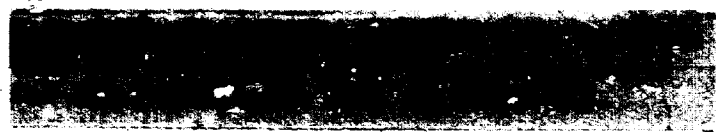


Case No.

1402

Application, Transcript,
Small Exhibits, Etc.



7

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

March 19, 1958

TRANSCRIPT OF HEARING

Case 1402

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 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 : Case No.
660 feet from the North line and 660 feet : 1402
from the West line of Section 7, Township 22 :
South, Range 38 East, Tubb Gas Pool, Lea :
County, New Mexico. :
----- :

BEFORE: Mr. Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. PAYNE: 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.

MR. NEILL: I am Glenn G. Neill, employed by Neville G.
Penrose, Incorporated, and I would like to submit an application
for exception to No-Flare Order No. R-553 on our McCallister Well
No. 1. I do not have any other witnesses other than myself.

The McCallister No. 1 is located in the Northwest one Quarter
of the Northwest Quarter of Section 12, Township 22 South, Range
38 East. It was originally completed as a Blinbry oil producing
well. Production dropped off to the extent that it was not

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economical to produce from that zone, and the company made application and received approval to complete or recompleate the well in the Tubb zone.

This work was done and the well was recompleted and had a potential of 117 barrels per day with a gas-oil ratio of 800 to 1. The production has dropped off and the well now has an allowable of 20 barrels per day.

Upon completion of the well, Neville G. Penrose, Incorporated, contacted Skelly Oil Company and Gulf Oil Corporation, or Gulf Pipeline, regarding the connection for the low pressure or casing-head gas. We received a letter from Skelly stating that there was not enough volume there to justify a connection, their nearest line was 2400 feet from the well. The information received from Gulf was oral and there was no written statement on it.

We would like to submit our application for an exception to Rule No. R-553 to prevent shutting the well in at this time. Since we have submitted our application for this exception, we have again contacted Skelly and Gulf and we have letters from them stating that they are retesting the wells and that there will be some decision in the future. As to what that decision will be, we're unable to state at this time.

Our problem, as I stated, we do want to prevent shutting the well in and protecting our correlative rights on this particular location. I would like to apologize to the Commission that I do not

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have the letters in duplicate. I can submit single copies as evidence from the companies we have contacted regarding this matter.

MR. NUTTER: Single copies will be sufficient.

MR. NEILL: On the original letter from Skelly, I believe that I submitted that with the original application. It evidently has been misplaced, but I have obtained a copy. Here are letters from Skelly Oil Company and Warren Petroleum Corporation or Gulf regarding tests to be taken in the near future. I would like to present those as an exhibit in this case.

MR. NUTTER: Mr. Neill, do you have any well tests or any other evidence as to the volume of gas that is being flared from this well?

MR. NEILL: Skelly's testimony indicates that there is 29,000 cubic feet per day available there for it. This well flowed by head and we flow it approximately six hours per day. The buildup pressure on the well is 500 pounds, and within an hour's time it flowed down to 70 and from there on it drops rapidly.

MR. NUTTER: So what is the volume of gas per day that has been flared.

MR. NEILL: In a six-hour period we estimate about 16,000 cubic feet per day.

MR. NUTTER: In how long a period?

MR. NEILL: In a six-hour period.

MR. NUTTER: Is that all the well flows per day, six hours?

MR. NEILL: Six hours.

MR. NUTTER: These exhibits have been identified as Applicant's 1 through 3. The two letters from Skelly being Exhibits 1 and 2 and the letter from Warren being Exhibit No. 3.

MR. NEILL: We have asked Skelly or Gulf for a cost on building the line and they estimate it would be about \$3,000.00, depending on the conditions they run into in laying the line.

MR. NUTTER: How far away is Warren Petroleum line?

MR. NEILL: 2300 feet. They are 100 feet nearer than Skelly.

MR. NUTTER: Have previous tests been run on this gas to indicate the quality of it?

MR. NEILL: You mean analysis test?

MR. NUTTER: Yes.

MR. NEILL: Skelly has run some tests on it. I do have a recent test in which they do have an analysis, if you would like for me to submit it as an exhibit.

MR. NUTTER: What is the general contention of that, is the gas a desirable quality of gas?

MR. NEILL: Well, --

MR. NUTTER: (Interrupting) Would it be acceptable to the gas companies?

MR. NEILL: The gas is acceptable in its analysis. The quantity, it is not acceptable to them at present unless they

change their decision.

MR. NUTTER: How much oil per day is this well making?

MR. NEILL: It has an allowable of 20 barrels, and that is dropping and we will probably file for a change in allowable in the future.

MR. NUTTER: What is the present capacity?

MR. NEILL: It is making right at 14 barrels.

MR. NUTTER: When was the well completed in the Tubb?

MR. NEILL: In the Tubb it was completed July the 25th.

MR. NUTTER: Has it been flaring gas since July 25?

MR. NEILL: Yes.

MR. NUTTER: What was its potential when it was originally completed?

MR. NEILL: 117 barrels per day.

MR. NUTTER: How about gas-oil ratio, has that materially changed?

MR. NEILL: Not a whole lot. The oil has dropped off a little more rapidly than the gas pressure, and figuring now about 14 barrels per day, and Skelly says 29,000 cubic feet of gas per day, the gas ratio would be up some.

