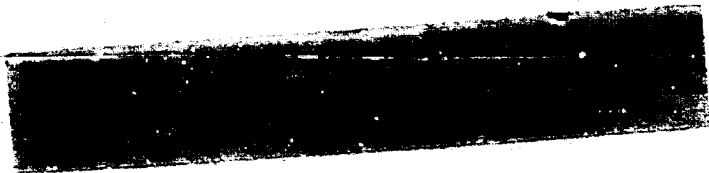


Case No.

1413

Application, Transcript,  
Small Exhibits, Etc.



EXAMINER HEARING  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
April 9, 1958

IN THE MATTER OF: Case No. 1413

TRANSCRIPT OF PROCEEDINGS

DEARNLEY - MEIER & ASSOCIATES  
INCORPORATED  
GENERAL LAW REPORTERS  
ALBUQUERQUE, NEW MEXICO  
3-6691 5-9546

EXAMINER HEARING  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
April 9, 1958

-----  
IN THE MATTER OF:

Application of Austral Oil Exploration Company  
for an exception to Rule 309 of the Commission  
Rules and Regulations. Applicant, in the above-  
styled cause, seeks an order authorizing it to  
commingle the production from all wells com-  
pleted in the Townsend-Wolfcamp Pool, Lea  
County, New Mexico, on the following described  
leases:

Case 1413

W. M. Snyder "B" Lease -

Township 16 South, Range 36 East  
Section 6: Lots 9, 10, 15, & 16  
and SE/4

W. M. Snyder "C" Lease -

Township 16 South, Range 36 East  
Section 5: Lot 5  
Section 6: Lots 1, 7, & 8  
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BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF PROCEEDINGS

AFTERNOON SESSION

MR. UTZ: Mr. Bondurant, are you ready to proceed?

MR. BONDURANT: Yes, sir.

MR. UTZ: The hearing will come to order, please. The  
next case on the docket will be Case 1413. Will you read it, please?

MR. PAYNE: Case 1413: Application of Austral Oil  
Exploration Company for an exception to Rule 309 of the Commission

Rules and Regulations.

MR. BONDURANT: My name is Bill Bondurant. I'm appearing in behalf of Austral in Case 1413. I'm connected with the firm of Hervey, Dow and Hinkle, in Roswell, New Mexico.

(Witness sworn.)

EUGENE H. DOBBS

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

DIRECT EXAMINATION

By MR. BONDURANT:

Q What is your name?

A Eugene H. Dobbs.

Q Where do you reside, Mr. Dobbs?

A Houston, Texas.

Q Are you connected with Austral Oil Exploration Company?

A I am.

Q What is your connection?

A I am assistant secretary and division landman. I have served in that capacity since 1952.

Q Did you file the application before the New Mexico Oil Conservation Commission in this Cause No. 1413?

A I caused the application to be filed.

Q Are you familiar with the terms of it?

A I am.

Q Would you just briefly refer to the map that has been

attached to the application?

A Yes, sir.

Q Is that map a true representation of the leases and wells involved in this cause?

A It is.

Q Would you just briefly describe to the Commission the two wells that you now propose to commingle oil from?

A The first well and lease is what we call the W. M. Snyder "B" No. 1 Well and Lease. The lease covers Lots 9, 10, 15, and 16, and the Southeast Quarter of Section 6, Township 16 South, Range 36 East, Lea County, New Mexico. The "B" No. 1 Well on this lease is located approximately 3656.4 feet from the North line, 660 feet from the East line, Section 6. This particular well was drilled to a total depth of 10,770 feet and is presently producing from perforations 10,675 - 700 in the Wolfcamp formation.

The "C" Lease covers Lots 1, 7, and 8 in Section 6, and Lot 5 in Section 5, Township 16 South, Range 36 East, Lea County, New Mexico. The "C" No. 1 Well is located 2336.4 feet from the North line, 660 feet from the East line, Section 6. This well was drilled to a total depth of 10,717 feet, is producing from perforations 10,674 - 694, again in the Wolfcamp formation.

Q Who is the owner, the record owner of the oil and gas leases involved here?

A Oil Participations, Incorporated, a Delaware Corporation, is the record owner of the two leases above referred to.

Q Who is the operator of those leases?

A Austral Oil Exploration Company, Incorporated, is the operator and is operating agent for Oil Participations, Incorporated.

Q Who is the royalty or mineral owner or lessor of these oil and gas leases?

A The lessor and royalty owner is Mr. W. M. Snyder of Lovington, New Mexico.

Q Is he the sole royalty owner?

A He is.

Q Has he consented to commingling oil under these two leases?

A He has.

Q Has Oil Participations, Incorporated, consented to such commingling?

A Oil Participations has consented.

