

CASE 1705: Application of NEVILLE G.
PENROSE, Inc. for capacity allowable
for its ALSTON WELL NO. 2. Capacity
allowable would be in exception to
Order R-1128-A.

Case No.

1705

Application, Transcript,
Small Exhibits, Etc.

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1705

TRANSCRIPT OF HEARING

June 24, 1959

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

I N D E X

<u>WITNESS</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>
JOHN McNAUGHTON	4		

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BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
June 24, 1959

IN THE MATTER OF:

Application of Neville G.
Penrose, Inc., for a capacity
allowable for one well.
Applicant, in the above-styled
cause, seeks an order authorizing
a capacity allowable for its
Alston Well No. 2, located in the
NW/4 NW/4 of Section 11, Township
14 South, Range 31 East, Caprock
Queen Pool, Chaves County, New
Mexico, due to a response from the
adjoining Cities Service Oil Company
water flood project. Said capacity
allowable would be in exception to
Order R-1128-A.

CASE NO.
1705

BEFORE:

ELVIS A. UTZ, Examiner.

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: Case 1705 will be the last case this after-
noon. The remaining cases will be heard at 8:00 o'clock in Mabry
Hall tomorrow morning.

MR. PAYNE: Case 1705. Application of Neville G.
Penrose, Inc., for a capacity allowable for one well.

MR. CAMPBELL: Jack G. Campbell, Roswell, appearing
for the applicant. We have one witness to be sworn.

(Witness sworn.)

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MR. CAMPBELL: I would like first to request that the testimony and evidence in Case No. 1704 except the untoward statement of the General Counsel relative to the allowable be made a part of the record in this case and the whole transcript and testimony in 1704 be considered by the Commission in connection with this application.

MR. UTZ: Is there objection to Counsel's motion? If not, it will be accepted.

JOHN McNAUGHTON

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

DIRECT EXAMINATION

BY MR. CAMPBELL:

Q Will you state your name, please?

A John McNaughton.

Q Where do you live, Mr. McNaughton?

A Fort Worth.

Q By whom are you employed and in what capacity?

A Neville G. Penrose, Inc., Petroleum Engineer.

Q You have previously testified before this Commission and its Examiners, have you not?

A Yes, I have.

Q Are the witness' professional qualifications acceptable?

MR. UTZ: Yes, sir, they are.

Q (By Mr. Campbell) Mr. McNaughton, are you acquainted with the application of Neville G. Penrose, Inc., in this case for a capacity allowable for one of its wells?

A Yes, I am.

Q I refer you to what has been identified as Applicant's Exhibit No. 1, and ask you to state what that is, please.

A This is a plat of a portion of the Rickey Field or Caprock Queen Field, and outlined in red is the Neville G. Penrose, Inc., Alston lease with the Alston No. 2 being circled with a red pencil. The wells marked with a blue pencil to the west of the Penrose lease are the 4 water injection wells on the City Service Government B lease. Tree wells, you will note, are marked with a green pencil. They are three of the City Service wells that have reacted to the injection of water in the 4 wells previously mentioned.

Q So that the well on the Penrose lease is a diagonal offset to a water injection well?

A That's correct.

Q And a direct offset to 2 producing wells in the City Service area?

A Yes, sir.

Q Is this general area now being considered for the unitization?

A Yes, sir, it is. The unit agreement has been signed by both City Service and Penrose and some others who are participating in the unit, but the unit is not effective as of this date.

Q But you are prepared and have already executed, as I understand you, the unit agreement and the unit operating agreement in connection with the water flood project, is that correct?

A That is right.

Q Now, will you please refer to what has been identified as Applicant's Exhibit No. 2, and state what that reflects and what the basis of your information is.

A Exhibit No. 2 graphically portrays the injection of water into the 4 City Service wells. The chart shows that on the bottom there the average daily water injection in the 4 wells together amounts to in the neighborhood of 16 to 1800 barrels of water per day. Immediately above that you will see 3 graphs showing the increased production from City Service wells. They are identified as the Government B No. 8, Government B No. 3 and State A.N. No. 1. The top graph portrays the production from the Neville G. Penrose, Inc., Alston No. 2 with relation to the timing of water injection in the City Service wells. Of interest is the fact that the Government B No. 3 and Government B No. 8 apparently started increasing in production some four months after the water was first injected, and it was three to four months after that that

oil started to increase in the City Service A.N. No. 1 and the Penrose Alston No. 2.

Q And at the time that your production began to increase in the Penrose Alston No. 2, did you request an increase to a top unit allowable well for that well?

