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2366

Application, Transcript,
and Exhibits, Etc.

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER



STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

P. O. BOX 871
SANTA FE

September 7, 1961

Mr. Charlie White
Gilbert, White & Gilbert
P. O. Box 787
Santa Fe, New Mexico

Re: Case No. 2364, 2365, 2366 & 2369
Order No. R-2054, R-2055, R-2056 &
Applicant: R-2057

TEXACO AND SUNRAY

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Commission order recently entered in the subject case.

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC x
Artesia OCC x (R-2057)
Aztec OCC
OTHER

**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. 2366
Order No. R-2056**

**APPLICATION OF TEXACO INC. FOR
A NON-STANDARD GAS PRORATION
UNIT IN THE JALMAT GAS POOL,
LEA COUNTY, NEW MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 30, 1961, at Santa Fe, New Mexico, before Elvis A. Uts, 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 7th day of September, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Uts, 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, Texaco Inc., seeks the establishment of a 198.64-acre non-standard gas proration unit in the Jalmat Gas Pool, consisting of the SW/4 NW/4 of Section 4 and the NE/4 of Section 5, all in Township 24 South, Range 37 East, NMPN, Lea County, New Mexico. Applicant proposes to dedicate said unit to its E. D. Fanning Well No. 7, located 1980 feet from the North line and 1980 feet from the East line of said Section 5.

(3) That the acreage contained in the proposed non-standard proration unit can reasonably be presumed to be productive of gas from the Jalmat Gas Pool.

-2-

Case No. 2366

Order No. R-2056

(4) That approval of the subject application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That a 198.64-acre non-standard gas proration unit in the Jalmat Gas Pool is hereby established, consisting of the SW/4 NW/4 of Section 4 and the NE/4 of Section 5, all in Township 24 South, Range 37 East, NMPM, Lea County, New Mexico. Said unit shall be dedicated to the E. D. Fanning Well No. 7, located 1980 feet from the North line and 1980 feet from the East line of said Section 5.

(2) That the acreage factor for allowable purposes assigned to the above-described 198.64-acre non-standard gas proration unit shall be the ratio of the acreage in the subject proration unit to the acreage in a standard gas proration unit in the Jalmat Gas Pool.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

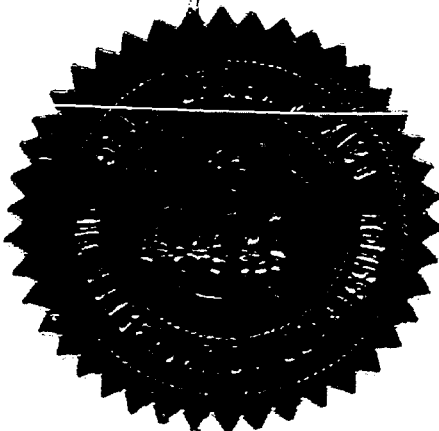
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E. L. Mechem
EDWIN L. MECHEM, Chairman

E. S. Walker
E. S. WALKER, Member

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



lr/

GILBERT, WHITE AND GILBERT
ATTORNEYS AT LAW
SANTA FE, NEW MEXICO

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
TEXACO INC. FOR THE ESTABLISHMENT OF
A NON-STANDARD GAS PRORATION UNIT
FOR ITS E. D. FANNING WELL NO. 7
LOCATED 1980 FEET FROM THE NORTH AND
EAST LINES OF SECTION 5, TOWNSHIP 24
SOUTH, RANGE 37 EAST, LEA COUNTY,
NEW MEXICO.

Case No. 2366

A P P L I C A T I O N

Comes now Texaco Inc. and makes application for the establishment of a non-standard gas proration unit for its E. D. Fanning Well No. 7 located 1980 feet from the North and East lines of Section 5, Township 24 South, Range 37 East, Lea County, New Mexico, and respectively states:

1. Said well is completed as a single gas producer in the Jalmat (Gas) Pool.

2. Applicant proposes, for the purpose of the Jalmat (Gas) Pool unit, to assign 198.64 acres to the subject well consisting of, viz:

NE $\frac{1}{4}$ of Section 5, Township 24 South, Range 37 East, Lea County, New Mexico.

SW $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 4, Township 24 South, Range 37 East, Lea County, New Mexico.

that the NW $\frac{1}{4}$ and the NE $\frac{1}{4}$ of the NE $\frac{1}{4}$ of Section 5 are corrected quarter-quarter sections and consist of 39.34 and 39.30 acres respectively.