MR. BONDURANT: I would like to introduce in evidence a consent dated March 19, 1958, from W. M. Snyder, and a like consent dated March 21, 1958; and a consent dated March 28, 1958, from Oil Participations, Incorporated, wherein these parties consent to our proposed commingling in this cause.

MR. UTZ: Do you want to identify these as some exhibit number?

MR. BONDURANT: Would you like to mark the three of them as Exhibit 1, or as 1, 2, and 3?

MR. UTZ: Mark them as Exhibits 1, 2, and 3.

MR. BONDURANT: 1, 2, and 3 will be fine.

(Austral's Exhibits Nos. 1, 2 & 3  
marked for identification.)

Q Mr. Dobbs, will there be any saving of expense to you as operator if you are permitted to commingle as you have applied for here?

A Yes, there will. Our engineering staff has figured that we will save somewhere between the neighborhood of five thousand to seven thousand dollars on the basis of present and some planned future wells. In addition, we have estimated that the pipe line company taking the oil will save approximately three thousand dollars minimum, if this application is granted.

Q Are both of these wells producing from the same zone?

A Yes, they are.

Q To your knowledge, will this application cause any waste?

A It will not.

Q If granted.

MR. BONDURANT: Would the Examiner like to ask any questions?

MR. UTZ: You are through with your direct?

MR. BONDURANT: Yes, sir.

MR. UTZ: Any questions of the witness?

MR. COOLEY: Yes, sir.

MR. UTZ: Mr. Cooley.

CROSS EXAMINATION

By MR. COOLEY:

Q How many 40-acre proration units are contained in the two



subject leases?

A At the present time, I believe it would be possible -- talking purely about the geographical area -- that under the "B" Lease it would be possible to put in eight 40-acre units. On the "C" Lease it would be possible to put in four proration units. However, I believe geologically we would have to reduce the number of possible proration units on the "B" Lease, at least that is my impression of the geology at this time.

Q Disregarding the geology, then, the maximum number of developed 40-acre proration units in the two leases here that are the subject of this hearing, the most you could put on there would be twelve?

A I believe that is correct.

Q In your application you seek permission to commingle all production from these leases. Then would you recommend that in the event the Commission sees fit to approve this application, that it be worded so as to authorize the maximum of twelve units?

A Well, I don't know that the Commission would have the authority at this time to grant twelve.

Q Well, we'll leave that to the Commission, Mr. Dobbs.

A I really can't answer.

Q The case is advertised as seeking permission to commingle production from all wells completed in the Townsend-Wolfcamp Pool on the two leases?

A Yes, I might state this, that at the present time we have

one Wolfcamp producer on each of the leases. We are presently drilling a second well, which is the "B" 2, and it is due west of the Snyder "B" 1 Well. Now on possible future locations, we are contemplating the possibility of three additional wells on the "C" Lease, and possibly two or three on the "B" Lease. That is in the, say, foreseeable future.

Q Would it be your opinion there would be no necessity for the exception for no more than eight wells to the single tank battery provision of Rule 309?

A I believe at this time it would not be necessary to go in excess of eight wells.

Q Very good. As shown on your Exhibit No. 1 -- this was identified as Exhibit 1?

MR. BONDURANT: It hasn't been identified as an exhibit. I believe it should be Exhibit 4. It is a plat attached to the application.

MR. UTZ: Do you want to use the copies that you filed with your application?

MR. BONDURANT: Yes.

(Austral's Exhibit No. 4  
marked for identification.)

Q (By Mr. Cooley) The area plat showing the two leases here in question, which has been identified as Exhibit 4, shows a proposed tank battery location in Section 6. Does this tank battery lie within one particular 40-acre unit there? I cannot tell the

exact location of it.

A I don't know whether it's on the line or in either Lot 9 or Lot 10, from this plat. I just don't know.

Q But it is definitely on the Snyder "B" Lease?

A It is on what we call the "B" Lease, yes, sir.

Q Will you have adequate facilities installed for this tank battery to determine accurately the production from each of the wells?

A Yes.

Q By monthly well tests?

A Whatever the requirement is, we'll meet it as the minimum.

Q What is your present storage capacity?

A At the present time, I believe there are three 500-barrel tanks, and there is one separator, and I know they contemplate adding a test separator.

Q Before any commingling would be done, you would have a test separator?

A Yes, sir.

MR. COOLEY: That's all the questions I have. Thank you. One more question, please.

A Yes.

Q (By Mr. Cooley) I think this is repetitious, but you did state that the royalty ownership throughout the two leases is entirely common?

A I will put it this way, that Mr. W. M. Snyder has granted

two individual leases to Austral. Each lease has the same amount of royalty, and there are no overriding royalties and there are no other royalty owners involved in respect to the "B" and "C" Leases. The ownership as far as working interest is concerned in the several leases lies in or with Oil Participations, Incorporated.

