

Casa No.

1398

---

Application, Transcript,  
Small Exhibits, Etc.



BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO  
Santa Fe, New Mexico

March 19, 1958

TRANSCRIPT OF HEARING

*file* Cases 1398, ~~1399~~

DEARNLEY - MEIER & ASSOCIATES  
INCORPORATED  
GENERAL LAW REPORTERS  
ALBUQUERQUE - SANTE FE  
3-6691 2-2211

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO  
Santa Fe, New Mexico

March 19, 1958

-----  
IN THE MATTER OF:

Application of Sinclair Oil and Gas Company for  
a non-standard gas proration unit. Applicant,  
in the above-styled cause, seeks an order es-  
tablishing a 160-acre non-standard gas proration  
unit in the Tubb Gas Pool comprising the W/2  
SW/4, SE/4 SW/4, and SW/4 SE/4 of Section 26,  
Township 21 South, Range 37 East, Lea County,  
New Mexico, said unit to be dedicated to the  
applicant's J. R. Cone "A" Well No. 1 located  
660 feet from the South and West lines of said  
Section 26. : Case  
: 1398

Application of Sinclair Oil & Gas Company for a  
non-standard gas proration unit. Applicant, in  
the above-styled cause, seeks an order establish-  
ing a 160-acre non-standard gas proration unit  
in the Elinebry Gas Pool comprising the W/2 SW/4,  
SE/4 SW/4, and SW/4 SE/4 of Section 26, Township  
21 South, Range 37 East, Lea County, New Mexico,  
said unit to be dedicated to the applicant's  
J. R. Cone "A" Well No. 2 located 1980 feet from  
the South line and 660 feet from the West line  
of said Section 26. : Case  
: 1399

-----  
BEFORE: Mr. Daniel S. Nutter, Examiner:

TRANSCRIPT OF HEARING

MR. PAYNE: Case 1398: Application of Sinclair Oil & Gas  
Company for a non-standard gas proration unit. Case 1399: Applica-  
tion of Sinclair Oil & Gas Company for a non-standard gas pro-  
ration unit.

MR. COOLEY: Mr. Examiner, these cases are consolidated for the purpose of hearing only.

MR. NUTTER: They will be consolidated, if there is no objection to such, for the purpose of taking a record only.

MR. BURTON: I am Horace Burton, Sinclair Legal Staff in Midland, Texas, Box 1470, and we ask that ~~they be~~ consolidated for the hearing since they both involve the same acreage. We will have one witness.

(Witness sworn.)

RICHARD M. ANDERSON, SR.

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

DIRECT EXAMINATION

By MR. BURTON:

Q State your name and employment.

A Richard M. Anderson, Sr., petroleum engineer, Sinclair Oil and Gas Company in their Division Office, Midland, Texas.

Q Does your division have supervision of the Tubb and Blinbry Gas Pools in Lea County?

A Yes, sir, it does.

Q You have previously testified before the Commission as petroleum engineer?

A I have.

Q And your qualifications have been accepted?

A They have.

MR. BURTON: Are they acceptable, Mr. Examiner?

MR. MUTTER: Yes, sir, the witness may proceed.

Q Do you have a map showing the proposed Tubb proration unit?

A Yes. I have prepared an ownership map which I have marked Exhibit No. 1, and it reflects the ownership and vicinity of Sinclair Oil and Gas Company's Cone "A" and Cone "B" Leases. On this ownership map I have indicated with yellow all of the Sinclair properties in the nine section area. I have placed a red outline around all of the proration units as indicated by the February gas proration schedule in the Tubb Pool. I have placed a dashed red line around the 160 acres that is the subject of this hearing in the Tubb zone and which includes all of the Sinclair J. R. Cone "A" and "B" Leases.

Each lease is an 80 acre lease, all of the interests in the "A" and "B" Leases, both working interests and royalty interests, are either common or they have been pooled or unitized.

Q What is the legal description there of the "A" and "B" Leases?

A The Sinclair J. R. Cone "A" Lease consists of the West Half of the Southwest Quarter of Section 26, Township 21 South, Range 37 East. That 80 acres is the present non-standard gas proration unit that is assigned our Cone "A" Well No. 1.

Q The location of that well?

A That well is in the Southwest of the Southwest of that same section. Incidentally, I have circled all of the Tubb gas wells in

red in the nine section area.

Now, the J. R. Cone "B" Lease consists of the Southeast of the Southwest and the Southwest of the Southeast of that same Section 26.

Q This application will be to assign that 80 acres to the well in the Southwest of the Southwest Quarter?

A That is correct.

Q And the operator of this lease is Sinclair?

A That is correct, Sinclair and J. R. Cone are the joint operators of the "A" and "B" Leases as a result of a recent operating agreement. Previous to this recent agreement Sinclair was the operator and the J. R. Cone interest was a carried interest as is another small still outstanding mineral interest which belongs to a party named Atwood, and is ~~thirty seven thousandths~~, this is of one percent of the mineral interest.

Q Your information is as to the ownership of the leasehold and royalty under the 160 acres, has it either been pooled or common?

A In the case of working interest it is common, in case of the royalty interest it has been pooled. They have executed pooling modifications to the leasing agreement to permit the formation of this unit that we're asking for today.

Q Now, do you have anything else to indicate with reference to this exhibit?