MR. NUTTER: You anticipate that this increase in gas-oil ratio will continue?

MR. NEILL: Well, I'm not qualified to answer that. However we do feel that the flowing pressure of the well is an

indication that both gas and oil are dropping off.

MR. NUTTER: Are there any other Tubb oil wells in the near vicinity to this well?

MR. NEILL: There's a direct offset to the West, Sinclair's Alexander Rogers No. 2.

MR. NUTTER: That is an oil well in the Tubb Gas Pool?

MR. NEILL: Yes.

MR. NUTTER: What disposition is made of that gas well?

MR. NEILL: They have a tiein from Skelly at the line between the Sinclair Alexander Rogers No. 2 and their direct offset. It's the point of the line which I stated was 2400 feet from our well. It's at the battery between the two Sinclair wells to the west of us.

MR. NUTTER: 2300 feet is the nearest low pressure gathering line?

MR. NEILL: Yes.

MR. NUTTER: Mr. Neill, I notice that Skelly has indicated in their letter of March 18 that it would be 60 days before a decision could be reached as to whether this gas could be economically gathered or not. The letter from Warren states they will decide whether a connection can be made. Did they give you any indication as to the period of time necessary to make that determination?

MR. NEILL: He didn't give me any definite time other than

it had to go through the regular channels which that I can't answer for a definite time.

MR. NUTTER: Would Neville G. Penrose be agreeable to a temporary order authorizing the flaring of gas in this pool?

MR. NEILL: Yes, we would.

MR. NUTTER: Any further questions of the witness? If not, he may be excused.

(Witness excused.)

Is there objection to the introduction of Neville G. Penrose Exhibits 1 through 3 in Case 1402? If not, they will be received. Does anyone have any further statements they wish to offer in this case? We will take the cases under advisement.

MR. NEILL: I would like to make a correction in the description, it is Section 7. I think I indicated Section 12.

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 28th 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. 1402
 heard by me on 3-19, 19 58

[Signature], Examiner
 New Mexico Oil Conservation Commission

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1402

TRANSCRIPT OF HEARING

July 2, 1958

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE NEW MEXICO
Phone CHapel 3-6691

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
JULY 2, 1958

IN THE MATTER OF:

CASE NO. 1402 Application of Neville G. Penrose, Inc., :
for an order amending Order R-1151. Ap- :
plicant, in the above-styled cause, seeks :
an order amending Order No. R-1151 to :
extend the time allowed for the flaring :
of gas from its McCallister Well No. 1, :
located 660 feet from the North and West :
lines of Section 7, Township 22 South, :
Range 38 East, Tubb Gas Pool, Lea County :
New Mexico. :

BEFORE:

Daniel S. Nutter, Examiner.

T R A N S C R I P T O F P R O C E E D I N G S

MR. NUTTER: The hearing will come to order, please. The
first case this afternoon will be Case 1402.

MR. PAYNE: Application of Neville G. Penrose, Inc., for
an order amending Order R-1151.

MR. NEILL: I am G. Neill, employed by Neville G. Penrose,
Incorporated, and I would like to submit evidence and testify in
the reopening of Case 1402. I would like to submit these letters
as Exhibit 1 and Exhibit 2.

MR. PAYNE: Would you raise your right hand, please, and
we will swear you in.

(Witness sworn)

MR. NEILL: In the hearing of March 19, 1958, Neville Penrose requested an exception to a no-flare order on McCallister Well No. 1, Section 7, 22 South, 38 East in Lea County, New Mexico. This is a Tubb Oil Well. At that time we presented letters as evidence from Skelly Oil Company and from Warren Petroleum or Gulf indicating that they were testing this well to take the low pressure gas from the connection. However, since that time they have run these tests and have declined to make a connection on the grounds that the gas is insufficient to make it economically feasible to lay a line to their gathering system. Gulf is 2300 feet from it, and Skelly is 2400 feet, and we are asking that this case be reopened. And we would like to submit these letters from the two mentioned companies where they are declining to make a connection at this time, and request that the Commission give us a permanent exception to this no-flare Order 1151. That is all the evidence we have to submit now, except some tests. We have run some tests on the well, and we do it periodically, and the gas is gradually declining. And in the event this exception is granted, we will continue to take tests and any change, the Commission would be notified immediately. But as of now we are unable to make any connection at all for the low pressure gas, and our order which you granted on April the 3rd, ninety-day exceptions to this no-flare order will be up on July the 3rd, which is tomorrow, and if it is at all possible, we would like an early decision on the matter to prevent us from having to shut the well in. We are, like I say,

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watching the well closely, and any change, the Commission would be notified immediately. And we will continue to take these tests and try to justify connection at such time it does arrive. But at this time we are unable to obtain a low pressure connection whatsoever. We would like for a permanent exception to Order R-1151 at this time.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Neill, the gas from the well is presently being flared, is that correct?

A Yes, sir.

Q Is there a meter installed that enables you to measure the gas that is being flared, or is this a constant thing?

A It is periodic; at times there will be no gas at all.

Q How frequently do you measure the gas that is produced?

A There hasn't been any set time, but just roughly I would say once a month.

Q Are there any rules of the Commission that require that the gas-oil ratio be taken of those wells at any particular interval, do you know?

A I believe the Commission has the day set up; that may be three times a year or twice a year. I am not too familiar with that schedule, but the Tubb oil is tested and GOR given the Commission periodically.