A That is correct. In February of this year, I believe it was February 17th, we requested a top allowable for that well, and it was granted. I believe it was effective February 19th.

Q Is the well now capable of producing in excess of the top unit allowable?

A Yes, it is. It tested last week 70½ barrels per day.

Q Now, I would assume that when the unit agreement is consummated, City Service will be the operator of the unit, is that correct?

A That is correct.

Q And under the normal spacing arrangement, the Penrose No. 2 well with Alston No. 2 conceivably could be an injection well, could it not?

A That is correct.

Q So at the time the unit agreement is approved by the Commission, if it is approved, and City Service takes over the operation, you would assume that whatever circumstances call for at that time, the Commission would enter it's appropriate order and call a hearing on this well at that time, isn't that correct?

A Yes.

Q So essentially what you are seeking is a capacity allowable until such time as the unit is completed and approved by the Commission, and the unit operator indicates what he intends to do with regard to this and other wells on your lease, isn't that correct?

A That's correct.

Q In your opinion is the increase that has resulted -- is the increase of potential oil production from this well the direct result of the injection of water in the adjoining area?

A Yes.

Q Do you believe that if you are not permitted to produce this well at capacity at this time that it could result in ultimate loss of oil?

A Yes.

Q Do you believe that the correlative rights of others will be adequately protected if you are granted this capacity allowable at this time?

A Yes.

MR. CAMPBELL: I would like to offer Applicant's Exhibits 1 and 2 in evidence.

MR. UTZ: Without objection they will be admitted into evidence.

MR. CAMPBELL: I believe that is all I have at this

time.

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

(Witness excused.)

MR. UTZ: Any statements to be made?

MR. PAYNE: Yes, sir. We have received the following communication from Ambassador Oil Corporation which reads as follows: "As a New Mexico operator, would desire to go on record as being opposed to the granting of capacity allowable for leases which are not actually under approved water injection programs. Under conditions such as exist in this application, Ambassador would have no objection to the granting of temporary emergency-type relief."

MR. UTZ: Are there any other statements? If not, the case will be taken under advisement. We will recess the hearing until 8:00 A.M. in the morning at Mabry Hall.

(Whereupon the hearing was recessed until 8:00 A.M. in the morning, June 25, 1959.)

STATE OF NEW MEXICO)
 : ss
 COUNTY OF BERNALILLO)

I, Ned A. Greenig, 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 Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript by me and/or 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 the 8th day of July, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Ned A. Greenig
 Notary Public

My Commission Expires:
 May 5, 1963

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1205, heard by me on June 24, 1959.

[Signature] Examiner
 New Mexico Oil Conservation Commission

BEFORE EXAMINER UTZ
 OIL CONSERVATION COMMISSION
 _____ EXHIBIT NO. _____
 CASE NO. _____

OIL CONSERVATION COMMISSION

P. O. BOX 871
SANTA FE, NEW MEXICO

July 2, 1959

Mr. Jack Campbell
Box 721
Roswell, New Mexico

Dear Mr. Campbell:

On behalf of your client, Neville G. Penrose, Inc., we
enclose two copies of Order No. R-1435 issued July 2,
1959, by the Oil Conservation Commission in Case No.
1708.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Enclosure

*Copies sent to Hobbs & Artson
Citrus Service, Jason Kellah.*

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 1705
Order No. R-1435

APPLICATION OF NEVILLE G. PENROSE,
INC., FOR AN ORDER AUTHORIZING A
CAPACITY ALLOWABLE FOR ONE WELL
ADJOINING THE PROJECT AREA OF
CITIES SERVICE OIL COMPANY'S WATER
FLOOD PROJECT IN THE CAPROCK-QUEEN
POOL, LEA AND CHAVES COUNTIES,
NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 8 o'clock a.m. on June 24, 1959, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 2nd day of July, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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 by Order Nos. R-1128 and R-1128-A, Cities Service Oil Company was authorized to institute a pilot water flood project in the Caprock-Queen Pool in Lea and Chaves Counties, New Mexico.
- (3) That the evidence presented establishes that the above-mentioned water flood project has caused an increase in the producing capacity of the following-described well which offsets the water flood project area:

Neville G. Penrose, Inc.'s Alston Well No. 2, located in the NW/4 NW/4 of Section 11, Township 14 South, Range 31 East, Caprock-Queen Pool, Lea and Chaves Counties, New Mexico.

-2-

Case No. 1705
Order No. R-1435

(4) That permission is sought by the applicant, Neville G. Penrose, Inc., to produce the above-described Alston Well No. 2 at capacity on the ground that production from wells in or offsetting a water flood project cannot be curtailed without causing a reduction in the ultimate recovery of oil.