A I might state that this exhibit reflects that all of the

acreage in the Tubb Gas Pool has been dedicated surrounding the proposed unit with the exception of a 40 acre tract which is operated by Gulf in which Sinclair has a 3/8 working interest, and which occupies the Northeast Quarter of the Southwest Quarter.

The other window or unassigned acreage is a Sinclair operated E. C. Hill Lease, 40 acre lease located in the Southeast Quarter of the Southeast of the same Section 26 and all other acreage has been dedicated and assigned to Tubb Gas Wells.

Q Do you have any plans with respect to the 40 acres in the Northeast Quarter of the Southwest Quarter of Section 26?

A Yes, we have contacted Gulf and have offered to permit them to assign the 40 acres that they operate to our Tubb gas well under the conditions of more or less standard operating agreements in this area and we would intend to come back before the Commission at a later date and request that our 160 acre unit, if it is granted today, be enlarged to include the Gulf operated 40 acre lease as well as the Sinclair operated E. C. Hill Lease which I identified earlier. That would make a non-standard if it were permitted, a non-standard proration unit in the Tubb Gas Pool of 240 acres.

Q The lease ownership, do you have any information or knowledge as to the lease and royalty ownership in the Sinclair-operated 40 acre E. C. Hill Lease?

A Yes, Sinclair is the operator and has 100% of the working

interest in the Hill Lease, and the royalty interests are different from the royalty interests under the Cone Lease. However, we are presently engaged in securing pooling modifications to the lease agreement from the royalty interests under the Hill Lease that would permit their acreage to be assigned to our J. R. Cone "A" No. 1 Well.

I might add that the royalty interest under the proposed unit today, the 160 acres the Cone "A" and "B" Leases, the royalty under that unit has agreed to pooling their interest with the Hill Lease and the Gulf-operated Lease, so we have already secured that permission from the royalty interest under the well.

Q Do you have now an exhibit which shows the gas proration proposed unit in the Blinebry Pool?

A Yes, I prepared a similar ownership map which I labeled Exhibit 2, showing the Blinebry gas proration units in the nine section area around our Cone "A" 1 and 2 Wells and our Cone "B" 1 and 2 Wells.

MR. NUTTER: Since Exhibit No. 1 is applicable to the Tubb Pool, that exhibit has been identified as Exhibit 1 in Case 1398, which is the case involving the non-standard proration unit in the Tubb Gas Pool.

What you have identified as Exhibit 2 will be identified as Exhibit No. 1 in Case 1399, so that exhibit can be in the file for the Blinebry case.

A The same color scheme and the same marks that applied to the Tubb Gas Pool apply to this exhibit, and I might point out in this exhibit that the E. C. Hill, Sinclair E. C. Hill Lease which I identified earlier, has a red outline around it indicating that that acreage is dedicated in the Blinebry Gas Pool, and it is an oil well in the Blinebry Gas Pool.

This exhibit reflects that there is only one tract offsetting our proposed unit that is not dedicated to some other Blinebry gas well, that being the previously identified Gulf operated S. E. Cone Lease 40-acre tract. We have similarly contacted Gulf with respect to forming a non-standard Blinebry gas proration unit to include their acreage, and have invited them to join us in an operating agreement and assign that acreage to our well subject to the Commission's approval at a later date when we intend to come back to the Commission and ask for a 200 acre non-standard gas proration unit in the Blinebry Gas Pool to include the 160 acres that we are asking for today, and the 40 acres of the Gulf-operated S. E. Cone Lease. We have the same interest in the Blinebry formation, 3/8 interest as we had in the Tubb formation under that Gulf-operated lease.

Q The legal description of this proposed unit is the same as for the application as to the Tubb, is it not?

A Yes, sir. The 160 acre non-standard unit that we are asking for today in the Blinebry zone is the identical acreage that we are

asking for in the Tubb zone today.

Q Your lease and fee ownership is the same?

A Yes, it is.

Q Sinclair is the operator as to the Elinebry also?

A Yes, that is correct. Sinclair and J. R. Cone are joint operators in the Elinebry as they are in the Tubb.

Q Do you have a structure map of the two pools?

A Yes, I have a cross section and a structure map in both the Tubb and Elinebry Pools. I have identified this as Exhibit No. 3. Possibly the Commission would like to renumber this exhibit.

MR. NUTTER: We can have two and we will put them in each file and identify them as Exhibit 2 in each case.

A All right. I have indicated the line of cross section on both structure maps at runs East-West through the Southern portion of the Sinclair Lease and takes in the wells to the East and to the West of the Sinclair properties. It is identified on both structure maps as Line A, A'. The structure map consists of six wells --

Q (Interrupting) Would you like to have the exhibit on the board.

MR. NUTTER: I think that would be a good idea.

A The line of cross sections is shown here through the wells, the Southern portion of the Sinclair acreage, and I have colored, I have taken the same known section area for the structure map

both the Tubb and Blinetry that we had on the ownership map.

However, the ownership here was secondary and it came from the Geological Department, and I must refer you to our Exhibit 1 for the ownership. The well locations and the subsurface data is accurate and correct on the structure maps, but the ownership is not.