Q And you state that the present trend of the gas production is to decrease rather than increase?

A Yes.

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Q What is the volume of gas that is being produced at the present time?

A A test that was taken on May the 25th showed less than 11,000 cubic feet of gas.

MR.UTZ: That's per day?

A Per day.

Q (By Mr. Nutter) And you have here requested an order primarily authorizing you to flare the gas from that well?

A Yes, sir.

Q Would it be agreeable to Neville G. Penrose, Incorporated, to have an order entered in this case which would authorize the flaring of gas providing no more than a certain amount was being flared per day?

A Yes.

Q Has Skelly or Warren, either one, indicated to you what volume of gas would be necessary for them to consider it economically feasible to --

A No, they have not, except they just come up with the volume of gas that the well was making at the time of the test and that it would be an approximate six-year payout on it, with a revenue of about one dollar twenty-nine cents a pay from the low pressure gas.

Q Do you know what these gas companies, or gasoline plants normally consider a reasonable payout on a line to a gas well?

A No, sir.

Q To an oil well?

A No, sir.

Q I hand you what you introduced as Exhibit No. 1 in this

case, Mr. Neill. Has Skelly Oil Company in that letter mentioned anything about the actual volume of gas that was available when they tested the well?

A Not in this particular letter. I am not positive, but I believe in the previous letter they mentioned 29,000 cubic feet per day as did Warren or Gulf.

Q Well now, this Exhibit which has been marked as Exhibit No. 2, is signed by a signature which is the Plant Superintendent, but just what is this letter?

A This is from Warren Petroleum. I can't tell you why he didn't put it on a letterhead, but it is a letter he submitted to me declining the low pressure connection, and he is the person that we've contacted regarding the gas on the well.

Q And this would be a statement that Warren Petroleum Company sent?

A He is Plant Superintendent of the Warren plant in Eunice, it would be.

Q I note that he mentions 29 MCF per day. Also, when was this test taken?

A That test was taken -- he didn't give me a definite date, but when we had the hearing on March the 19th, he was supposed to be in the process of taking the test at that time.

Q And you don't have any idea, Mr. Neill, what volume of gas would be commercially feasible for either one of these companies to come over there and pick up this gas?

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A No, sir, I wouldn't. They have just stated that the volume of gas being flared wouldn't justify economics on account of the payout. As far as the actual quantity that would be necessary before they ever take it out, I wouldn't --

Q In the event that any company in this area should find it necessary to flare gas and they had more gas available or if they had a gas line that was closer to this well, it would be more economically feasible to come in and connect this well than it is at the present time, isn't it?

A We feel that any time that they do take another connection near the well and come in closer, we will ask them for a connection by a permanent exception to it. I don't mean that we wouldn't still work on the matter and try to obtain a connection, but any time they do move in closer, we will request connection from them.

Q So there would be two possibilities for the election or the need of a permanent order. One would be that this well would commence making more gas, or that another well in the area would commence making gas, or that their limits would be extended closer?

A That is possible, but at present neither one of them say that they have any plans for a line coming in any closer.

Q Mr. Neill, I note that the March hearing in this case you estimated that about 16,000 cubic feet of gas were flared in a six-hour period from this well, and now you estimate that 11,000 MCF were made in twenty-four hours. Is this characteristic of oil

wells in the Tubb to have declining GOR?

A Maybe I made a misstatement a while ago. The well flowed twenty-four hours and the test was over. I am going to say in an eight-hour period.

Q This test of May the 25th?

A Yes.

Q And you made the 11 MCF in eight hours?

A Yes, but the well flowed down and wouldn't make any more gas, so I may have been assuming when I said in one day because after the flow-down period it didn't make any more gas.

Q I should correct the record to show that you stated in a six-hour period you estimated that about 16,000 cubic feet per day were flared?

A Yes.

MR. NUTTER: Are there any further questions of Mr. Neill?
Mr. Utz.

QUESTIONS BY MR. UTZ:

Q Mr. Neill, how far is it to the nearest low pressure connection to the well?

A Gulf's nearest connection is 2300 feet. Along that line I would like to make a correction in our attorney's letter to you, Mr. Nutter, in which he stated it was 3200 feet, but the nearest connection is 2300 feet.

Q That six-year pay out was based on how much gas per day?

A Well, I am assuming that on the 29 cubic feet.

MR. NUTTER: I think the six-year pay out was based on Warren's line. How far is Warren's line?

A 2300.

MR. NUTTER: And Skelly's line is what?

A 2400 feet, one hundred feet difference in the two lines.

MR. UTZ: And that was based on 29 MCF per day?

A Yes.

MR. UTZ: That's all.

MR. NUTTER: Are there any further questions of Mr. Neill?
If not, he may be excused.

A I would like to ask a question, what the situation will be
since the expiration date is July the 3rd?

MR. NUTTER: Mr. Neill, realizing the circumstances, we
will make every effort to handle this as expeditiously as possible.
I don't know what the actual outcome will be.

Did you want to offer these formally?

A Yes, I would like to offer the letter from Skelly as Ex-
hibit 1; July the 2nd, '58, in Case 1402. And the letter from
Warren as Exhibit 2; July the 2nd, '58, in Case 1402.

MR. NUTTER: Without objection, Exhibits 1 and 2 in Case
1402, 7/2/58 will be entered as evidence in this case.