Q The division of the production from the "B" Lease would be identical with that of the "C" Lease?

A The division of production?

Q Yes, in every case the same persons receive the same shares?

A Yes.

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

MR. UTZ: Any other questions of the witness? If not, the witness may be excused.

(Witness excused.)

MR. UTZ: Did you offer Exhibit No. 4?

MR. BONDURANT: Yes, I offer Exhibit No. 4.

MR. COOLEY: I don't believe you formally offered any of your exhibits.

MR. BONDURANT: I at this time would like to offer the Applicant's Exhibits 1, 2, 3, and 4.

MR. UTZ: Is there objection to the entrance of these exhibits? If not, they'll be accepted. Any other statements to be made in this case? If not, the case will be taken under advisement.

\* \* \* \* \*

## C E R T I F I C A T E

STATE OF NEW MEXICO     )  
                                   ) ss  
 COUNTY OF BERNALILLO    )

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this *3rd* day of May, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

*Ada Dearnley*  
 NOTARY PUBLIC

My commission expires:

June 19, 1959.

I do hereby certify that the foregoing is  
 a correct and true transcript of the  
 the proceedings of the New Mexico Oil Conservation Commission  
 heard at *Albuquerque* on *April 9*, 1958.  
*Charlotte J. [Signature]*, Examiner  
 New Mexico Oil Conservation Commission

**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. 1418  
Order No. R-1157**

**APPLICATION OF AUSTRAL OIL EXPLORATION  
COMPANY FOR AN ORDER AUTHORIZING IT TO  
COMMENCE THE PRODUCTION FROM ALL WELLS  
ON ITS W. M. SNYDER "B" LEASE AND ITS  
W. M. SNYDER "C" LEASE, TOWNSHIP-WOLFCAMP  
POOL, LEA COUNTY, NEW MEXICO, IN A COMMON  
TANK BATTERY.**

**ORDER OF THE COMMISSION**

**BY THE COMMISSION:**

This cause came on for hearing at 9 o'clock a.m. on April 9, 1958, at Santa Fe, New Mexico, before Elvin A. Uta, 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 22<sup>nd</sup> day of April, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Elvin A. Uta, 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, Austral Oil Exploration Company, is the operator of the W. M. Snyder "B" Lease, consisting of Lots 9, 10, 15, and 16 and the SE/4 of Section 6, and the W. M. Snyder "C" Lease, consisting of Lot 5 of Section 5 and Lots 1, 7, and 8 of Section 6, all in Township 16 South, Range 36 East, NMPM, Lea County, New Mexico.

(3) That the maximum number of 40-acre units to be commingled will be 12.

(4) That the royalty and working interests in the above-described W. M. Snyder "B" Lease and W. M. Snyder "C" Lease are the same.

(5) That approval of the subject application will not cause waste nor impair correlative rights provided adequate testing equipment and storage facilities are installed.

-2-  
Case No. 1413  
Order No. R-1157

**IT IS THEREFORE ORDERED:**

1. That the application of Austral Oil Exploration Company for an order authorizing it to commingle the production from all wells completed in the Townsend-Wolfcamp Pool, Lea County, New Mexico, on the V. E. Snyder "B" lease, consisting of Lots 2, 10, 18, and 16 and the NE/4 of Section 8, and on the V. E. Snyder "C" lease consisting of Lot 5 of Section 8 and Lots 1, 7 and 8 of Section 9, all in Township 16 South, Range 28 East, NMM, Lea County, New Mexico, be and the same is hereby granted.

**PROVIDED FURTHER,** That the applicant shall furnish sufficient storage capacity to prevent the overflow and the wasting of oil produced into the common tank battery.

**PROVIDED FURTHER,** That the applicant shall install adequate testing facilities to permit the testing of all wells located on the above-described leases at least once a month to determine the individual production from each of said wells.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*E. L. McChen*

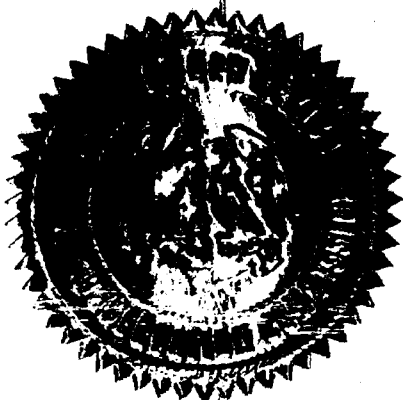
EDWIN L. MCCHEN, Chairman

*Murray E. Morgan*

MURRAY E. MORGAN, Member

*A. L. Porter, Jr.*

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



NEW YORK OFFICE  
630 FIFTH AVENUE  
NEW YORK 20, N. Y.