Starting on the West with the Humble's Hardison B Well No. 7, I have Sinclair's Cone "A" No. 1 which is our Tubb well, and Sinclair's Cone "F" No. 1, "E" No. 2 and Sinclair's E. C. Hill No. 1 which is a Blinetry oil well, it is perforated, as you can see, in the lower portion of the Blinetry Gas Pool, and Olsen's No. 1 Owen which is a Blinetry gas and a Tubb gas dual completion.

I have put the Blinetry marker on in a solid line and the Tubb marker with solid line, and the dashed lines indicate the upper and lower limits of the Blinetry formation, and the Tubb formation as defined by the Commission, and these logs were correlated with the well that the Commission referred to, I believe it was a Humble well, in setting up those field limits. On the wells I have spudded, the perforated intervals in each well, so you can see where they are producing from.

My examination of this cross section, these structure maps, leads me to conclude that there is, there are no faults on the Sinclair acreage within the proposed unit. There's no faulting, I find no barriers or anything that might impede the free flow of

fluids or hydrocarbons throughout the 160 acre proposed unit.

It is therefore my conclusion from this exhibit that our Blin-bry gas well and our Tubb gas well would adequately and efficiently drain the entire 160 acres that we are proposing today.

Q What individual well data do you have on the J. R. Cone "A" and the No. 1 J. R. Cone "A" No. 2?

A I have prepared a data sheet giving certain pertinent data on the two gas wells that are the subject of these two hearings today.

MR. BURTON: Would you like to mark those as exhibits for each case, Mr. Examiner?

MR. NUTTER: Yes, sir, this will be Exhibit No. 3 in each case.

A You will notice that these wells are both older wells. The original, on this exhibit I have listed the original completion date, our Cone "A" No. 1, which is a dual well in the oil zone, and the Tubb Gas Pool, and was originally completed in the Drinkard November 14, 1946. I have shown the perforated interval in the Drinkard. I have shown the overall perforated interval in the Tubb. I have shown the date of the dual completion order which authorized the dual and the order number; the date of the 30 acre non-standard unit order and the non-standard unit order that created the 80 acres that is presently assigned each of the wells.

I have indicated the gas zone potential as the result of a

four point back pressure test, and I have indicated each well's location in detail on this sheet and our proposed 160 acre non-standard unit for each well.

Q What is your opinion as to whether or not the granting of these applications will tend to protect or preserve correlative rights.

A Well, I believe that it is necessary that these applications be granted in order to protect correlative rights in the area.

Q Will the granting of the applications also be in the interest of prevention of waste?

A Yes, I believe the granting of these applications will prevent waste.

Q Do you have any other point to make?

A No.

MR. BURTON: That's all.

MR. NUTTER: Are there any questions of the witness?

MR. BURTON: I would like to ask one other question.

MR. NUTTER: Yes, proceed.

Q Do you know of other non-standard units in the Tubb Gas Pool that have been granted?

A You mean non-standard units that have crossed a Governmental quarter section line?

Q Yes.

A Yes, I know, there are a number of non-standard gas

proration units in both pools that have been granted that extend across a Governmental quarter section line.

Q And as to the Blinebry, are there also non-standard units of 160 acres?

A Both the Tubb and Blinebry have non-standard units that extend across a Governmental section line.

MR. NUTTER: Any further questions?

MR. COOLEY: Yes, sir.

MR. NUTTER: Mr. Cooley.

CROSS EXAMINATION

By MR. COOLEY:

Q Mr. Anderson, Sinclair Oil and Gas Company does operate the entire South Half of the Southeast Quarter of Section 26, does it not?

A That is correct, under two different lease names.

Q Are there any wells completed in the South Half of that section that have penetrated the Tubb horizon?

A Yes, both our J. R. Cone No. 2 well is a Drinkard Oil Well which is below the Tubb horizon, and our E. C. Hill well, which is also on cross section presented here today, has penetrated through the Tubb horizon.

Q Were drillstem tests taken at the time these wells were drilled in the Tubb horizon?

A I don't have that information available.

Q You are not aware whether such tests were taken?

A No, sir.

Q Wouldn't such tests be an indication as to whether it would be commercial to dually complete one of those wells?

A Yes, sir, my study of this area based upon the cross section I presented which is the well logs on both of those wells, and due to the productivity of the wells, other operator's wells around offsetting this property, leads me to conclude that the property is productive of hydrocarbons and gas from both the Tubb and Blinebry zones. I was satisfied to that extent and did not consider it necessary to go into the detail of studying the drillstem tests.

Q Do you have any information as to what the cost would be to dually complete either of the two wells in the South Half of the Southeast Quarter of Section 26 to make a Drinkard-Tubb dual?

A I would say somewhere between fifteen and twenty thousand dollars.

Q Do you have any information as to the potential producing capacity of the R. Olsen Well in the Northeast Quarter of the Southeast Quarter of Section 26?

A I have the February gas proration schedule with me. I could refer to that and tell you the status of that well, whether it's overproduced or underproduced.

Q That would give us information only as to an 80 acre proration unit. If it is underproduced, it for some reason is not

producing an 80 acre unit.

A Mr. Olsen has had that well completed for, generally speaking I would say several years, it has been quite awhile since he completed that well and he has never contacted us with the thought of forming a unit. I don't believe that Mr. Olsen is particularly desirous of forming a larger unit for his well. If he is, I have no knowledge of it.

Q I wasn't interested in Mr. Olsen's desires or intentions as such as I was the capabilities of his well. In your opinion would that well be capable of producing 160 acre allowable in the Tubb Gas Pool?