Is there anything else anyone wishes to offer in Case 1402?

We will take the case under advisement and take up Case 1479.

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

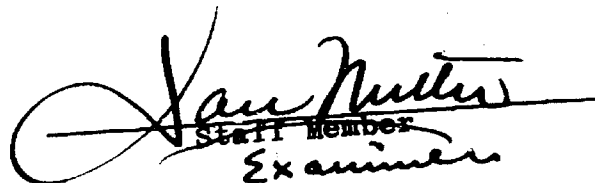
Date 7-3-58

CASE NO. 1402

HEARING DATE 7-2-58 9 am
DSN @ SF

My recommendations for an order in the above numbered case(s) are
as follows:

Enter an order authorizing applicant
to flare gas from the subject well
only so long as the well is making
less than 50 MCF/day. Require
quarterly GOR tests. Notify
Hobbs to keep their eye on
the GORs so that this authority
can properly be terminated.


Staff Member
Examiner

DOCKET: EXAMINER HEARING JULY 2, 1958

Oil Conservation Commission 9 a. m., Mabry Hall, State Capitol, Santa Fe, New Mexico

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

- CASE 354: In the matter of the application of Skelly Oil Company to amend Order No. R-179-A. Applicant, in the above-styled cause, seeks an order amending Order No. R-179-A to permit the transfer of allowables from water injection wells to producing wells on the same basic lease and to establish a lease allowable for its H. O. Sims pilot water flood project in the Penrose-Skelly Pool in Lea County, New Mexico, to enable the production of six times the normal unit allowable from any well or wells in said project.
- CASE 1475: Application of Sinclair Oil and Gas Company for permission to commingle oil from two separate pools in common storage. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the Kemnitz-Wolfcamp Pool and Kemnitz-Pennsylvanian Pool production from its State Lea 692 Well No. 1 located 660 feet from the South lines of Section 24, Township 16 South, Range 33 East, Lea County, New Mexico.
- CASE 1476: Application of Austral Oil Exploration Company for permission to commingle production from two separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the Townsend-Wolfcamp Pool production from its W. M. Snyder "D" Lease, comprising Lots 5 and 6, and its W. M. Snyder "E" Lease, comprising Lot 2 of Section 6, all in Township 16 South, Range 36 East, Lea County, New Mexico. Applicant proposes to measure the production from each of the above-described leases by means of metering separators.
- CASE 1477: In the matter of the application of Amerada Petroleum Corporation for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Ida Wimbeley No. 4 Well located 660 feet from the South line and 990 feet from the West line of Section 24, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Drinkard formation adjacent to the Justis-Drinkard Pool and oil from the Fusselman formation adjacent to the Justis-Fusselman Pool through parallel strings of 2-3/8" tubing.
- CASE 1478: In the matter of the application of R. Olsen Oil 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 consisting of the N/2 NW/4, SW/4 NW/4, and NW/4 SW/4 of Section 25, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 1294:

Application of Ambassador Oil Corporation for an order amending Order No. R-1053. Applicant, in the above-styled cause, seeks an order amending Order No. R-1053 to approve a development pattern for the entire water flood project operated by the applicant in the Caprock-Queen Pool, Chaves and Lea Counties, New Mexico, and to permit administrative approval for the conversion of water injection wells in said project, which is within the limits of the North Caprock-Queen Unit No. 2, authorized by Commission Order R-1194.

CASE 1402:

Application of Neville G. Penrose, Inc. for an order amending Order R-1151. Applicant, in the above-styled cause, seeks an order amending Order No. R-1151 to extend the time allowed for the flaring of gas from its McCallister Well No. 1, located 660 feet from the North and West lines of Section 7, Township 22 South, Range 38 East, Tubb Gas Pool, Lea County, New Mexico.

CASE 1479:

Application of Aztec Oil and Gas Company for an oil-oil dual completion and for permission to commingle production from two separate pools. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its State BD-36 Well No. 1, located 1980 feet from the South and East lines of Section 36, Township 22 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Blinebry formation adjacent to the Blinebry Oil Pool and oil from the Drinkard Pool through parallel strings of 1 1/2 inch tubing. The applicant further proposes to commingle the Blinebry and Drinkard production from said well in common storage.

June 16, 1958

ga

NEVILLE G. PENROSE, INC.

FAIR BUILDING
FORT WORTH 2, TEXAS

June 19, 1958

Case 1402

*McCallister Well
6-24-58
BP*

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

Attn: Mr. Daniel S. Nutter

Re: Case No. 1402 - Neville G. Penrose, Inc. McCallister Well
No. 1, NW/4 NW/4 Section 7-22S-38E, Lea County, New Mexico

Gentlemen:

Confirming our telephone conversation of this afternoon, we ask that this letter be considered as the application of Neville G. Penrose, Inc. to reopen Case No. 1402 in connection with the request of Neville G. Penrose, Inc. to flare gas produced from its McCallister No. 1 well in the Tubb Gas Pool, Lea County, New Mexico, and to set this matter down for public hearing before the Commission or its designated examiner, on the next hearing date, July 2, 1958.

Under provisions of Order R-1151 the Oil Conservation Commission ordered that Neville G. Penrose, Inc. be authorized to flare gas from its McCallister Well No. 1 for a period not to exceed 90 days from the date of such order, ie. April 3, 1958. In support of Neville G. Penrose, Inc.'s application to reopen Case No. 1402 we submit the following information:

1. Under date of May 26, 1958 Skelly Oil Company declined in writing to extend their gas gathering system in this area so as to connect to the McCallister No. 1 well for the reason that the volume of gas presently available from such well would not justify the economic expenditure required to connect the well to Skelly's gas gathering system.