(5) That negotiations are under way to bring the NW/4 NW/4 of said Section 11 into the said water flood project area.

(6) That the preponderance of the evidence presented in this case indicates that waste might occur if production from the above-described well is restricted.

(7) That said well should be permitted to produce at capacity.

IT IS THEREFORE ORDERED:

(1) That the following-described well be and the same is hereby granted an allowable equal to its capacity to produce:

Neville G. Penrose, Inc.'s Alston Well No. 2, located in the NW/4 NW/4 of Section 11, Township 14 South, Range 31 East, Caprock-Queen Pool, Lea and Chaves Counties, New Mexico.

(2) That this order shall become effective at 7 o'clock a.m., Mountain Standard Time, July 2, 1959.

(3) That the Commission hereby retains jurisdiction of this cause to amend or revoke all or any part of this order, and further, to enter any additional order or orders deemed necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JOHN BURROUGHS, Chairman


MURRAY E. MORGAN, Member


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



vem/

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 8-1-59

CASE NO. 1705

HEARING DATE 6-24-59

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

1. Grant Pemrose capacity allowable for their Alston #3 located NWNW 11-14S-31E.
2. They have proven response from the Cities Service Government "B" failed project.
3. Find that Pemrose is joining the C.S. ~~unit~~ Government "B" unit.

Thos. A. Dwyer

Staff Member

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

WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

1220
(R 11-54)

SYMBOLS
DL=Day Letter
NL=Night Letter
LT=International
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.

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NEW MEXICO OIL CONSERVATION COMM=

SANTA FE NMEX=

1950 JUN 24 AM 10 56

ATTENTION: MR. A. L. PORTER

RE: CASE 1705 (APPLICATION OF NEVILLE G. PENROSE INC
FOR CAPACITY ALLOWABLE, ALSTON #2, NW NW 11-14-31,
CAPROCK QUEEN POOL, CHAVES COUNTY, NEW MEXICO)

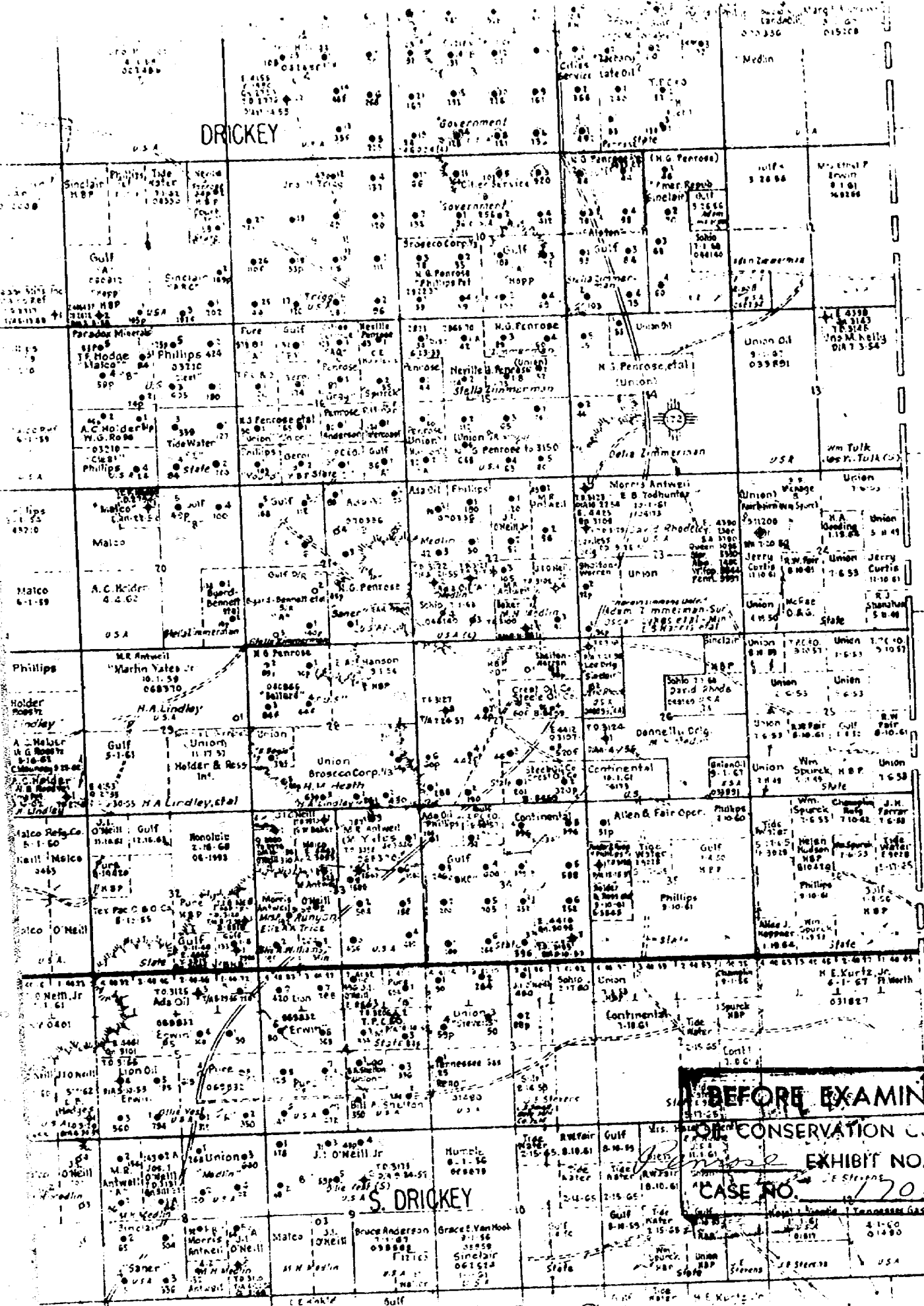
GENTLEMEN:

AMBASSADOR OIL CORPORATION, AS A NEW MEXICO OPERATOR,
WOULD DESIRE TO GO ON RECORD AS BEING OPPOSED TO THE
GRANTING OF CAPACITY ALLOWABLES FOR LEASES WHICH ARE NOT
ACTUALLY UNDER APPROVED WATER INJECTION PROGRAMS. UNDER
CONDITIONS SUCH AS EXIST IN THIS APPLICATION, AMBASSADOR
WOULD HAVE NO OBJECTIONS TO THE GRANTING OF TEMPORARY
EMERGENCY-TYPE RELIEF=

AMBASSADOR OIL CORPORATION=

Case 1705

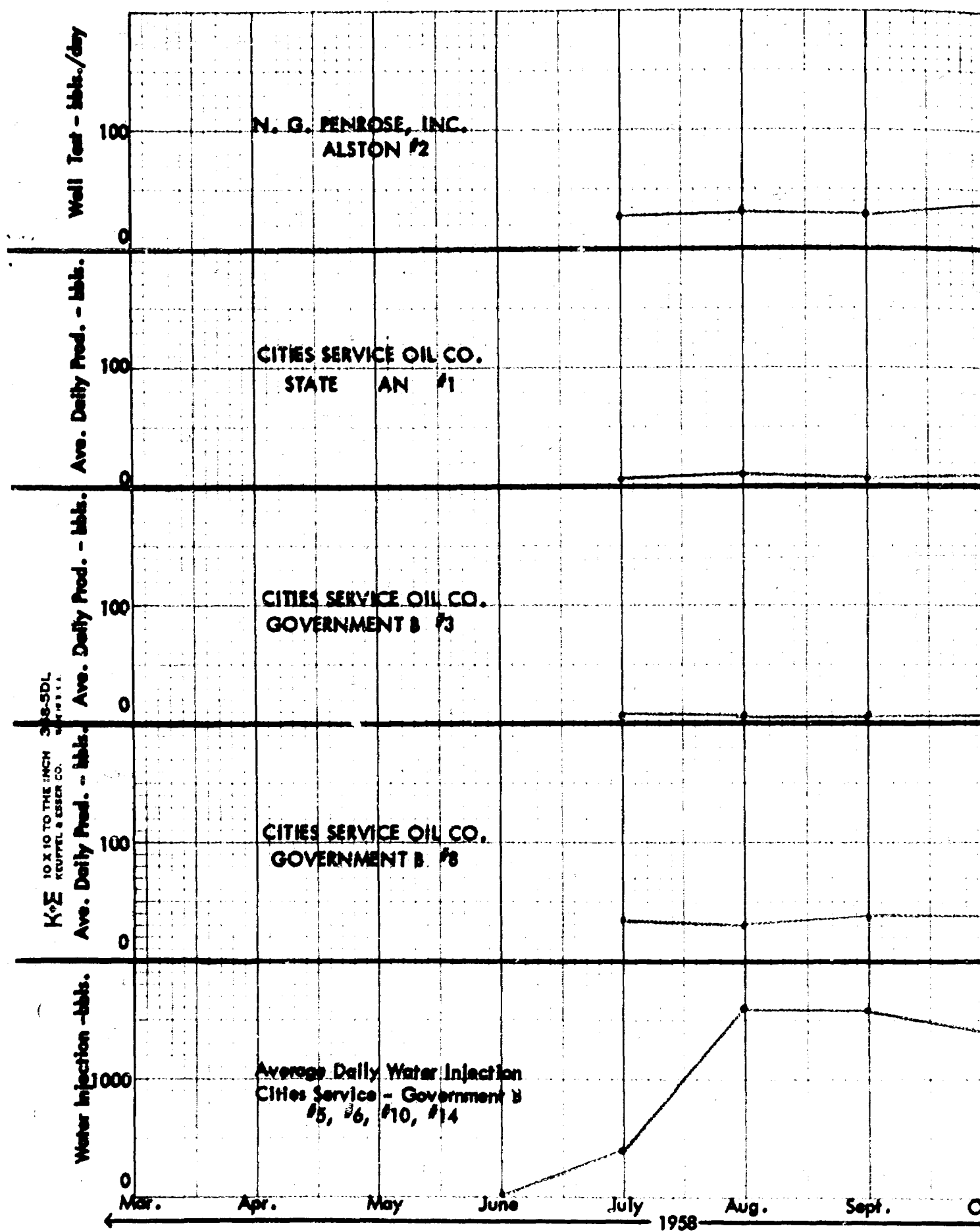
THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