A I have no idea.

Q You realize, do you not, Mr. Anderson, that if the application is approved it will isolate two 40-acre tracts. In your opinion would it be economically feasible to drill or dually complete a well on each of the 40 acre tracts for a 40 acre allowable in the Tubb Gas Pool?

A I do not believe that it would be economically feasible to complete a 40 acre gas well in either pool, especially when there are other alternatives available to --

Q What alternative do you refer to?

A The alternatives that I previously mentioned in my testimony, the assignment of the 40 acre units to wells that are able to produce their allowable both from a producibility standpoint and also from a reservoir standpoint. In that I believe that I said

that either of our wells would drain the 160 acres that we are asking for today. I also believe that either of those wells would drain in the Blinebry Pool the 200 acres that we propose to come back here and ask for at another hearing, and in the case of the Tubb zone, I believe that our "A" No. 1 Well would drain the 240 acres that we would come back and ask for. That is our present plan to come back at another hearing and get the 160 acres that we are here today for enlarged to include those 40 acre tracts, and in that way all of the acreage in that area will be dedicated to producing wells.

Q You speak with regard to the Blinebry formation of a well being capable of draining the proposed 200 acre unit in the future and with regard to the Tubb formation, the well being capable of draining the 240 acre unit. Are you sure you mean drain or capable of producing a 240 acre allowable and 200 acre allowable respectfully?

A I mean that my examination of the cross section and the structure map in that study of that exhibit indicates to me that there are no structural barriers or other faults or impervious streaks or zones throughout that area, and that these wells will drain the particular acreage.

Now, of course, I realize that wells do not respect lease lines in withdrawing their production. Otherwise we wouldn't have as many problems as we have. However, if there were no other

productive acreage around this area and these wells were located where they are and the structure and reservoir was such as is indicated on my exhibit here with my cross sections and the structure map, then I say those wells would completely and efficiently drain all of that acreage.

Q ~~However~~, is it from the Tubb Well in the Southwest Quarter, Southwest Quarter of Section 26 to the Easternmost boundary of what will be the proposed 240 acre unit? That is the Easternmost boundary of the E. C. Hill Lease?

A 4,620 feet to the center of the East line of that 40 acre tract, it would be a little more up to the diagonal up to the corner.

Q You agree that there is nothing unusual about this particular area and that this well will drain radially? The drainage pattern will be substantially radial?

A Well, we have the structure dipping off to the East, we have less structure on the East portion of the property than we have on the West portion.

Q What would that indicate, would you drain more gas to the East or to the West in view of that?

A Well, I believe that the pressure would be more adversely affected to the East, possibly very little effect, I would say easily that we would withdraw in a radial pattern subject to interference of other producing wells offsetting our property.

Q To clarify that, you feel that you would drain substantially

in a radial pattern, but if there is any discrepancy or any shaping of the drainage area, it would be more to the West than to the East. If not radial, it would drain more from the West than to the East?

A I notice that in the Blinebry Pool, in both pools, we are offset to the West, and I believe that the case of other wells surrounding the lease will have more of an influence on the drainage of our well and a small structural change as you go to the East.

Q The wells are close enough that you feel they will have an influence on each other, the Blinebry offset and the Tubb offset on the Humble H. H. Hardison Lease?

A Yes. I'm sorry, I meant to say before that I believe that either of these wells are capable of draining the gas under the lease as shown on the exhibit and under the 200 and 240 acre unit. I'm not maintaining that is what will happen under the present competitive operations in the pool. You didn't misunderstand me there.

Q No, sir, I believe not. You say they are capable of draining that area. What would the total drainage area, let's take the Tubb Gas Pool. What would the total drainage area have to be for the radius of the drainage pattern being 4,620 feet? How many acres would one well be draining? In plain words, what is the area of a circle with a 4,620 foot radius?

A I get 1,050 acres.

Q How many 160 acre units, approximately, would be contained in that area?

A I'm sorry, I'll have to change that. That's 1520 acres, which is approximately ten.

Q As you know, Mr. Anderson, the Tubb Gas Pool has been developed on 160 acre spacing, with a few minor exceptions, on the basis of Commission finding that one well will efficiently and economically drain only 160 acres. Under your testimony you would show that would require the drilling of about nine or ten unnecessary wells, that this pool could have been **effectively** and economically drained by one well to 1500 acres?

A When you start getting into the large proration units like that, you have got other things to take into account, that is property ownership, that's rate of completion.

Q I realize, Mr. Anderson, there would be a lot of other objections, but just strictly on the engineering aspects of it of what one well will drain within a reasonable length of time, do you think that one well will drain 1500 acres in the Tubb Gas Pool within a reasonable length of time?

A I just don't know what you mean by a reasonable length of time.

Q Within the economic life of a well in the area.

A It is conceivable in my mind, I haven't made a study to that extent, but it is conceivable that a gas well such as we have

in the Tubb and Blinebry zones would drain that large an area in a reasonable amount of time. There are a lot of aspects that enter into it, but I don't believe that's too unreasonable. I know of other gas pools where large assignments of acreage that could be calculated in this manner, where acreage within a mile of the well is permitted, which recognizes the fact that a well will drain a large area, but possibly it wouldn't drain efficiently if it has to drain it all itself. In this case there are a good many other wells here too as this well in draining the acreage. I believe the acreage would be efficiently drained if you were to permit this interest as if another well had to be drilled on it.