2. Warren Petroleum Corporation, now Gulf Oil Corporation, has also tested the gas content from the No. 1 McCallister and have orally declined to extend their gas gathering system so as to connect to the well for the same reason.

We have asked that Gulf furnish us with a letter setting out their refusal to extend their gas gathering system. Copies of each of these letters will be introduced as evidence before the Commission at the re-hearing of this application.

3. The volume of gas presently being flared from this well has not increased from the approximately 16 MCF per day existing at the time of the entering of Order R-1151, and if anything, has decreased. Because of the small volume of gas being produced it is not economically feasible for Neville G. Penrose, Inc. to attempt to lay its own gathering line to the nearest gas gathering system, which is approximately 3200 feet distant.

Neville G. Penrose, Inc. respectfully requests that the Commission reopen Case No. 1402, that a public hearing be held and that Neville G. Penrose, Inc. be granted an extension, either permanent or temporary, of its authorization to flare gas from the McCallister Well No. 1, located in the NW/4 NW/4 of Section 7-22S-38E, N.M.P.M., Tubb Gas Pool, Lea County, New Mexico.

Cordially,

NEVILLE G. PENROSE, INC.

By *R. T. Churchill*

R. T. Churchill
Attorney

RTC/ta

Before me, this 19th day of June, 1958, appeared R. T. Churchill, Attorney for Neville G. Penrose, Inc., and upon oath did state that the above and foregoing facts and statements are true and correct.

TRELLIS ADAMS, Notary Public
in and for Tarrant County, Texas
My Commission Expires June 1, 1959

Trellis Adams
Notary Public in and for
Tarrant County, Texas

Memo

File Case 1402

From

Return to

D. S. Matter
Chief Engineer

HOBBS OFFICE 000

To Joe -

JUL 27 AM 9:58

Wbb over

R-1151-A accounted vehicle
of Penrose to flare gas
from his McClellan #1 in
D-7-22S-38E so long
as he takes quarterly
GOR tests & reports them
to the Commission and
as long as the volume
does not exceed 50 MCF/day.

Would you check your files
and see if this volume
might be approaching or
exceeding this figure? A
new C-110 filed for by Sohio
to change ownership does not
show any gas transporter yet.

MAIN OFFICE OCC
1958 JUL 14 AM 8:46

NEVILLE G. PENROSE, INC.
FAIR BUILDING
FORT WORTH 2, TEXAS

July 11, 1958

file

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

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

Re: Case No. 1402 - Neville G. Penrose, Inc. No. 1
McCallister

Gentlemen:

This will acknowledge receipt of copy of Order R-1151A entered in Case No. 1402 on July 3, 1958, which Order grants Neville G. Penrose, Inc. the right to flare gas from its McCallister well No. 1 in an amount not to exceed 50 MCFPD until such time as a low pressure casinghead gas connection is available.

We realize that our request for a re-Hearing in this case was somewhat unorthodox, however, with time running out on our temporary exemption from the no-flare order it was imperative that we secure an immediate Hearing in order that we might avoid shutting in the well.

We should like to express our thanks and appreciation both to the Commission and to its Examiner, Mr. Daniel S. Nutter, for the courtesies shown to our representative, Mr. Glenn Neill of Eunice, New Mexico, and for your very prompt rendition of Order in the above matter.

Cordially,

NEVILLE G. PENROSE, INC.

By

R. T. Churchill

R. T. Churchill

RTC/ta

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

July 3, 1958

Mr. Glenn Neill
Neville G. Penrose, Inc.
P.O. Box 988
Eunice, New Mexico

Dear Mr. Neill:

We enclose a copy of Order R-1151-A issued July 3, 1958,
by the Oil Conservation Commission in Case 1402, which was heard
on July 2nd before an Examiner at Santa Fe.

Very truly yours,

A. L. Forter, Jr.
Secretary - Director

bp
Encl.

C
O
P
Y

9/16/64

Joe Ramey reports that
gas produced currently
measures 9.0 MCF/day.

Also that there is no
change in the distance
to the nearest csgd
gas gathering line.

This note is in well file

Joe

**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. 1402
Order No. R-1151-A**

**APPLICATION OF NEVILLE G. PENROSE, INC.,
FOR AN ORDER AUTHORIZING THE FLARING OF
GAS FROM AN OIL WELL IN THE TUBB GAS POOL.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause originally came on for hearing at 9 o'clock a.m. on March 19, 1958, at Santa Fe, New Mexico, before Daniel S. Mutter, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations and that said case was reopened for further hearing on July 2, 1958.

NOW, on this 3rd day of July, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Daniel S. Mutter, 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 applicant is the owner and operator of an oil well in the Tubb Gas Pool known as the 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, NEPM, Lea County, New Mexico and that the applicant has been unable to obtain a casinghead gas connection for said well to date.

(3) That applicant offered testimony to the effect that Skelly Oil Company and Warren Petroleum Company, the only operators of low-pressure casinghead gas gathering facilities in the area, have re-evaluated the possibility of connecting the above-described well to their gathering systems, but that each of said companies have found it would not be economically feasible to connect said well until such time as more casinghead gas is available in the area.

