \_\_\_\_\_

Position \_\_\_\_\_

Representing \_\_\_\_\_

Address \_\_\_\_\_

(over)

### INSTRUCTIONS

1. Is this gas well a dual completion? Yes \_\_\_\_\_ No \_\_\_\_\_
2. If the answer to Question 1 is Yes, are there any other  
dually completed wells within the dedicated acreage?  
Yes \_\_\_\_\_ No \_\_\_\_\_

A separate plat must be filed for each gas well, outlining the area dedicated to such well and showing the location of all other wells (oil and gas) within the outlined area.

Mail in duplicate to the district office for the district in which the well is located.



BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

GAS WELL PLAT

EXHIBIT No. 957  
CASE 957

DATE 7-12-55

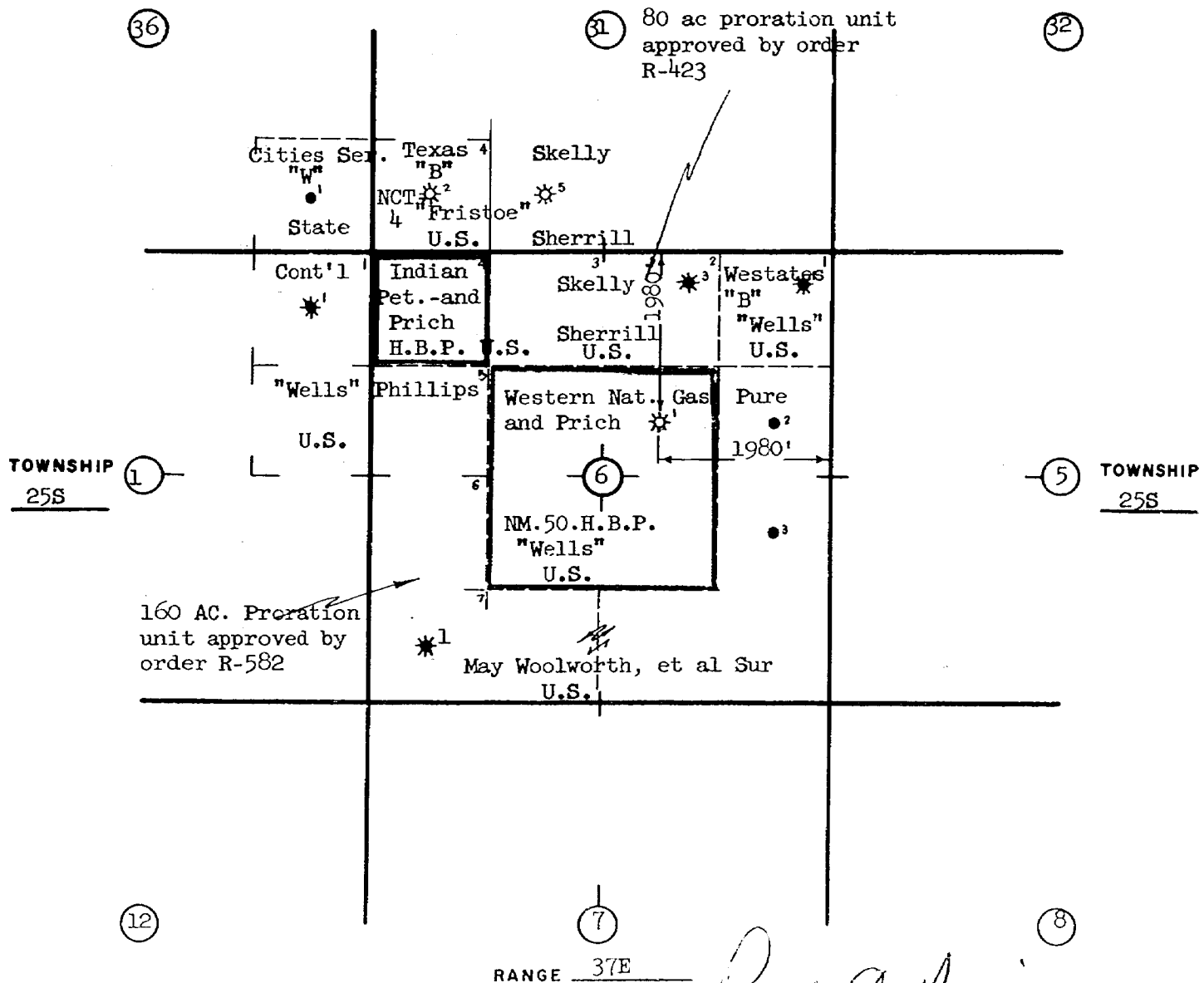
WESTERN NATURAL GAS CO. Wells 1  
LEASE 1 WELL NO.

FORMATION Yates POOL Jalmat ACRES DEDICATED 200

TYPE OF COMPLETION Single OTHER DUALY COMPLETED WELLS WITHIN

THE DEDICATED ACREAGE None

RANGE 37E



I HEREBY CERTIFY THAT THE INFORMATION  
GIVEN ABOVE IS TRUE AND COMPLETE TO  
THE BEST OF MY KNOWLEDGE.