Q Let's go now to correlative rights. If the 240 acre unit were granted to your Cone No. 1 Well in the Southwest Quarter of Southwest Quarter of Section 26, rather than 160, what effect would it have on the Humble Hardison Well in the Southeast, Southeast of Section 27, would it reduce the recovery from that well?

A Well, I'm a firm believer that one well in gas pools such as these will drain a large area in excess of 160 acres. I do not believe that the granting of that increased allowable to our well will in any way reduce the amount of ultimate recovery from the Humble well unless our application is denied, and then his recovery may be increased by virtue of the undefined acreage belonging to Sinclair.

Q Now, Mr. Anderson, two offsetting wells, one with an

allowable factor of one, and one with an allowable factor of one and a half, and you have already testified you feel that you are close enough by two or three times to have a very definite effect upon each other. When you have two offsetting wells, one with the greater allowable than the other, will it not tend to reduce the ultimate recovery from the well with the lower allowable, as an expert engineer would testify, that that is not true?

A I believe that we're overlooking one factor here. My understanding of correlative rights is that the operator should have the opportunity to produce his share of the hydrocarbons, his prorata share of the hydrocarbons in the reservoir as determined by the hydrocarbons under his lease, or leases, and I believe that there will be no damage to the correlative rights of these operators surrounding our properties who have their acreage assigned their well if the Sinclair well were permitted to produce its allowable in proportion to the hydrocarbons under the Sinclair well, and Sinclair operated leases --

Q Mr. Anderson, let me interrupt you, we are not accomplishing anything. Since you are an expert witness only in the field of engineering, I think we should leave the definitions to some others. Let's just take in terms of what physical effect will result when two offset wells have different allowables. As an engineer, what effect does occur? If these two wells had the same allowables, compared to that what effect would occur on the lower allowable?

A The well with the greater allowable will recover more of the hydrocarbons from the reservoir.

Q Will it not actually reduce the recovery of the offsetting well with an acreage unit of one below what would ultimately be expected if the offset well had an allowable of one and a half?

A I believe that it will reduce it only by virtue of the unsigned acreage that is not contributing to allowable of any other well.

Q This is not necessarily conclusive of right or wrong. It might be perfectly right to reduce the production from the other well, that is to be determined later, but the physical fact will be that if you grant this allowable of one and a half to your Cone 1 Well, you will reduce the recovery from the Hardison Well?

A I believe that's right.

MR. COOLEY: That's all the questions I have. Thank you.

MR. NUTTER: Are there any further questions of the witness?

By MR. NUTTER:

Q Mr. Anderson, you understand, do you not, that the application today being for 160 acres in each of these two cases, is for that acreage, and that any case in the future on any other non-standard units would have to stand strictly on their own merits?

A Yes, sir.

MR. NUTTER: If no other questions of the witness, he may be excused.

(Witness excused.)

Are there any further statements to be made in this case?

MR. KASTLER: I'm Bill Kastler, representing Gulf Oil Corporation.

MR. COOLEY: I would like to make a statement prior to yours, with your permission. This does affect Gulf and it may affect what you would have to say in your statement.

It has come out in the testimony in this case as it appears in regard to Case 1398, if this present application is granted it will leave an isolated quarter, quarter section in the Northeast Quarter of the Southwest Quarter in Section 26 and another isolated quarter, quarter section in the Southeast Quarter of Southeast Quarter of Section 26. Apparently Gulf Oil Corporation has an interest in the former, and I want to make it perfectly clear at this point that in the event the Commission sees fit to approve the application before the Commission today, that it in no way commits the Commission to approval of expansion of the proposed unit to include the two isolated 40 acre tracts, that the statutes permit or guarantee an operator the opportunity to recover his just and equitable share of gas or oil in a gas or oil pool in the State of New Mexico. However, it does not authorize the assignment of acreage in excess of what one well will drain, in order to obtain a higher allowable for a given well. In view of these things I want to know particularly if Gulf Oil has any objection to the approval of this application.

MR. KASTLER: Bill Kastler, representing Gulf. I want to confirm that we have a working interest in the Northeast, Southwest Quarter. That it is a divided as opposed to an undivided interest. I think we own the East 25 acres of that and Sinclair owns the West 15. I would like to state that also we are familiar and we know that negotiations are presently being carried out to incorporate the entire 40 acres, which is the Northeast, Southwest Quarter, the Northeast Quarter of the Southwest Quarter into this unit, and on the basis that we are hoping that this will ultimately be the picture.

Also on the basis that we feel the two wells are producing enough gas, but with the picture that is already set up that correlative rights will be afforded with the drainage and counter-drainage that is already being carried on. We feel also that 40 acres, which is the Northeast Quarter of the Southwest Quarter being included in this unit, the unit is a lot more logical and should stand a better chance of reasonable approval.

MR. COOLEY: This is very unusual, but I would like to ask you to clarify your last statement in your statement regarding the logic of inclusion or exclusion of given acreage. I didn't understand you in that regard.

MR. KASTLER: May I make my statement in this manner, or amend it in this manner: We don't have any objection to the approval of this unit now, but we would like the opportunity to come

back and have the unit enlarged.