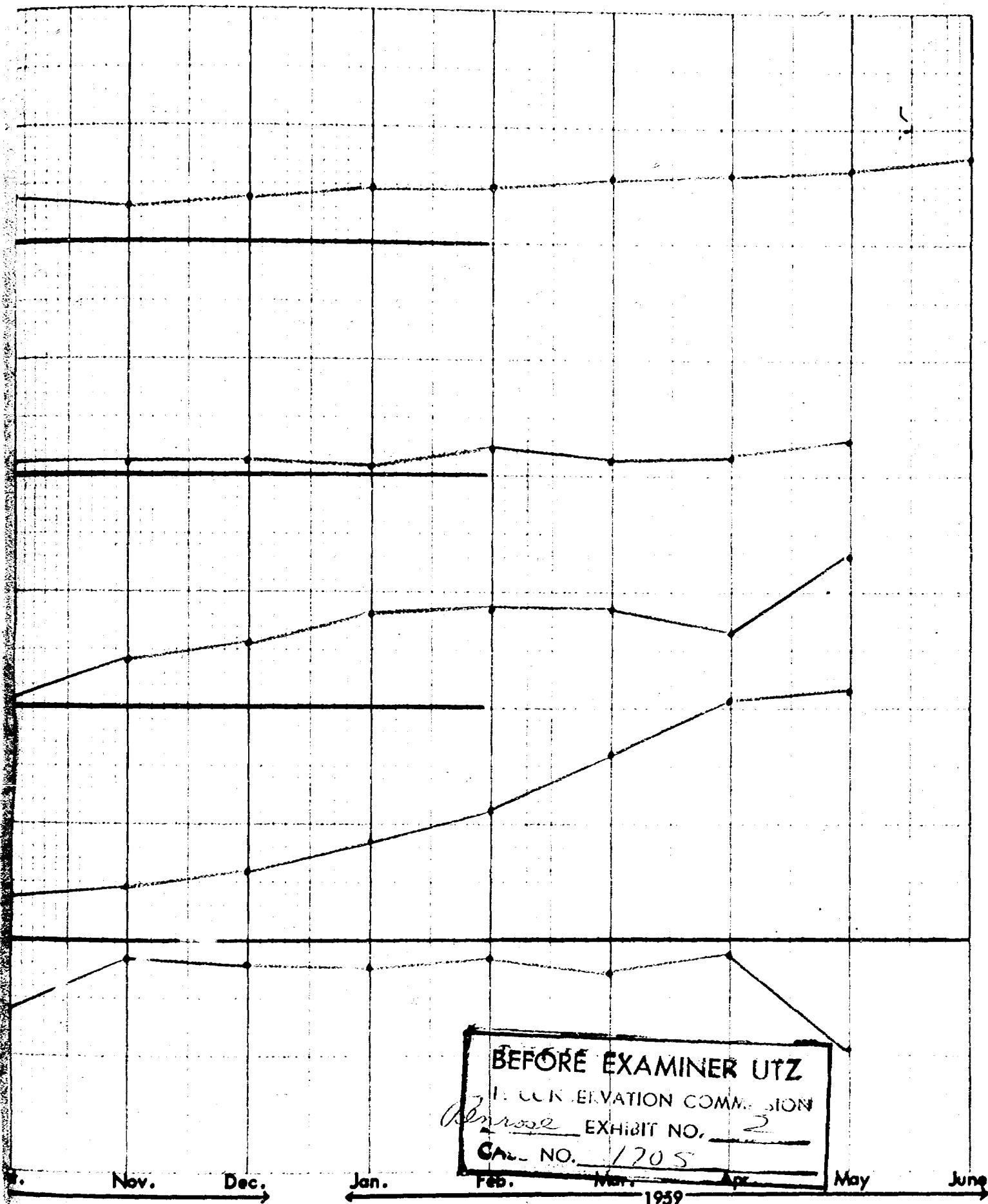


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BEFORE EXAMINER UTZ
OF CONSERVATION COMMISSION
EXHIBIT NO. 1
CASE NO. 1705

31 E





DOCKET: EXAMINER HEARING JUNE 24, 1959

OIL CONSERVATION COMMISSION - 1120 CERRILLOS ROAD, HIGHWAY DEPARTMENT
AUDITORIUM, 8 a.m., SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or A. L. Porter, Jr., Secretary-Director.

CONTINUED CASE

CASE 1666: Application of Sunray Mid-Continent Oil Company for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its Central Bisti-Lower Gallup Sand Unit embracing approximately 7389 acres of federal, state, and allotted Indian lands in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

NEW CASES

CASE 1692: Application of Continental Oil Company for the establishment of a non-standard gas proration unit in the Tubb Gas Pool. Applicant, in the above-styled cause, seeks the establishment of a 160-acre non-standard gas proration unit in the Tubb Gas Pool consisting of lot 15, the N/2 SE/4 and the SE/4 SE/4 of Section 3, Township 21 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to applicant's Hawk B-3 Well No. 2-T, located 1650 feet from the South and East lines of said Section 3.

CASE 1693: Application of Amerada Petroleum Corporation for three non-standard oil proration units. Applicant, in the above-styled cause, seeks an order establishing three 43.7 acre non-standard oil proration units for Mississippian production in the SE/4 of Section 11, Township 13 South, Range 38 East, Lea County, New Mexico. Applicant further seeks approval of one unorthodox oil well location.

CASE 1694: Application of Texas Crude Oil Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing it to dually complete its Big Eddy Unit 1-30 Well, located in the SE/4 SE/4 of Section 30, Township 20 South, Range 31 East, Eddy County, New Mexico, in such a manner as to produce oil from an undesignated Tansil pool and to produce oil from an undesignated Delaware pool through parallel strings of tubing.

CASE 1695: Application of Texaco, Inc. for a triple completion, for permission to commingle the production from three separate pools, and for the establishment of two non-standard gas proration units. Applicant, in the above-styled cause, seeks an order authorizing it to triple complete its A. H. Blinebry NCT-4 Well No. 1, located in the SE/4 SE/4 of Section 31, Township 22 South, Range 38 East, Lea County, New Mexico, in such a manner as to permit production from the Blinebry formation, production of gas from the Tubb Gas Pool, and production of oil from the Drinkard Pool through tubing, the annulus via cross-over, and tubing respectively. Applicant further seeks the establishment of a 160-acre non-standard gas proration unit in both the Tubb Gas Pool and Blinebry Gas Pool each consisting of the S/2 S/2 of said Section 31. Applicant further seeks permission to commingle the liquid production from the Blinebry, Tubb, and Drinkard formations underlying said acreage.