**AUSTRAL OIL EXPLORATION COMPANY**

INCORPORATED

SAN JACINTO BUILDING  
HOUSTON 2, TEXAS

TELEPHONE  
CA 8-8461

March 17, 1958

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

Attention: Mr. William J. Cooley, General Counsel

Re: Application for Central Tank Battery  
W. M. Snyder "B" and "C" Leases  
Townsend Field, Lea County, New Mexico

Gentlemen:

The purpose of this letter is to request permission to set forth before Examiner's Public Hearing application of Austral Oil Exploration Company Incorporated for an exception to New Mexico Oil Conservation Commission Rule 309 (a), as follows:

*3-20-58  
Telephoned Mr. Jeff.  
Houston. This date  
I will send  
letter of correction  
B P*

- (1) (a) Austral Oil Exploration Company Incorporated is the Operator of the W. M. Snyder "B" No. 1 Well and "B" lease comprising Lots 9, 10, 15, 16 and the Southeast quarter (SE/4) of Section 16, Township 16 South, Range 36 East, Lea County, New Mexico. Austral is also the Operator of the W. M. Snyder "C" No. 1 Well and "C" lease comprising Lots 1, 7 and 8 in Section 6, and Lot 5, Section 5, all in Township 16 South, Range 36 East, Lea County, New Mexico.
- (b) The "B" No. 1 Well located 3,656.4' from the North line and 660' from the East line of Section 6, Township 16 South, Range 36 East, Lea County, New Mexico, was drilled to a total depth of 10,770' and is producing from perforations 10,675-700' in the Wolfcamp formation.
- (c) The "C" No. 1 Well located 2,336.4' from the North line and 660' from the East line of Section 6, Township 16 South, Range 36 East, Lea County, New Mexico, was drilled to a total depth of 10,717' and is completed from perforations 10,674-694' in the Wolfcamp formation.
- (2) The "B" No. 1 and "C" No. 1 wells are both completed in the Townsend-Wolfcamp Pool.
- (3) Austral Oil Exploration Company Incorporated is Operator of the subject wells and the leases which were granted by Mr. W. M. Snyder of Lovington, New Mexico. The working interest ownership and royalty interest ownership under these separate leases are identical.



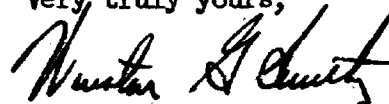
Page 2 --

- (4) Austral Oil Exploration Company Incorporated requests that authorization be granted as an exception to Rule 309 (a) for the commingling of production from all wells which have been or may be drilled in the Townsend-Wolfcamp Pool underlying the W. M. Snyder "B" and "C" leases.
- (5) Mr. W. M. Snyder, Lovington, New Mexico, sole lessor and royalty owner under the "B" and "C" leases, has advised that he has no objection to this commingling. We offer to show at the proposed Examiner's Public Hearing that the working interest owner (Oil Participations Incorporated, 300 San Jacinto Building, Houston, Texas) and the lessor and royalty interest owner (Mr. W. M. Snyder, Lovington, New Mexico) consent to this application.

Attached to this triplicate application for exception is a plat showing the location of the Snyder "B" and "C" leases and the present wells thereon, and the location of the tank battery.

I hereby certify that the facts herein stated are true and correct to the best of my information, knowledge and belief.