MR. COOLEY: Well, as pointed out in my statement, approval or disapproval of this application by the Commission would in no way, and I can't emphasize that too much, would in no way effect a subsequent application to include different or additional acreage in the proposed unit.

MR. KASTLER: Could there be a temporary approval pending getting this cleared up?

MR. COOLEY: Granting of a non-standard unit, as any other order of the Commission, is subject to revision or change or even subject to being superceded by an order of the Commission at any time. I see no advantage in a temporary order.

MR. KASTLER: In that case, your statement that the Commission would not be bound is understandable. Do I understand your statement to be that the Commission is disposed unfavorably to the inclusion of the other statement?

MR. COOLEY: I can't state what the Commission's disposition is at all. I want to make it clear that they don't want to commit themselves further in other cases.

MR. KASTLER: We have no further objection.

MR. HUTTER: Any further statements in Case 1398 and 1399? If not we will take these cases under advisement --

MR. PAYNE: Would you like to introduce your exhibits at this time.

MR. BURTON: Yes. We offer the exhibits as they have been marked in evidence.

MR. NUTTER: Is there objection to the introduction of Sinclair's Exhibits 1 through 3 in Case 1398 and 1 through 3 in Case 1399? If not, they will be so admitted. Is there further statement in the case? If not we will take the case under advisement, and is there a representative of Neville G. Penrose present?

MR. NEILL: Yes.

MR. NUTTER: We will take Case 1402 next.

C E R T I F I C A T E

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 31<sup>st</sup> day of March, 1958.

Ada Dearnley  
Notary Public-Court Reporter

My commission expires:

June 19, 1959.

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 1398, 1399  
heard by me on 3-19, 1958.

Ada Dearnley, Examiner  
DEARNLEY & MEYER ASSOCIATES  
INCORPORATED  
GENERAL LAW REPORTERS  
ALBUQUERQUE, NEW MEXICO  
3-6691 5-9546

OIL CONSERVATION COMMISSION  
P. O. BOX 871  
SANTA FE, NEW MEXICO

April 9, 1958

Mr. Horace Burton  
P.O. Box 1470  
Midland, Texas

Dear Sir:

We enclose two copies of Order R-1148 and Order R-1149 issued April 3, 1958, by the Oil Conservation Commission in Cases 1398 and 1399, respectively, which were heard on March 19th at Santa Fe.

Very truly yours,

A. L. Porter, Jr.  
Secretary - Director

bp  
Encls.

*Ind. to Gulf  
Bill Koster 4-9-58  
J. M. Williams*

C  
O  
P  
Y

**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. 1388  
Order No. R-1148**

**APPLICATION OF SINCLAIR OIL & GAS  
COMPANY FOR APPROVAL OF A NON-STANDARD  
GAS PRORATION UNIT IN THE TUMB GAS POOL,  
LEA COUNTY, NEW MEXICO.**

**ORDER OF THE COMMISSION**

**BY THE COMMISSION:**

This cause came on for hearing at 9 o'clock a.m. on March 19, 1958, at Santa Fe, New Mexico, before Daniel S. Hutter, Examiner duly appointed by the New Mexico Oil Conservation Commission, herein after referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 3<sup>rd</sup> day of April, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Daniel S. Hutter, 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, Sinclair Oil & Gas Company, is the co-owner and operator of the W/2 SW/4, SE/4 SW/4, and the SW/4 SE/4 of Section 26, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant proposes to establish a 160-acre non-standard gas proration unit consisting of the above-described acreage, said unit to be dedicated to the applicant's J. R. Cone "A" Well No. 1, located 660 feet from the South line and 660 feet from the West line of said Section 26.

(4) That all interests, including the royalty interests, under the proposed non-standard proration unit have been unitized.

(5) That approval of the subject application will not cause waste nor impair correlative rights.

(6) That the subject application should be approved.

-2-  
Case No. 1398  
Order No. R-1148

IT IS THEREFORE ORDERED:

(1) That a 160-acre non-standard gas proration unit in the Tubb Gas Pool, consisting of the  $\frac{1}{2}$  SW/4, SE/4 SW/4, and the SW/4 SE/4 of Section 28, Township 21 South, Range 27 East, N27W, Lea County, New Mexico, be and the same is hereby established, said unit to be dedicated to the applicant's J. R. Case "A" Well No. 1, located 600 feet from the South line and 600 feet from the West line of said Section 28.

(2) That the aforementioned J. R. Case "A" Well No. 1 be granted an allowance in the proportion that the acreage dedicated to the well bears to a standard gas proration unit for the Tubb Gas Pool, subject to the Special Rules and Regulations for the Tubb Gas Pool as set forth in Order R-586 as amended.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*E. L. Nechem*