- CASE 1696: Application of Caulkins Oil Company for a triple completion. Applicant, in the above-styled cause, seeks an order authorizing it to triple complete its Breech "F" Well No. PMD-8, located in the NE/4 NE/4 of Section 34, Township 27 North, Range 5 West, Rio Arriba County, New Mexico, in such a manner as to produce gas from the South Blanco-Pictured Cliffs Pool, gas from the Mesaverde formation, and gas from the Dakota formation through parallel strings of tubing.
- CASE 1697: Application of Universal Oil Corporation for the creation of a new oil pool for Gallup production, and for an exception to Rules 104 and 107 for wells in said pool. Applicant, in the above-styled cause, seeks an order creating a new pool for Gallup production to be designated the Shiprock-Gallup Oil Pool and located in Sections 16 and 17, Township 29 North, Range 18 West, San Juan County, New Mexico. Applicant further seeks the promulgation of pool rules to permit wells in said pool to be located closer than 660 feet to the nearest producing well in exception to Rule 104, and to permit certain exceptions to the casing requirements of Rule 107 of the Commission Rules and Regulations.
- CASE 1698: Application of Shell Oil Company for an exception to Rule 502 I (a). Applicant, in the above-styled cause, seeks an order which would exempt all wells in the Carson Unit Area and all other Shell wells in Township 25 North, Ranges 11 and 12 West, Bisti-lower Gallup Oil Pool, San Juan County, New Mexico, from the daily tolerance provisions of Rule 502 I (a) of the Commission Rules and Regulations.
- CASE 1195: Application of Graridge Corporation for capacity allowables for certain wells in a water flood project. Applicant, in the above-styled cause, seeks an order authorizing capacity allowables for three wells in the project area of its water flood in the Caprock-Queen Pool in Lea and Chaves Counties, New Mexico.
- CASE 1196: Application of Graridge Corporation for an order amending Order No. R-966. Applicant, in the above-styled cause, seeks an order amending Order No. R-966 to establish administrative procedures for development of its Artesia Water Flood Projects No. 2 and 3, Artesia Pool, Eddy County, New Mexico, and for approval of unorthodox locations for 27 wells in said projects, for authority to convert six wells in said projects to water injection, and for capacity allowables for five wells in said projects.
- CASE 1185: Application of Graridge Corporation for an order amending Order No. R-952. Applicant, in the above-styled cause, seeks an order amending Order No. R-952 to establish administrative procedures for development of its Artesia Water Flood Project No. 1, Artesia Pool, Eddy County, New Mexico, and for approval of unorthodox locations for fifteen wells in said project, and for capacity allowables for five wells in said project.
- CASE 1699: Application of J. W. Brown for an order authorizing a pilot water flood project. Applicant, in the above-styled cause seeks an order authorizing it to institute a pilot water flood project in the Brown Pool, Chaves County, New Mexico, by the injection of water into the Queen formation through four wells located in the SE/4 NW/4 of Section 26, Township 10 South, Range 26 East, Chaves County, New Mexico.

- CASE 1337: Application of Gulf Oil Corporation for an order amending Order No. R-1093-A. Applicant, in the above-styled cause, seeks an order amending Order No. R-1093-A to permit the commingling of Paddock production with the commingled Blinbry, Drinkard, and Langlie-Mattix production from its Learcy McBuffington lease consisting of the S/2 of Section 13, Township 25 South, Range 37 East, Justis Field, Lea County, New Mexico.
- CASE 1700: Application of Gulf Oil Corporation for permission to commingle the production from two separate leases: Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the East Millman Queen-Grayburg Pool from two separate non-contiguous leases in Township 19 South, Range 28 East, Eddy County, New Mexico.
- CASE 1703: Application of Tidewater Oil Company to commingle the production from several separate oil pools from two separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the intermediate grade crudes produced from its Coates "D" Lease comprising the SE/4 SW/4 of Section 24, Township 25 South, Range 37 East, Justis Field, Lea County, New Mexico, with the commingled production of all intermediate grade crudes produced from its Coates "C" Lease comprising the E/2, SE/4 NW/4, and the NE/4 SW/4 of said Section 24 and to pass such commingled production through its automatic custody transfer system.
- CASE 1704: Application of Cities Service Oil Company for capacity allowables for nine wells in a water flood project and for establishment of administrative procedure for expansion of said project. Applicant, in the above-styled cause, seeks an order authorizing capacity allowable for nine wells in the project area of its water flood project in the Caprock-Queen Pool, Chaves County, New Mexico. Said capacity allowables would be in exception to Order R-1128-A. Applicant further seeks establishment of an administrative procedure to expand said water flood project.
- CASE 1705: Application of Neville G. Penrose, Inc., for a capacity allowable for one well. Applicant, in the above-styled cause, seeks an order authorizing a capacity allowable for its Alston Well No. 2, located in the NW/4 NW/4 of Section 11, Township 14 South, Range 31 East, Caprock Queen Pool, Chaves County, New Mexico, due to a response from the adjoining Cities Service Oil Company water flood project. Said capacity allowable would be in exception to Order R-1128-A.