NAME Paul C. Wright  
POSITION Chief Engineer  
REPRESENTING Western Nat. Gas Co.  
ADDRESS Houston, Tex

WESTERN NATURAL GAS COMPANY  
1006 Main Street  
Houston 2, Texas

August 13, 1955

CASE 951

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

Gentlemen:

Western Natural Gas Company herewith makes application for a 200 acre non-standard gas proration unit consisting of the SW 1/4 NE 1/4, SE 1/4 NW 1/4, NE 1/4 SW 1/4, NW 1/4 SE 1/4, and NW 1/4 NW 1/4, Section 6, Township 25S, Range 37E, Lea County, New Mexico. We further request that the appropriate gas allowable is assigned to the well on this unit. This well is the Western Natural Gas Company #1 Wells, located 1980' from the North Line and 1980' from the East Line of Section 6, Township 25S Range 37E.

This well was completed October 19, 1939 as a gas well in the Yates Formation through perforations 2830-3150'.

This well was completed prior to the effective date of Order NO. R-520 and in accordance with the spacing regulations in effect at the time of completion. The completion zone in the Yates is within the vertical and horizontal limits of the Jalmat Pool.

The proposed non-standard proration unit consists of contiguous quarter-quarter sections.

The proposed non-standard gas proration unit lies wholly within a single governmental section.

The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

The length or width of the non-standard gas proration unit does not exceed 5280'.

El Paso Natural Gas Company owns the gas rights under the NW 1/4 NW 1/4 of section 6-25-37. Western Natural Gas Company and El Paso Natural Gas Company have entered into an operating agreement whereby their combined acreage in this section can be attributed to the Wells #1.

Since the location of this well does not conform with the required distances from lease lines as set out in Rule 5-A, Order No. R-520, it will be necessary for us to request an exception to this rule.

We, therefore, respectfully request that a Hearing be scheduled at the convenience of the Commission for the purpose of considering our application for this non-standard gas proration unit.

Yours very truly,

S/ By \_\_\_\_\_  
Paul C. Wright

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. 951  
Order No. R-704

THE APPLICATION OF WESTERN  
NATURAL GAS COMPANY FOR AN  
ORDER GRANTING APPROVAL OF AN  
EXCEPTION TO RULE 5 (a) OF THE  
SPECIAL RULES AND REGULATIONS OF  
THE JALMAT GAS POOL OF ORDER NO.  
R-520 IN ESTABLISHMENT OF A NON-  
STANDARD GAS PRORATION UNIT OF 200  
CONTIGUOUS ACRES CONSISTING OF SW/4  
NE/4, SE/4 NW/4, NE/4 SW/4, NW/4 SE/4  
and NW/4 NW/4 OF SECTION 6, 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 September 15, 1955 at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 13<sup>th</sup> day of October, 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 5 (a) of the Special Rules and Regulations of the Jalmat Gas Pool 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, Western Natural Gas Company, has a producing well on the aforesaid patented lease known as the Wells No. 1, located 1980 feet from the north line and 1980 feet from the east line of Section 6, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico.

(4) That the aforesaid well was completed and in production prior to the effective date of Order No. R-520, and is located within the horizontal limits of the pool heretofore delineated and designated as the Jalmat Gas Pool.

(5) That the orderly development of the Jalmat Gas Pool and the protection of correlative rights would best be accomplished by the establishment of a non-standard proration unit in the Jalmat Gas Pool consisting of the following acreage:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM  
SW/4 NE/4, SE/4 NW/4, NE/4 SW/4,  
NW/4 SE/4 of Section 6

containing 160 acres, more or less.

(6) That the orderly development of the Jalmat Gas Pool and protection of correlative rights would best be accomplished by the communitization of federal gas acreage consisting of the NW/4 NW/4 of Section 6, Township 25 South, Range 37 East, NMPM, with presently dedicated federal gas acreage consisting of the W/2 SW/4 of Section 31, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico.

(7) That the creation of a proration unit consisting of the following acreage that was applied for would lead to the unorderly development of the Jalmat Gas Pool and would not protect correlative rights:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM  
SW/4 NE/4, SE/4 NW/4, NE/4 SW/4, NW/4 SE/4  
NW/4 NW/4 of Section 6

IT IS THEREFORE ORDERED:

(1) That the application of Western Natural Gas Company for approval of a non-standard proration unit consisting of the following described acreage:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM  
SW/4 NE/4, SE/4 NW/4, NE/4 SW/4, NW/4 SE/4  
NW/4 NW/4 of Section 6

be and the same is hereby denied.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*John F. Simms*  
JOHN F. SIMMS, Chairman

*E. S. Walker*  
E. S. WALKER, Member

*W. B. Macey*  
W. B. MACEY, Member and Secretary



OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

October 19, 1955

Western Natural Gas Company  
1006 Main Street  
Houston 2, Texas

Gentlemen:

We enclose a copy of Orders R-700 and R-704 issued October 13, 1955, by the Oil Conservation Commission in Cases 950 and 951, respectively, which were heard at the September 15th hearing.

Very truly yours,

W. B. Macey  
Secretary - Director

WBM:brp  
Enclosures (2)

C  
O  
P  
Y