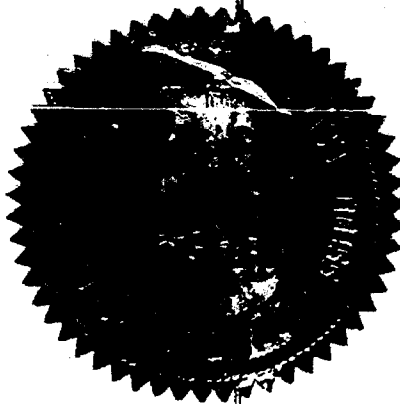
EDWIN L. NECHEM, Chairman

*Murray E. Murgan*

MURRAY E. MURGAN, Member

*A. L. Porter, Jr.*

A. L. PORTER, Jr., Member & Secretary



ir/

BEFORE THE OIL CONSERVATION COMMISSION OF THE  
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
SINCLAIR OIL & GAS COMPANY FOR AN  
EXCEPTION TO ORDER NO. R-586 AND  
APPROVAL OF A 160-ACRE NON-STANDARD  
PRORATION UNIT IN THE TUBB GAS POOL  
COMPRISED OF THE  $W\frac{1}{2}SW\frac{1}{4}$ ,  $SE\frac{1}{4}SW\frac{1}{4}$  AND  
 $SW\frac{1}{4}SE\frac{1}{4}$  OF SECTION 26, T-21-S, R-37-E,  
N.M.P.M., LEA COUNTY, NEW MEXICO.

CASE NO. 1398

ORDER NO. \_\_\_\_\_

A P P L I C A T I O N

SINCLAIR OIL & GAS COMPANY, a Maine corporation with offices at Midland, Texas, hereby files application for an exception to Order No. R-586 and approval of a 160-acre non-standard proration unit in the Tubb Gas Pool comprised of the  $W\frac{1}{2}SW\frac{1}{4}$ ,  $SE\frac{1}{4}SW\frac{1}{4}$  and  $SW\frac{1}{4}SE\frac{1}{4}$  of Section 26, T-21-S, R-37-E, N. M. P. M., Lea County, New Mexico, and in support thereof shows:

1.

That Sinclair Oil & Gas Company is the co-owner and operator under operating agreement with J. R. Cone, of the entire leasehold interest under the aforementioned tracts, the  $W\frac{1}{2}SW\frac{1}{4}$  of said Section 26 being covered by Sinclair's J. R. Cone "A" lease and the  $SE\frac{1}{4}SW\frac{1}{4}$  and  $SW\frac{1}{4}SE\frac{1}{4}$  of said Section 26 being covered by Sinclair's J. R. Cone "B" lease.

2.

That Sinclair Oil & Gas Company is the operator of its J. R. Cone "A" Well No. 1, located 660 feet from the south and west lines of said Section 26, which is now completed and producing from within the vertical limits of the Tubb Gas Pool.

3.

That there is now assigned to said J. R. Cone "A" Well No. 1 a non-standard 80 acre proration unit for the Tubb Gas Pool, comprised of the  $W\frac{1}{2}SW\frac{1}{4}$  of said Section 26.

4.

That all interests, including the royalty interests, under the proposed non-standard proration unit herein applied for have been pooled and unitized.

5.

That the granting of this application will protect correlative rights and tend to prevent waste.

WHEREFORE, applicant Sinclair Oil & Gas Company prays that this Commission set this application for a public hearing before an Examiner in Santa Fe, New Mexico, that notices be issued according to law, and that upon hearing the above described 160-acre non-standard proration unit be approved.

SINCLAIR OIL & GAS COMPANY

By Layton A. Webb

Layton A. Webb  
Division Attorney

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Date March 20, 1958

CASE 1398

*q am*  
Hearing Date 3/19/58 Santa Fe: DSN

My recommendations for an order in the above numbered cases are as follows:

Enter an order approving a non-standard gas proration unit in the Tubb Gas Pool, being a 150-acre unit comprising the N/2 SW/4, SE/4 SW/4, and the SW/4 SE/4 Section 26, Township 21 South, Range 37 East. Said unit shall be dedicated to applicant's J. R. Cone "A" Well No. 1, located 660 feet from the South line and West lines of Section 26.

*Samuel R. Hunter*  
Staff Member  
*Hunter*

**CASE 1399:**

Application of Sinclair Oil & Gas Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 160-acre non-standard gas proration unit in the Blinebry Gas Pool comprising the W/2 SW/4, SE/4 SW/4, and SW/4 SE/4 of Section 26, Township 21 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the applicant's J. R. Cone "A" Well No. 2 located 1980 feet from the South line and 660 feet from the West line of said Section 26.

**CASE 1400:**

Application of Gulf Oil Corporation for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Naomi Keenum Well No. 2 located 660 feet from the South line and 1980 feet from the East line of Section 14, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Terry-Blinebry Oil Pool and to permit the production of gas from the Tubb Gas Pool through parallel strings of tubing.

**CASE 1401:**

Application of Gulf Oil Corporation for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its T. R. Andrews Well No. 3 located 1980 feet from the South and East lines of Section 32, Township 22 South, Range 38 East, Lea County, New Mexico, in such a manner as to permit the production of oil from an undesignated Paddock oil pool through tubing and to permit the production of gas from the Tubb Gas Pool through tubing up to the Paddock oil zone and thence through a crossover assembly into the casing-tubing annulus to the surface.

**CASE 1402:**

Application of Neville G. Penrose, Inc. for an exception to the No-Flare Order No. R-553 for an oil well in the Tubb Gas Pool. Applicant, in the above-styled cause, seeks an order granting an exception to No-Flare Order No. R-553 for its McCallister Well No. 1, located 660 feet from the North line and 660 feet from the West line of Section 7, Township 22 South, Range 38 East, Tubb Gas Pool, Lea County, New Mexico.