NEW MEXICO OIL CONSERVATION COMMISSION

Docket No. 23-59-a

In addition to the cases listed on Docket No. 23-59, the following cases will also be heard June 24, 1959, before Elvis A. Utz, Examiner, or A. L. Porter, Jr., Secretary-Director:

- CASE 1701: 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 Learcy McBuffington Well No. 5, located in the NW/4 SE/4, Section 13, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to produce oil from an undesignated Paddock Pool and oil from the Justis-Ellenburger Pool through parallel strings of tubing.
- CASE 1702: Application of Humble Oil & Refining Company for an oil-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its South Four Lakes Unit Well No. 6, located in the SW/4 SE/4, Section 2, Township 12 South, Range 34 East, Lea County, New Mexico, in such a manner as to produce oil from a Four Lakes-Pennsylvanian Pool extension and gas from a Four Lakes-Devonian Gas Pool extension through parallel strings of tubing.
- CASE 1706: Application of Sunray Mid-Continent Oil Company for an order amending Order No. R-1414. Applicant, in the above-styled cause, seeks an order amending Order No. R-1414 to include the following additional acreage: NW/4 NW/4 of Section 6, Township 25 North, Range 12 West, and the SW/4 SW/4 of Section 31, Township 26 North, Range 12 West, San Juan County, New Mexico.

Place of hearing will be Highway Department Auditorium, 1120 Cerrillos Road, Santa Fe, New Mexico.

Time of hearing will be 8:00 o'clock a.m.

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

TRAIN OFFICE OCC

1959 JUN 4 PM 1:12

June 3, 1959

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

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

Re: Application for Capacity Allowable for Neville G. Penrose,
Inc. et al Alston Well No. 2 - NW/4 NW/4 Section 11, T14S,
R31E, Chaves County, New Mexico

Gentlemen:

Confirming our telegram application of this date, Neville G. Penrose, Inc. hereby makes application for capacity allowable for its Alston well #2, located in the NW/4 NW/4 Section 11, T14S, R31E, Chaves County, New Mexico, which well is producing from the Queen sand formation, and in accordance with the applicable rules and regulations of the Commission would show the following:

1. This application is submitted in triplicate.
2. Neville G. Penrose, Inc.'s Alston well #2 was commenced on April 21, 1954 and thereafter completed as a producer from the Queen sand formation on May 15, 1954, having been drilled to a total depth of 3066 feet, and since that date has been producing from the interval 3047-66 feet. This well was potentialed initially for 44 BOPD pumping, and since such date the primary recovery has decreased to 15 BOPD.
3. Because of the Pilot Flood of Cities Service Oil Company in Section 3, T14S, R31E, heretofore authorized by this Commission, Neville G. Penrose, Inc.'s Alston well #2 is now capable of producing 64 BOPD and we have been advised

*Rechecked Mailed
6-12-59
J*

that Cities Service Oil Company has filed application with the Commission requesting full capacity allowable for certain of its wells located on its government "B" lease in said Section 3, T14S, R31E. The granting of this application on the part of Neville G. Penrose, Inc. to produce such well at full capacity is in the interest of conservation, will protect correlative rights and will prevent waste.

Therefore, Neville G. Penrose, Inc. requests that this application be set down for Hearing on June 24, 1959 at the same time as the aforesaid application of Cities Service Oil Company is to be heard, and that after such Hearing this applicant be granted a full capacity allowable for said well.

Respectfully submitted,

NEVILLE G. PENROSE, INC.

By *R. T. Churchill*

R. T. Churchill
Secretary and General
Counsel

RTC:ta

cc: Mr. Gene Motter
Cities Service Oil Company
Hobbs, New Mexico

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

1220
(R 11-54)

SYMBOLS

DL=Day Letter

NL=Night Letter

LT=International Letter Telegram

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

1959 JUN 3 AM 11 38
D FWB268 LONG FORT WORTH TEX 3 1200PMC
A L PORTER JR DIRECTOR NEW MEXICO

OIL CONSERVATION COMMISSION SANTA FE NMEX=

PLEASE CONSIDER THIS OUR APPLICATION FOR CAPACITY
ALLOWABLE ON OUR ALSTON WELL #2 LOCATED NW/4 NW/4 SEC
11-14S-31E, CHAVES COUNTY. THIS WELL HAS INCREASED FROM
15 BOPD ON PRIMARY RECOVERY AND IS NOW CAPABLE OF 64 BOPD
BECAUSE OF CITIES SERVICE OIL COMPANYS PILOT FLOOD LOCATED
IN SEC 3-14S-31E, CHAVES COUNTY. REQUEET THAT THIS
APPLICATION BE SET FOR HEERING ON JUNE 24 AT SAME TIME
AS APPLICATION OF CITIES SERVICE OIL COMPANY IN ORDER TO
PROTECT OUR CORRELATIVE RIGHTS. FORMAL LETTER APPLICATION
BEING MAILED TODAY=

NEVITILE G PENROSE INC BY R T CHURCHILL=