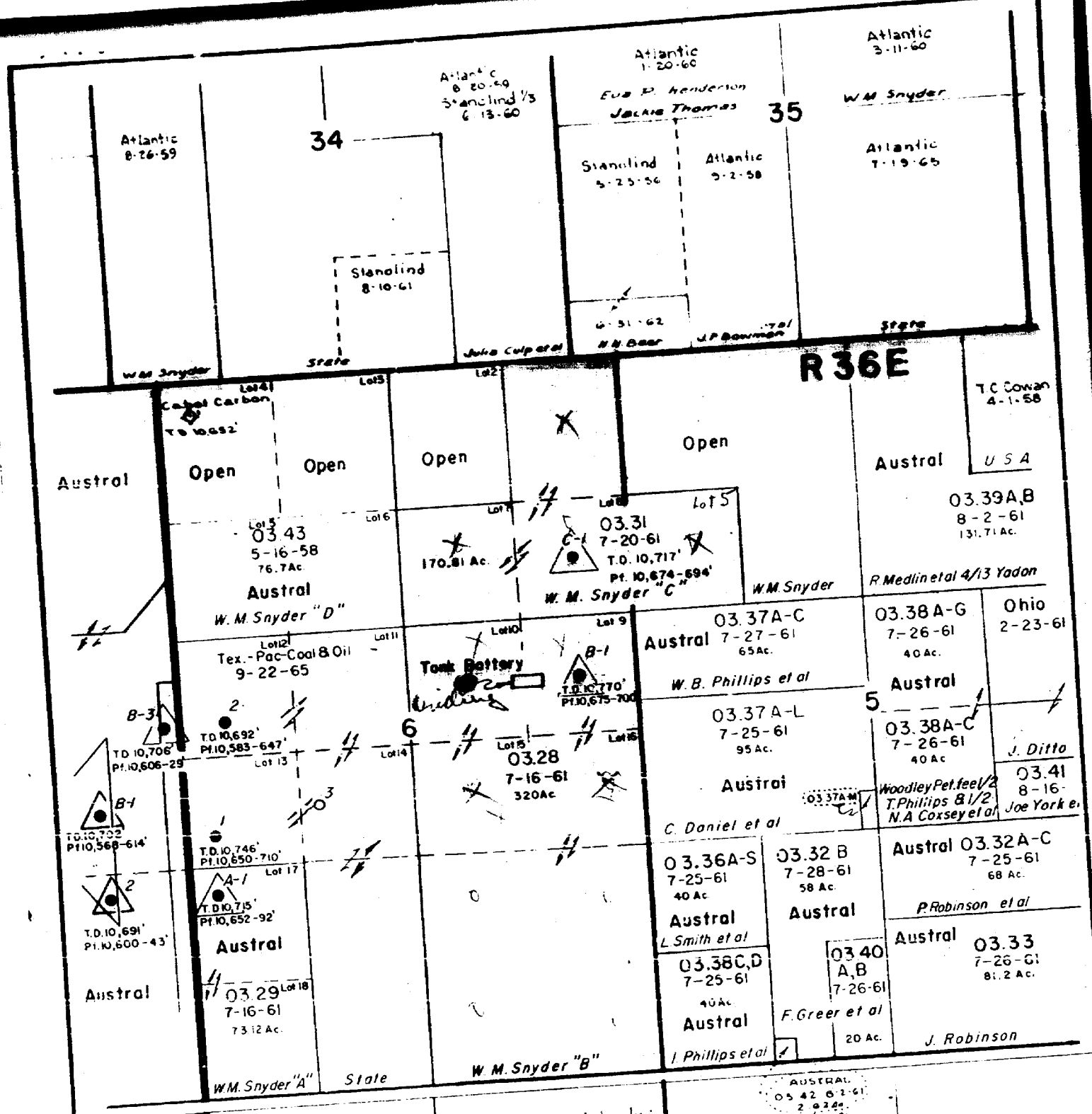
Very truly yours,



Winston G. Smith  
Chief Engineer

CRG:en

cc: New Mexico Conservation Commission  
Hobbs, New Mexico



BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
*Austral* EXHIBIT No. 4  
CASE 1913



CENTRAL TANK BATTERY  
FOR AUSTRAL OIL  
EXPLORATION COMPANY  
INCORPORATED - W.M.  
SNYDER "B" & "C" LEASE.

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Date 4-11-58

CASE 1413 Hearing Date 4-9-58

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

1. Approve as requested.
2. The maximum number of ~~40~~ acre units to be commingle will be 12.
3. The 1500 barrel storage capacity is adequate.
4. The Royalty & Working interests in the Snyder "C" and the Snyder "B" lease are the same.
5. Description of Snyder "B"  
Lots 16S-36E  
Lots 9, 10, 15, 16, SE 1/4 Sec 6  
Snyder "C"  
16S-36E  
Lot 5, sec 5  
Lots 1, 2, 8 sec. 6

\_\_\_\_\_  
Staff Member

**OIL CONSERVATION COMMISSION**  
P. O. BOX 571  
SANTA FE, NEW MEXICO

April 28, 1958

C  
O  
P  
Y

Mr. Bill Bondurant  
Hervey, Dow & Hinkle  
P.O. Box 547  
Roswell, New Mexico

Dear Mr. Bondurant:

On behalf of your client, Austral Oil Exploration Company,  
we enclose two copies of Order R-1157 issued April 22, 1958, by the  
Oil Conservation Commission in Case 1413, which was heard on  
April 9th at Santa Fe.

Very truly yours,

A. L. Porter, Jr.  
Secretary - Director

bp  
Encls.