DOCKET: EXAMINER HEARING MARCH 19, 1958

Oil Conservation Commission 9 a.m. Mabry Hall, State Capitol, Santa Fe, N. M.

The following cases will be heard before Daniel S. Nutter, Examiner:

CASE 1368:

Application of Ambassador Oil Corporation for an order amending Order No. R-1110. Applicant, in the above-styled cause, seeks an order amending Order No. R-1110 to substitute the Vickers-Etz Well No. 2, NE/4 NE/4 Section 30, and the Vickers-Etz Well No. 3, SW/4 NE/4 Section 30, as water injection wells in lieu of the Carper Wheatley Well No. 1, SW/4 SE/4 Section 29, and Texas Trading State Well No. 3, NE/4 NW/4 Section 32, all in Township 16 South, Range 31 East, Eddy County, New Mexico.

CASE 1395:

Application of Graridge Corporation for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its North Caprock-Queen Unit for purposes of secondary recovery in the Caprock-Queen Pool in Lea and Chaves Counties, New Mexico. Said unit comprises 2,887 acres, more or less, of State of New Mexico and patented lands located in Township 12 South, Range 31 East, Chaves County, New Mexico, and Township 12 South, Range 32 East, and Township 13 South, Range 32 East, Lea County, New Mexico.

CASE 1396:

Application of Continental Oil Company for a dual completion. Applicant, in the above-styled cause seeks an order authorizing the dual completion of its Hawk B-3 Well No. 4 located 1980 feet from the North line and 660 feet from the East line of Section 3, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Terry-Blinebry Oil Pool and gas from the Tubb Gas Pool through parallel strings of tubing.

CASE 1397:

Application of Warren-Bradshaw Exploration Company for an exception to Rule 309 of the Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order authorizing the production of more than eight wells into a common tank battery and authorizing the commingling of production from two basic State of New Mexico leases, comprising the W/2 NW/4, W/2 SW/4, and SE/4 SW/4 of Section 21, and the NE/4 of Section 29, respectively, Township 17 South, Range 33 East, Lea County, New Mexico.

CASE 1398:

Application of Sinclair Oil & Gas Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 160-acre non-standard gas proration unit in the Tubb Gas Pool comprising the W/2 SW/4, SE/4 SW/4, and SW/4 SE/4 of Section 26, Township 21 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the applicant's J. R. Cone "A" Well No. 1 located 660 feet from the South and West lines of said Section 26.

NEW MEXICO  
OIL CONSERVATION COMMISSION  
P. O. Box 871  
Santa Fe, New Mexico

Case 1398

Date February 12, 1958

Sinclair Oil & Gas Company  
P.O. Box 1470  
Midland, Texas

ATTENTION: Layton A. Webb

Gentlemen:

Your application for a non-standard gas production unit in the Tubb Gas  
Pool in Section 26, Township 21 South, Range 37 East, Lea County, New Mexico,

dated February 7, 1958 has been received, and has been tentatively  
scheduled for hearing before an examiner on  
March 19, 1958

A copy of the docket will be forwarded to you as soon as the matter is  
advertised.

Very truly yours,

*A. L. Porter, Jr.*  
A. L. PORTER, Jr.,  
Secretary-Director

ga

*Docket Mailed  
3-6-58 BP*

Case 1398

**SINCLAIR OIL & GAS COMPANY**

RECEIVED 10 AM 2:20

PETROLEUM LIFE BUILDING

**MIDLAND, TEXAS**

LEGAL DEPARTMENT

February 7, 1958

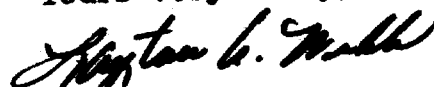
New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

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

Gentlemen:

Enclosed in triplicate are applications of Sinclair Oil & Gas Company for approval of non-standard proration units in the Tubb and Blinbry Gas Pools, Lea County, New Mexico.

Yours very truly,



Layton A. Webb  
Division Attorney

LAW/ld  
Encls.

Ep II

Sinclair Oil & Gas Company  
NON STANDARD PRODUCTION UNIT HEARINGS  
March 19, 1958

Before Examiner *Butter*

Oil Conservation Commission

*Appl* Exhibit Case No. 1398

INDIVIDUAL WELL DATA

	<i>Tubb</i> J. R. Cone "A" #1	<i>Elinebry</i> J. R. Cone "A" #2
Lease & Well No.	J. R. Cone "A" #1	J. R. Cone "A" #2
Oil Pool	Drinkard	Drinkard
Producing Interval	6471-6531'	6404-6550'
Gas Pool	Tubb	Elinebry
Producing Interval	6066-6191'	5492-5630'
Date Original Completion	November 16, 1946	June 1, 1947
Date Dual Completion	November 29, 1956	December 16, 1956
Order #	DC-307	DC-308
Date 80 Acre NSP Order	June 30, 1956	June 30, 1956
Order #	NSP-273	NSP-274
Gas Zone Potential (C-122)	5112 MCF/day	7045 MCF/day
Date	December 13, 1956	December 20, 1956
Location - Section	26-21S-37E	26-21S-37E
Dist. from South Line	660 feet	1980 feet
Dist. from West Line	660 feet	660 feet
Proposed Non Standard Units	160 acres consisting of W/2 SW; SE SW (Tubb and Elinebry) and SW SE of Section 26-21S-37E	