

Case No.

1736

Application, Transcript,
Small Exhibits, Etc.

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1736

TRANSCRIPT OF HEARING

AUGUST 13, 1959

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
AUGUST 13, 1959

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IN THE MATTER OF:

CASE 1736 Application of Texas Crude Oil Company for
80-acre spacing for its State H N Well No. 1,
producing from an undesignated Atoka pool and
located 660 feet from the South line and 1982
feet from the West line of Section 16, Town-
ship 11 South, Range 33 East, Lea County, New
Mexico.

BEFORE:

A. L. Porter
Murray Morgan

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

MR. PORTER: Call Case 1736 and ask Mr. Payne to read
a letter which the Commission has received from the applicant.

MR. PAYNE: Case 1736. Application of Texas Crude Oil
Company for 80-acre spacing for its State H N Well No. 1, produc-
ing from an undesignated Atoka pool and located 660 feet from the
South line and 1982 feet from the West line of Section 16, Town-
ship 11 South, Range 33 East, Lea County, New Mexico.

The applicant has requested that this case be continued
indefinitely. However, I move that the Commission dismiss it
without prejudice.

MR. PORTER: Case 1736 will be dismissed. If the ap-

plicant so desires, at a later date he can file a new application.

3

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

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, J. A. Trujillo, 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 by me, 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 25th day of August, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Joseph A. Trujillo
NOTARY PUBLIC

My Commission Expires:
October 5, 1960

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. 1736
Order No. R-1465

APPLICATION OF TEXAS CRUDE OIL
COMPANY FOR 80-ACRE SPACING FOR
ONE WELL IN AN UNDESIGNATED
ATOKA POOL IN SECTION 16, TOWN-
SHIP 11 SOUTH, RANGE 33 EAST,
LEA COUNTY, NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
August 13, 1959, at Santa Fe, New Mexico, before the Oil Conser-
vation Commission of New Mexico, hereinafter referred to as the
"Commission."

NOW, on this 18th day of August, 1959, the Commission, a
quorum being present, having considered the testimony presented
and the exhibits received at said hearing, 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, Texas Crude Oil Company, requested
that Case No. 1736 be continued indefinitely.
- (3) That Case No. 1736 should be dismissed without prejudice.

IT IS THEREFORE ORDERED:

That Case No. 1736 be and the same is hereby dismissed with-
out prejudice.

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John Burroughs
JOHN BURROUGHS, Chairman

Murray E. Morgan
MURRAY E. MORGAN, Member

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

TEXAS CRUDE OIL COMPANY
MAIN OFFICE OCC
6100 Camp Bowie Boulevard

1959 AUG 10 AM 8:27 P. O. Box 9846
Fort Worth 7, Texas

REPLY TO
1206 V & J TOWER BUILDING
MIDLAND, TEXAS

August 7, 1959

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

Gentlemen:

We requested in a letter dated July 8, 1959, that the Commission grant 80-acre spacing for our State HN-1 Well located in Section 16, T-11-S, R-33-E, Lea County, New Mexico. Since that time, production and bottom hole pressures have declined so rapidly, that it would be uneconomical to drill the wells on 80 acres.

We request that the Commission postpone our hearing on Case 1736 scheduled for August 13, 1959, indefinitely.

Yours very truly,

TEXAS CRUDE OIL COMPANY

Joe R. Howard

Joe R. Howard

pf

cc: Oil Conservation Commission
P. O. Box 2045
Hobbs, New Mexico

*Copy to Hobbs
+ Mr. Howard
1-2-59*

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

Supplement to Docket No. 29-59

CASE 1737: (k) Extend the Justis-Elzenburger Pool in Lea County, New Mexico,
to include therein;

TOWNSHIP 25 SOUTH, RANGE 38 EAST, NMFM
Section 30: NW/4

DOCKET: REGULAR HEARING AUGUST 13, 1959

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

- Allowable: (1) Consideration of the oil allowable for September, 1959.
- (2) Consideration of the allowable production of gas for September, 1959, from six prorated pools in Lea County, New Mexico, also consideration of the allowable production of gas from seven prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico.

CASE 1668:

(Rehearing)

In the matter of the rehearing requested by Phillips Petroleum Company for reconsideration by the Commission of Case No. 1668 which was an application for an order promulgating temporary special rules and regulations for the Ranger Lake-Pennsylvanian Pool and certain adjacent acreage in Lea County, New Mexico, to provide for 80-acre proration units. The rehearing will be limited to a brief and argument on the legal propositions raised in the petition for rehearing and their application to the facts heretofore presented in said case.