(4) That the above-described well is presently flaring approximately 11 MCF per day.

(5) That the applicant seeks permission to continue flaring the gas from the above-described well for a limited period of time.

-2-
Case No. 1402
Order No. R-1151-A

(6) That an order authorizing the flaring of gas from said well in an amount not to exceed 50 MCF per day should be issued; provided however, that the applicant should exercise diligent effort to obtain a casinghead gas connection for said well.

(V) That the applicant should conduct quarterly gas-oil ratio tests of said well.

IT IS THEREFORE ORDERED:

1. That applicant, Neville G. Pearson, Inc., be and the same is hereby authorized to flare gas from its McCallister Well No. 1, located 600 feet from the North line and 600 feet from the West line of Section 7, Township 22 South, Range 36 East, NMPN, Tubb Gas Pool, Lea County, New Mexico, in an amount not to exceed 50 MCF per day until such time as a low pressure casinghead gas connection is available.

2. That the applicant shall exercise diligent effort to obtain a casinghead gas connection for said well.

3. That the applicant shall conduct quarterly gas-oil ratio tests of said well, reporting the results of said tests to the District Office of the Oil Conservation Commission in Hobbs, New Mexico. Said gas-oil ratio tests shall be scheduled so that one of such tests will coincide with the annual gas-liquid ratio test period for the Tubb Gas Pool.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Edwin L. Mechem

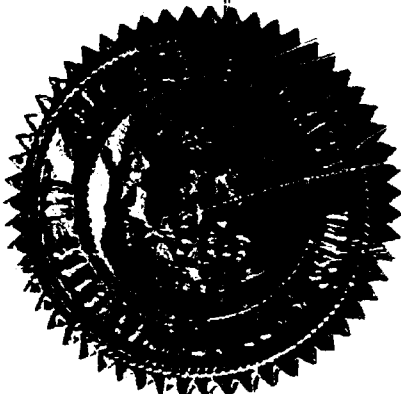
EDWIN L. MECHEM, Chairman

Murray E. Morgan

MURRAY E. MORGAN, Member

A. L. Porter, Jr.

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



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.

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.

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date March 20, 1958

CASE 1402

9 am
Hearing Date 3/19 Santa Fe: DSN

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

Enter an order authorizing Neville G. Penrose, Inc. to flare the casinghead gas produced from 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, for a period not to exceed 90 days from the date of the order. Applicant offered testimony to the effect that Skelly Oil Company is re-evaluating the possibility of connecting this well to its low pressure casing system, also that Warren Petroleum Company is making tests on the gas and will evaluate the possibility of a connection. Applicant stated that Neville G. Penrose, Inc., would be agreeable to the issuance of a temporary order. This well at the present time is flaring approximately 16 MCF per day, however, the oil production is declining at a faster rate than the gas production is declining with the result that the GOR is steadily increasing. Unless a temporary order is issued by the Commission, in this case, it may be possible that the well would eventually become a gas well with a no-flare order authorizing the flaring of gas from it.

Samuel D. Hunter
Staff Member
Kammer

**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. 1492
Order No. R-1151**

**APPLICATION OF NEVILLE G. PENROSE, INC.,
FOR AN ORDER AUTHORIZING THE FLARING OF
GAS FROM AN OIL WELL IN THE TUBB GAS POOL.**

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, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 2nd 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 applicant is the owner and operator of an oil well in the Tubb Gas Pool known as the 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, NMPM, Lea County, New Mexico, and that the applicant has been unable to obtain a casinghead gas connection for said well to date.

(3) That applicant offered testimony to the effect that Skelly Oil Company is re-evaluating the possibility of connecting the above-described well to its low pressure gas gathering system.

(4) That Warren Petroleum Company is conducting tests on the gas and will evaluate the possibility of a gas connection.

(5) That the above-described well is presently flaring approximately 16 MCF per day.

(6) That the applicant seeks permission to continue flaring the gas from the above-described well for a limited period of time.

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

April 9, 1958

C
O
P
Y

Mr. Melvin Neal
Neal & Neal
116 North Turner
Hobbs, New Mexico

Dear Mr. Neal:

On behalf of your client, Neville G. Penrose, Inc., we enclose two copies of Order R-1151 issued April 3, 1958, by the Oil Conservation Commission in Case 1402, which was heard on March 19th at Santa Fe.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

bp
Encls.

-2-

Case No. 1493
Order No. E-1151

(7) That an order authorizing the flaring of gas from said well for a period not to exceed 90 days from the date of such order should be issued.

IT IS THEREFORE ORDERED:

1. That applicant, Neville G. Pearson, Inc., be and the same is hereby authorized to flare gas from its well No. 1, located in the Santa Fe County, New Mexico, for a period not to exceed 90 days from the date of this order.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E. L. Mechem

EDWIN L. MECHEM, Chairman

Murray E. Morgan

MURRAY E. MORGAN, Member

A. L. Porter, Jr.

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

ir/

Case 1412

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

Date March 4, 1958

Mr. Glenn G. Neill
Neville G. Penrose, Inc.
P.O. Box 988
Eunice, New Mexico

Gentlemen:

Your application for an exception to No-Flare Order No. R-553

dated February 6, 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*

CLASS OF SERVICE
This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION TELEGRAM

W. P. MARSHALL, President

SYMBOL	
DL - Day Letter	
NL - Night Letter	
LT - Letter Telegram	

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

L 1225 686439

L NDA137 NL PD-EUNICE NMEX 24=
NEW MEXICO OIL CONSERVATION COMMISSION=
ATTN MR BUTTER SANTA FE NMEX=

PLEASE ACCEPT THIS TELEGRAM AS APPLICATION FOR AN
EXAMINERS HEARING AS SOON AS POSSIBLE FOR EXCEPTION
TO THE NO FLARE ORDER OF RULE 15 OF TURBS RULE ORDER
R-586 ON NEVILLE G PENROSE INC MCALISTER WELL NUMBER
1 SECTION 7 T-22-S R-38-E LEA COUNTY NEW MEXICO=
NEVILLE G PENROSE INC BY GLEN G NEILL=

= 15 R-586 1 7 T-22-S R-38-E=.