- CASE 1408: Application of Delhi-Taylor Oil Corporation for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 170.58-acre non-standard gas proration unit in the Aztec-Pictured Cliffs Gas Pool consisting of the SW/4 of Section 30 and the N/2 NW/4 of Section 31, all in Township 29 North, Range 8 West, San Juan County, New Mexico, said unit to be dedicated to the applicant's Jones Well No. 3, located 1750 feet from the South line and 1090 feet from the West line of said Section 30.
- CASE 1409: Application of Gulf Oil Corporation for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Lea State "CL" Well No. 1, located 2651 feet from the North line and 1650 feet from the East line of Section 2, Township 16 South, Range 32 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Wolfcamp formation adjacent to the Anderson Ranch-Wolfcamp Pool and oil from the Anderson Ranch-Devonian Pool through parallel strings of tubing.
- CASE 1410: Application of Gulf Oil Corporation for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Lea State "R" Well No. 1, located 990 feet from the North line and 660 feet from the East line of Section 2, Township 16 South, Range 32 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Wolfcamp formation adjacent to the Anderson Ranch-Wolfcamp Pool and oil from the Anderson Ranch-Devonian Pool through parallel strings of tubing.
- CASE 1411: Application of Gulf Oil Corporation for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its J. F. Janda "F" Well No. 3, located 1980 feet from the North and West lines of Section 4, Township 22 South, Range 36 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Jalmat Gas Pool and oil from the South Eunice (Oil) Pool through parallel strings of tubing.
- CASE 1412: Application of John M. Kelly for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 240-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the E/2 SW/4, W/2 SE/4, and W/2 NE/4 of Section 16, Township 19 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the applicant's Humble State No. 1 Well located 1980 feet from the South and West lines of said Section 16.
- CASE 1413: Application of Austral Oil Exploration Company for an exception to Rule 309 of the Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from all wells completed in the Townsend-Wolfcamp Pool, Lea County, New Mexico, on the following described leases:

CASE 1413

Continued:

W. M. Snyder "B" Lease - Township 16 South, Range 36 East  
Section 6: Lots 9, 10, 15, & 16  
and SE/4

W. M. Snyder "C" Lease - Township 16 South, Range 36 East  
Section 5: Lot 5  
Section 6: Lots 1, 7, & 8

CASE 1414:

Application of The Texas Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its C. H. Weir "B" Well No. 1, located in the SE/4 NE/4 of Section 11, Township 20 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Skaggs-Drinkard Pool and oil from an undesignated Glorieta oil pool through parallel strings of tubing.

CASE 1415:

Application of Phillips Petroleum Company for authority to effect an oil-oil dual completion and to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Santa Fe Well No. 18, located in the NW/4 NE/4 of Section 34, Township 17 South, Range 35 East, Lea County, New Mexico, in such a manner as to produce oil from the Yates formation adjacent to the Vacuum-Yates Pool and from the Vacuum (San Andres) Pool through parallel strings of tubing. Applicant further seeks authority to commingle the oil produced from the separate reservoirs in common storage after measuring the Yates oil through dump-type meters.

CASE 1416:

Application of Aztec Oil and Gas Company for a non-standard location. Applicant, in the above-styled cause, seeks an order authorizing a non-standard gas well location for its Culpepper-Martin Well No. 9, to be located 1850 feet from the North line and 1950 feet from the West line of Section 30, Township 32 North, Range 12 West, Blanco Mesaverde Pool, San Juan County, New Mexico.

CASE 1417:

Application of Sinclair Oil and Gas Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its A. M. York "B" Well No. 2, located in the NE/4 NE/4 Section 20, Township 21 South, Range 37 East, Lea County, New Mexico, to produce oil from the Tubb Gas Pool and from the Drinkard Oil Pool through parallel strings of tubing.

CASE 1418:

Application of Shell Oil Company for an exception to Rule 309 of the Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order authorizing the transportation, prior to measurement, of oil produced on its E. W. Mudge No. 4 Lease, comprising All of Sections 21, 28, 33, and 34, to its L. M. Phillips No. 2 Lease, comprising the S/2, NE/4, and Lots 1 and 2 of Section 4, N/2 Section 9, SW/4 and E/2 Section 10, All Section 15, N/2 and SE/4 Section 22, and W/2 Section 27,

DOCKET: EXAMINER HEARING APRIL 9, 1958

OIL CONSERVATION COMMISSION 9 a.m., MABRY HALL, STATE CAPITOL, SANTA FE, NM

The following cases will be heard before Elvis A. Utz, Examiner:

- - -

- CASE 1356: Application of Cities Service Oil Company for an order amending Order No. R-1128. Applicant, in the above-styled cause, seeks an order amending Order No. R-1128 to authorize the transfer of allowable from water injection wells to other wells on the same basic lease, to establish a lease allowable for the applicant's Government "B" Lease, and to authorize administrative approval for additions to, or deletions from the pilot area and/or injection wells.
- CASE 1404: Application of Continental Oil Company for permission to produce more than eight oil wells into a common tank battery. Applicant, in the above-styled cause, seeks an order authorizing the production of a maximum of eleven oil wells in the Jalmat Gas Pool into a common tank battery. Said wells are located on the applicant's Eaves A-19 lease comprising the S/2, S/2 NW/4, and NW/4 NW/4 of Section 19, Township 26 South, Range 37 East, Lea County, New Mexico.
- CASE 1405: Application of Continental Oil Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its A. M. Lockhart B-14 "A" No. 1-D Well, located 1980 feet from the North line and 660 feet from the East line of Section 14, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to produce oil from the Terry Blinebry Oil Pool and oil from the Drinkard Oil Pool through parallel strings of tubing.
- CASE 1406: Application of Continental Oil Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 200-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the S/2 S/2 and the NW/4 SW/4 of Section 13, Township 20 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the applicant's SEMU Permian Well No. 41 located 660 feet from the South and East lines of said Section 13.
- CASE 1407: Application of Delhi-Taylor Oil Corporation for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 169.42-acre non-standard gas proration unit in the Aztec-Pictured Cliffs Gas Pool consisting of the SW/4 and S/2 NW/4 of Section 31, Township 29 North, Range 8 West, San Juan County, New Mexico, said unit to be dedicated to the applicant's Prichard Well No. 4-C, located 1450 feet from the South line and 790 feet from the West line of said Section 31.

-4-

Docket No. 10-58

Examiner Hearing April 9, 1958

**CASE 1418**

Continued: all in Township 25 North, Range 12 West, San Juan County, New Mexico. Applicant further seeks authority to commingle the production from each of said leases after separately measuring said production by means of positive displacement meters.

ir/



CASE 1413  
Continued:

W. M. Snyder "B" Lease - Township 16 South, Range 36 East  
Section 6: Lots 9, 10, 15, & 16  
and SE/4

W. M. Snyder "C" Lease - Township 16 South, Range 36 East  
Section 5: Lot 5  
Section 6: Lots 1, 7, & 8

CASE 1414: Application of The Texas Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its C. H. Weir "B" Well No. 1, located in the SE/4 NE/4 of Section 11, Township 20 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Skaggs-Drinkard Pool and oil from an undesignated Glorieta oil pool through parallel strings of tubing.

CASE 1415: Application of Phillips Petroleum Company for authority to effect an oil-oil dual completion and to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Santa Fe Well No. 18, located in the NW/4 NE/4 of Section 34, Township 17 South, Range 35 East, Lea County, New Mexico, in such a manner as to produce oil from the Yates formation adjacent to the Vacuum-Yates Pool and from the Vacuum (San Andres) Pool through parallel strings of tubing. Applicant further seeks authority to commingle the oil produced from the separate reservoirs in common storage after measuring the Yates oil through dump-type meters.

CASE 1416: Application of Aztec Oil and Gas Company for a non-standard location. Applicant, in the above-styled cause, seeks an order authorizing a non-standard gas well location for its Culpepper-Martin Well No. 9, to be located 1850 feet from the North line and 1950 feet from the West line of Section 30, Township 32 North, Range 12 West, Blanco Mesaverde Pool, San Juan County, New Mexico.

CASE 1417: Application of Sinclair Oil and Gas Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its A. M. York "B" Well No. 2, located in the NE/4 NE/4 Section 20, Township 21 South, Range 37 East, Lea County, New Mexico, to produce oil from the Tubb Gas Pool and from the Drinkard Oil Pool through parallel strings of tubing.

CASE 1418: Application of Shell Oil Company for an exception to Rule 309 of the Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order authorizing the transportation, prior to measurement, of oil produced on its E. W. Mudge No. 4 Lease, comprising All of Sections 21, 28, 33, and 34, to its L. M. Phillips No. 2 Lease, comprising the S/2, NE/4, and Lots 1 and 2 of Section 4, N/2 Section 9, SW/4 and E/2 Section 10, All Section 15, N/2 and SE/4 Section 22, and W/2 Section 27,

NEW YORK OFFICE  
630 FIFTH AVENUE  
NEW YORK 20, N. Y.

**AUSTRAL OIL EXPLORATION COMPANY**

INCORPORATED

SAN JACINTO BUILDING  
HOUSTON 2, TEXAS

TELEPHONE  
CA 8-8461

March 17, 1958

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

Attention: Mr. William J. Cooley, General Counsel

Gentlemen:

We enclose herewith in triplicate application for Austral Oil Exploration Company Incorporated for an exception to New Mexico Oil Conservation Commission Rule 309 (a).

This application was discussed with Mr. William J. Cooley, by the writer and Mr. Howard Bratton of Harvey, Dow & Hinkle, attorneys, Roswell, New Mexico.

We trust the application is in good form and that the application may be set for the Public Hearing of April 9, 1958.

Should you have any questions or require further information, please telephone the writer, and we will be happy to try and furnish same to you.

Yours very truly,



Winston G. Smith  
Chief Engineer

CRG:en

Carl 1413

NEW YORK OFFICE  
880 Fifth Avenue  
New York 20, N. Y.