NEW CASES

CASE 278:

Application of Duval Sulphur and Potash Company for an extension of the Potash-Oil Area as set forth in Order R-111-A. Applicant, in the above-styled cause, seeks an order extending the Potash-Oil Area as defined in Order R-111-A, to include additional acreage in Townships 18, 22 and 23 South, Range 30 East, Eddy County, New Mexico.

CASE 278:

Application of United States Borax & Chemical Corporation for an extension of the potash-oil area as defined in Order No. R-111-A. Applicant, in the above-styled cause, seeks an extension of the potash-oil area as defined in Order No. R-111-A to include additional acreage in Townships 21 and 22 South, Ranges 29 and 30 East, NMPM, Eddy County, New Mexico.

CASE 1735:

Application of The Ohio Oil Company for an order promulgating special rules and regulations for the Bluit-Pennsylvanian Pool in Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special rules and regulations governing the drilling, spacing and production of wells in the Bluit-Pennsylvanian Pool in Roosevelt County, New Mexico, including the establishment of 80-acre spacing for wells in said pool. Applicant further seeks an exception from the proposed spacing requirements for a well to be drilled in the NE/4 of Section 20, Township 8 South, Range 37 East.

CASE 1736:

Application of Texas Crude Oil Company for 80-acre spacing for its State H N Well No. 1, producing from an undesignated Atoka pool and located 660 feet from the South line and 1982 feet from the West line of Section 16, Township 11 South, Range 33 East, Lea County, New Mexico.

CASE 1737:

Southeastern New Mexico nomenclature case calling for an order creating and extending existing pools in Eddy and Lea Counties, New Mexico.

- (a) Create a new oil pool for San Andres production, designated as the Eagle Creek-San Andres Pool, and described as:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM
Section 14: SE/4

- (b) Create a new oil pool for San Andres production, designated as the Jenkins-San Andres Pool, and described as:

TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMPM
Section 30: SE/4

- (c) Create a new oil pool for Yates production, designated as the Maljamar-Yates Pool, and described as:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 5: NE/4

- (d) Create a new oil pool for Paddock production, designated as the North Paddock Pool, and described as:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 2: Lots 1-2-7-8

- (e) Create a new oil pool for Tansill production, designated as the Parallel-Tansill Pool, and described as:

TOWNSHIP 20 SOUTH, RANGE 31 EAST, NMPM
Section 25: NW/4

- (f) Extend the Crosby-Devonian Gas Pool to include therein:

TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM
Section 4: NW/4

- (g) Extend the Empire-Abo Pool to include therein:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 3: NW/4

- (h) Extend the West Henshaw-Grayburg Pool to include therein:

TOWNSHIP 16 SOUTH, RANGE 30 EAST, NMPM
Section 2: Lots 11-12-13-14

- (i) Extend the High Lonesome Pool to include therein:

TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM
Section 13: NE/4 & SW/4
Section 14: SE/4
Section 15: SE/4

- (j) Extend the Justis Blinebry Pool to include therein:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 24: SW/4

- (1) Extend the Justis McKee Pool to include therein:
TOWNSHIP 25 SOUTH, RANGE 38 EAST, NMPM
Section 30: NW/4
- (m) Extend the Langlie Mattix Pool to include therein:
TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 22: SW/4
- (n) Extend the East Millman-Queen-Grayburg Pool to include therein:
TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 11: SE/4
Section 15: SE/4
- (o) Extend the Pearl-Queen Pool to include therein:
TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
Section 34: NW/4
- (p) Extend the North Red Lake Queen Pool to include therein:
TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM
Section 34: NW/4
- (q) Extend the Shugart Pool to include therein:
TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 34: NW/4
- (r) Extend the Sawyer-San Andres Pool to include:
TOWNSHIP 9 SOUTH, RANGE 38 EAST
Sections 20, 21, 28, and 29: All
- Contract the South Sawyer-San Andres Pool to delete:
TOWNSHIP 9 SOUTH, RANGE 38 EAST
Section 28: SW/4 SW/4
- CASE 1738:
- Northwestern New Mexico nomenclature case calling for an order extending existing pools in San Juan and Rio Arriba Counties, New Mexico.
- (a) Extend the West Kutz-Fruitland Pool to include therein:
TOWNSHIP 29 NORTH, RANGE 12 WEST, NMPM
Section 18: SW/4
- (b) Extend the Aztec-Pictured Cliffs Pool to include therein:
TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM
Section 13: SW/4
Section 24: N/2

- (c) Extend the South Blanco-Pictured Cliffs Pool to include therein:

TOWNSHIP 24 NORTH, RANGE 2 WEST, NMPM
Section 28: N/2

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM
Section 29: S/2

TOWNSHIP 27 NORTH, RANGE 6 WEST, NMPM
Section 2: N/2

- (d) Extend the Tapacito-Pictured Cliffs Pool to include therein:

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM
Section 15: SW/4

- (e) Extend the Otero-Chacra Pool to include therein:

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM
Section 29: E/2

- (f) Extend the Bisti-Lower Gallup Oil Pool to include therein:

TOWNSHIP 24 NORTH, RANGE 9 WEST, NMPM
Section 6: S/2

TOWNSHIP 24 NORTH, RANGE 10 WEST, NMPM
Section 1: SE/4

- (g) Extend the Escrito-Gallup Oil Pool to include therein:

TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM
Section 19: NE/4 NE/4
Section 20: N/2
Section 21: N/2 & SE/4

- (h) Extend the Gallegos-Gallup Oil Pool to include therein:

TOWNSHIP 26 NORTH, RANGE 11 WEST, NMPM
Section 14: All
Section 15: All
Section 16: E/2
Section 22: N/2
Section 23: N/2 & SE/4
Section 26: NE/4

- (i) Extend the Horseshoe-Gallup Oil Pool to include therein:

TOWNSHIP 30 NORTH, RANGE 16 WEST, NMPM
Section 5: W/2 & SE/4
Section 9: E/2 SE/4
Section 11: N/2 SE/4 & SE/4 SE/4
Section 13: W/2 NW/4 & NW/4 SW/4

TOWNSHIP 31 NORTH, RANGE 16 WEST, NMPM
Section 20: SW/4 SE/4
Section 34: NW/4 NW/4

-5--
No. 29-59

TOWNSHIP 31 NORTH, RANGE 17 WEST, NMPM
Section 25: NE/4 NW/4 & N/2 SE/4

- (j) Extend the Otero-Gallup Oil Pool to include therein:

TOWNSHIP 24 NORTH, RANGE 6 WEST, NMPM
Section 2: NE/4

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM
Section 27: NW/4 & N/2 SW/4

TOWNSHIP 25 NORTH, RANGE 6 WEST, NMPM
Section 35: E/2
Section 36: All

CASE 1749:

In the matter concerning purchaser prorationing by Indiana Oil Purchasing Company in certain oil pools in Lea County, New Mexico, which prorationing is necessitated by refinery strikes.

PJ/

Texas Crude Oil Company
6100 Camp Bowie Boulevard
P. O. Box 9846
Fort Worth 7, Texas

July 8, 1959

REPLY TO
1206 V & J TOWER BUILDING
MIDLAND, TEXAS

1959 JUL 10 AM 8:57

MAIN OFFICE OCC

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

Gentlemen:

Texas Crude Oil Company and McAlester Fuel Company have completed and received an allowable for a wildcat well located 660' FS and 1982.5 FWL of Section 16, T-11-S, R-33-E, Lea County, New Mexico. This well is carried as our State HN-1. The well flowed naturally from the Atoka Formation from casing perforations 10,744-70'.

We are requesting that the Oil Conservation Commission allow us to drill these wells on 80 acres instead of the customary 40 acres. Due to the high cost of drilling a 10,750' well, as compared with the small amount of reserves expected to be recovered, it would be uneconomical to drill these wells on 40-acre spacing.

Attached you will find productive index tests and pressure build-up curves. You will note that in approximately 12 hours after being shut-in the well reached its maximum build-up. This would indicate that the formation has a good permeability and porosity; therefore, the ability to drain 80 acres. The relatively low productivity index indicates the well has a low flow capacity. Another indication of good permeability and porosity is shown by the attached Microlaterolog.

Using an average of 12 feet of effective pay and the average values for porosity and water saturation as calculated from the attached Sonic and Laterolog, the expected recovery from a well drilled on a 40-acre lease is 53,500 barrels, while recovery from an 80-acre lease would be 107,000 barrels. A drilled, completed well costs approximately \$150,000 to \$175,000 which at \$2.00/barrel, after royalty and operating expenses, would require 75,000 to 87,500 barrels for a payout.

Reverts
Miles
8-3-59
JH

Oil Conservation Commission
Santa Fe, New Mexico
July 8, 1959
Page Two

Texas Crude Oil Company requests that the Commission grant 80-acre spacing on our State HN-1 Well. We request that this be made on a temporary basis pending outcome of a hearing for which engineering data is now being obtained to substantiate the information we already have.

Yours very truly,

TEXAS CRUDE OIL COMPANY

Joe R. Howard
Joe R. Howard

pf

enclosures

2 cc: Oil Conservation Commission
P. O. Box 2045
Hobbs, New Mexico