Case 1402

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE



SKELLY OIL COMPANY

Eunice, New Mexico
March 18, 1958

Neville G. Penrose, Inc.
P.O. Box 988
Eunice, New Mexico

Att: Mr. T. H. Bright

Gentlemen:

We are investigating the economical possibilities of tying in the gas from your McAllister Well No. 1, located in the NW/4 NW/4, S7, T22S, R37e, Lea County, New Mexico.

It will be 60 days before a decision can be reached.

Yours very truly,

Skelly Oil Company

R. E. J. Dodd

R. E. J. Dodd

Superintendent New Mexico-
West Texas District

REJD/bn

Before Examiner *Miller*

Oil Conservation Commission

Appl Exhibit Case No. 1402

Warren Petroleum Corporation

P. O. Box 1589

Tulsa 2, Oklahoma

MANUFACTURING DIVISION

March 18, 1958

PLEASE REPLY TO:
P. O. BOX 1197
EUNICE, NEW MEXICO

Neville G. Penrose, Inc.
Eunice, New Mexico

Attn: T. H. Bright

Gentlemen:

In answer to your request to connect your McAlister Well #1 located in Sec. 7 - T22 - R38.

After the necessary tests have been run on this gas and the expense of making the connection have been figured, a proposal will be sent to our Division Office in Tulsa. They will decide if the connection can be made.

Yours very truly,


A. E. Risinger
Plant Superintendent

AER:ef

Before Examiner Mutter

Oil Conservation Commission

Appl Exhibit 3 Case No. 14d2



SKELLY OIL COMPANY

Edinburg, New Mexico
May 26, 1958

Exhibit 1
7-2-58
1402

Neville G. Penrose, Inc.
Fair Building
Fort Worth 2, Texas


Att: Mr. Glen G. Neill

Gentlemen:

Our tests on your McCallister #1, Sec. 7-22S-38E, conducted in March, indicated a considerable reduction in gas and oil production since our previous test in July of 1957.

The volume of gas presently available will not justify the expenditure required to connect to our gas gathering system. However, in event of any change in this well or any additional development in this area, we will be very glad to take another look at it.

Yours very truly,
Skelly Oil Company


R. E. J. Dodd
District Superintendent

REJD/bn

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
<i>Appl</i>	EXHIBIT NO. <u>1</u>
CASE NO. <u>1402</u>	

7-2-58

Original Filed

Warren

Exhibit 2
7-2-58
140v

Burice, E. E.
June 28, 1958

Neville G. Penrose Oil Co.
Burice, E. E.

98-1988

Att: Mr. Glenn Neill

Regarding the request to connect your McAllister well No. 1,
located in N.M. $\frac{1}{4}$ Sec. 18, T 22-S, R 38-E, Lea County New Mexico.

Due to the small amount of gas (29 MCF per day), and the long
period to pay out (six Years) we are unable to make the connection
at this time.

Thompson
Plant Sept.

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
<i>Appl</i>	EXHIBIT NO. <u>2</u>
CASE NO.	<u>140v</u>

7-2-58

C
O
P
Y

Eunice, New Mexico
August 14, 1957

Neville G. Penrose, Inc.
P.O. Box 988
Eunice, New Mexico

Att: Mr. T. H. Bright

Gentlemen:

We have made a survey of your McAllister well #1, located in NW/4 NW/4, S7, T22s, R38e, and find that the quantity of gas and the distance from our gathering system makes the well economically unattractive for us to connect.

Yours very truly,

Skelly Oil Company

R. E. J. Dodd
R. E. J. Dodd

Superintendent New Mexico-
West Texas District

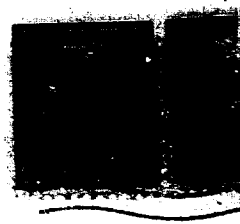
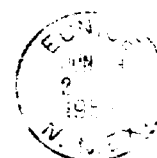
REJD/bn

Before Examiner *muu*

Oil Conservation Commission

Appl. Exhibit / Case No. 1402

WARREN PETROLEUM CORPORATION
P. O. BOX 1197
Eunice, New Mexico



Neville G. Penrose Oil Co.
Eunice, New Mexico

Att: Glenn Neill

Case 1402

NEVILLE G. PENROSE, INC.
FAIR BUILDING
FORT WORTH 2, TEXAS
February 6, 1958

RECEIVED
FEB 13 1958

EUNICE OFFICE
P. O. BOX 988
EUNICE, NEW MEXICO

Re: Application for Exception
to No-Flare Order R-553

Oil Conservation Commission
State of New Mexico
Santa Fe, New Mexico

Gentlemen:

Neville G. Penrose, Inc. respectfully requests that the Oil Conservation Commission grant an exception to No-Flare Order R-553 insofar as it pertains to Neville G. Penrose, Inc. McCallister Well #1 and in support thereof states the following facts:

The McCallister #1 is located 660' from the west line and 660' from the north line of section 7, T22S, R38E, Lea County, New Mexico and was completed July 24, 1957 in the Tubbs Oil Pool. The well produced at the rate of 117 barrels of oil per day upon completion. It now has an allowable of 20 barrels per calendar day with a gas-oil ratio of 800 cubic feet per barrel.