**AUSTRAL OIL EXPLORATION COMPANY**  
INCORPORATED

SAN JACINTO BUILDING  
HOUSTON 2, TEXAS

TELEPHONE  
CA 8-6481

March 20, 1958

*Conf*

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

Attention: Mr. William J. Cooley, General Counsel

Re: Application for Central Tank Battery  
W. M. Snyder "B" and "C" Leases  
Townsend Field, Lea County, New Mexico

Gentlemen:

Please correct our letter of March 17, 1958, as follows:

Paragraph (1) (a) 4th line should read, "Quarter (SE/4) of  
Section 6, Township 16 South, Range..."

Thank you for calling this error to our attention.

Yours very truly,

*W. G. Smith*  
Winston G. Smith  
Chief Engineer *CG*

CRG:en

cc: New Mexico Oil Conservation Commission  
Hobbs, New Mexico

*Copy  
file*

*Case 1413*

**W. M. Snyder**  
**BAROID DISTRIBUTOR**  
P. O. BOX 805 PHONE 2321  
LOVINGTON, NEW MEXICO

March 19, 1958

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

Attention: Mr. William J. Cooley, General Counsel.  
Gentlemen:

It is my understanding that Austral Oil Exploration Company Incorporated, Houston, Texas has made application for an exception to New Mexico Oil Conservation Commission Rule 309(a) so as to commingle production from the W. M. Snyder "B" lease (covering Lots 9, 10, 15, 16 and SE 1/4 Section 16) and "C" lease (covering Lots 1, 7 and 8 Section 6 and Lot 5, Section 5) all in T. 36 S. R. 36 East, Lea Co., New Mexico.

*Correct  
description  
to conform  
to change  
made in  
the  
application.*

This letter confirms to you that the Undersigned, W. M. Snyder is the lessor and sole royalty owner under each of the above leases; that the royalty percent is the same under said leases. The undersigned as such lessor and royalty owner consents to the application of Austral for permission to commingle the Townsend-Wolfcamp production from said leases.

*per  
telephone  
conversation  
with Mr.  
Hobbs, Houston  
3/25/58 W.P.*

Very truly yours,

*W. M. Snyder*  
W. M. SNYDER

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
*Austral* EXHIBIT No. 1  
CASE 1413

NEW YORK OFFICE  
660 FIFTH AVENUE  
NEW YORK 20, N. Y.  
CIRCLE 6-9200

**OIL PARTICIPATIONS**  
INCORPORATED  
SAN JACINTO BUILDING  
HOUSTON 2, TEXAS

TELEPHONE  
ATWOOD 9451

March 24, 1958

*File*  
*Austral*  
*Case file*  
*#1413*

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

Attention: Mr. William J. Cooley, General Counsel

Re: East Townsend Area (DB 56-4)  
Lea County, New Mexico  
Austral Lease Nos. 03.31 and 03.28  
W. M. Snyder "C" and "B" Leases

Gentlemen:

Austral Oil Exploration Company Incorporated, Houston, Texas, acting as General Operating Agent for Oil Participations Incorporated, has made application for an exception to New Mexico Oil Conservation Commission Rule 309(a) so as to commingle production from the W. M. Snyder "B" lease (covering Lots 9, 10, 15, 16 and SE/4 Section 6) and "C" lease (covering Lots 1, 7 and 8, Section 6 and Lot 5, Section 5) all in Township 16 South, Range 36 East, Lea County, New Mexico.

This letter confirms to you that Oil Participations Incorporated is the record owner of the working interest under each of the above leases and that the working interest percentage is the same under said leases. Oil Participations Incorporated, as working interest owner, consents to the application of Austral for permission to commingle the Townsend-Wolfcamp production from said leases.

Very truly yours,

OIL PARTICIPATIONS INCORPORATED

By

*Robert S. Moehlman*  
Robert S. Moehlman  
Vice President

EHD:bp

RECEIVED THE  
OIL CONSERVATION  
COMMISSION  
SANTA FE, N.M.  
*Austral*  
1413

*Case 1413*

*Copy 10*

RECEIVED 800

1958 MAR 21 11 44

**W. M. Snyder**

**BAROID DISTRIBUTOR**

P. O. BOX 505

PHONE 2321

LOVINGTON, NEW MEXICO

March 21, 1958

New Mexico Oil Conservation Commission,  
Santa Fe, New Mexico.

Messrs:

This is to advise you that I have  
no objection to the transportation of oil  
from the Snyder C lease to the Snyder B  
lease before measurement.

I might further state that I am  
the sole royalty owner under both leases.

Yours Truly,

*W. M. Snyder*  
W. M. Snyder

Copy Austral Oil Co.  
Houston, Texas.

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

*Austral* EXHIBIT NO. 3  
CASE 1413