*no
no flare
exception
provided
for
Tubbs gas
Pool*

As noted in the letter from Skelly Oil Company, which was submitted to you previously, the quantity of gas and the distance from their low pressure gathering system is not economically attractive enough to justify a connection at this time. However, we will endeavor to find a market for the gas as soon as possible.

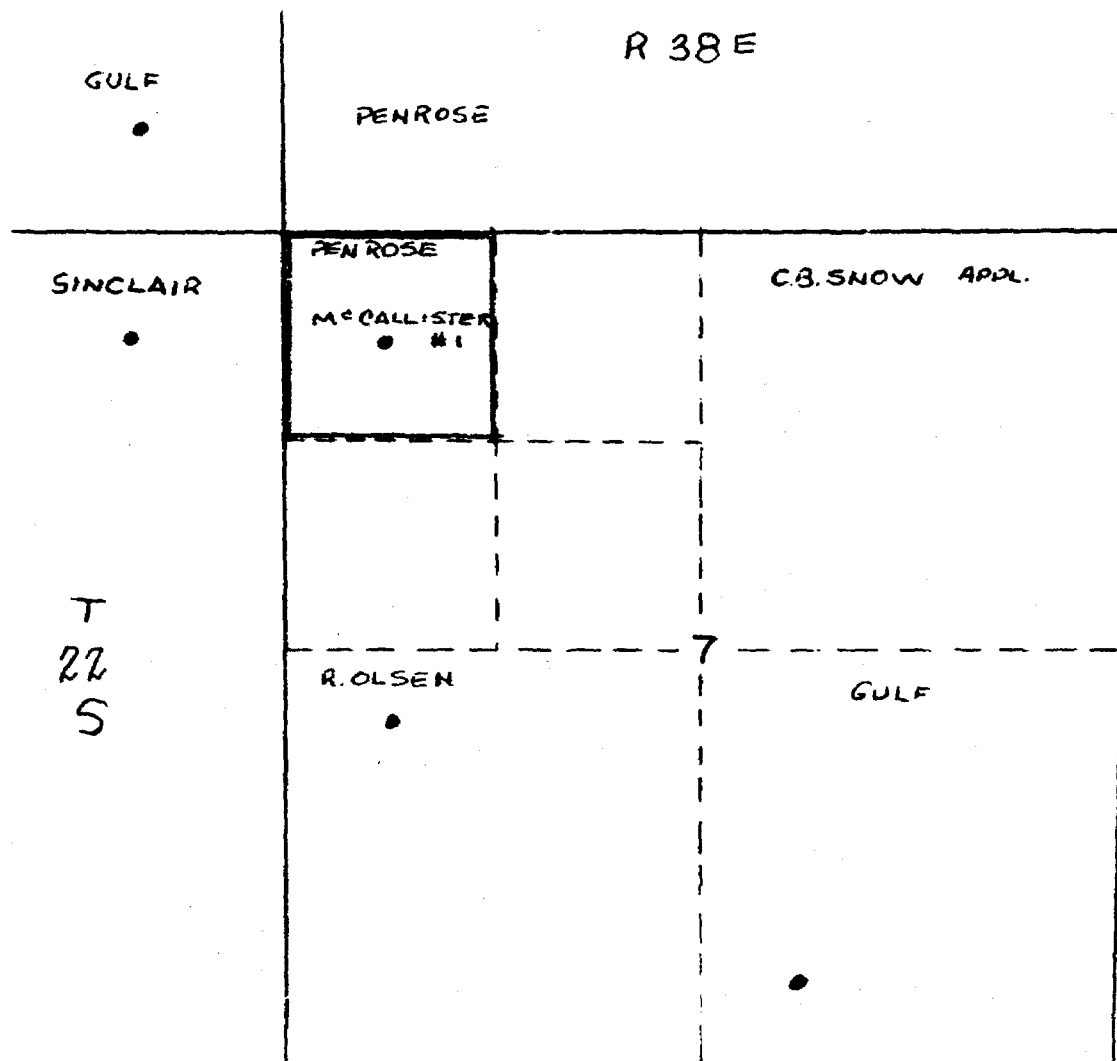
In view of the foregoing and to keep the well on production and thereby protect correlative rights, it is requested that the Oil Commission issue an exception to its No-Flare Order R-553 with respect to a volume of approximately 16 MCF per day of low pressure casinghead gas which will be vented from Neville G. Penrose, Inc. McCallister Well #1.

Yours truly,

Neville G. Penrose, Inc.

Glenn G. Neill
Glenn G. Neill

cc: New Mexico Oil Conservation Commission
Box 2045
Hobbs, New Mexico
attachments



NEVILLE G. DENROSE, INC

APPLICATION FOR EXCEPTION
TO NO-FLARE ORDER R-553

MCALLISTER #1

7-22-38

LEA COUNTY