3. That the proposed unit will be non-standard in that:

The unit will comprise less than 640 acres;

The unit will not be contained in a single governmental section;

The well is located less than 1980 feet from two of the

*Noted
mailed 8-17-61*

JK

GILBERT, WHITE AND GILBERT
ATTORNEYS AT LAW
SANTA FE, NEW MEXICO

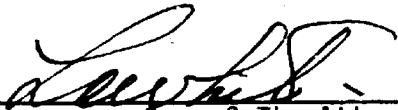
1 unit boundaries.

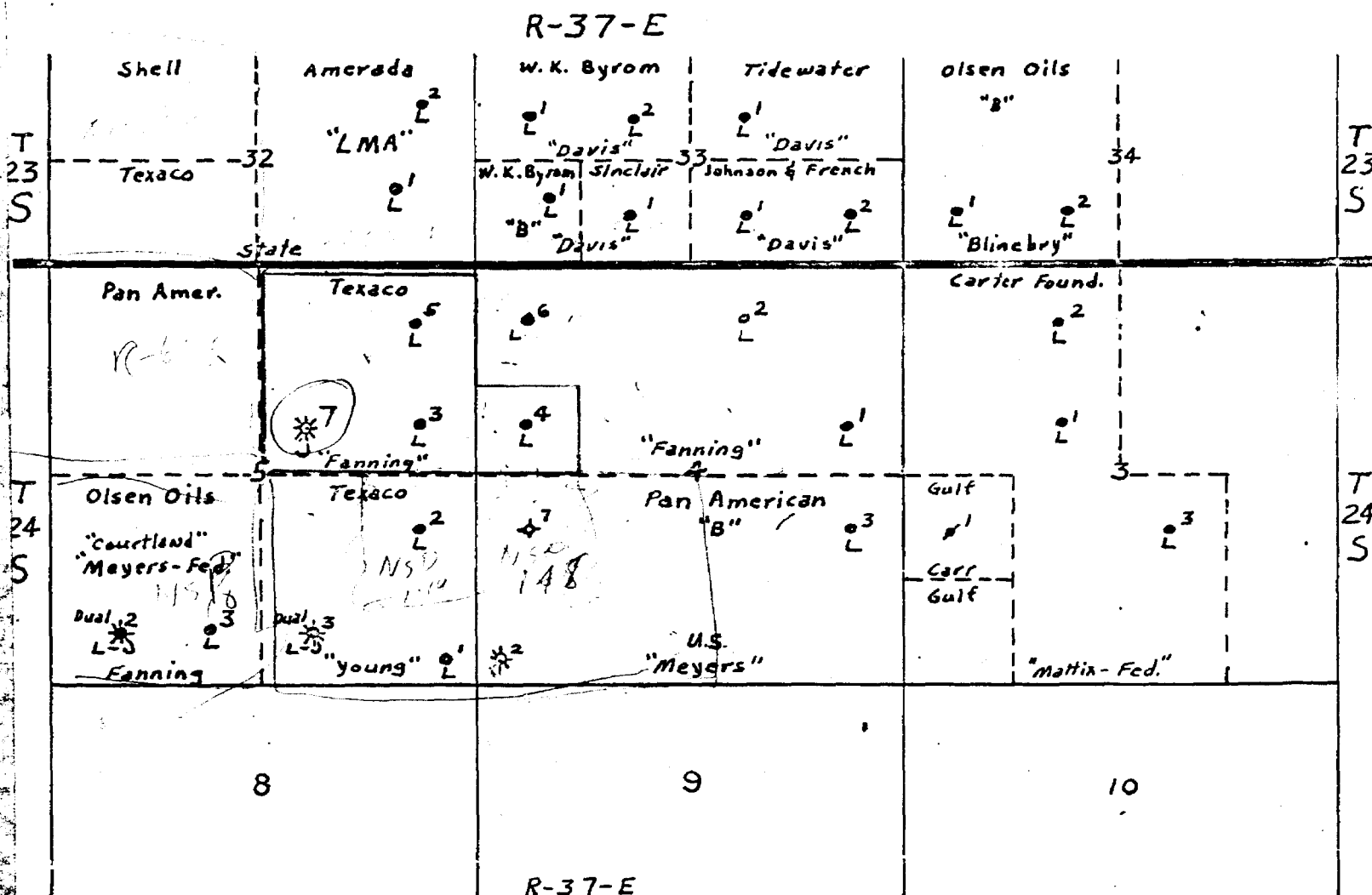
2 4. Attached herewith and made a part hereof is an ownership plat of the
3 subject lease outlined in yellow under the proposed proration unit outlined
4 in red together with the names and addresses of the offset operators.

5 WHEREFORE, the applicant prays the above application be set down for
6 hearing before an examiner, that notice be given in accordance with law and
7 that the application be granted upon such terms and conditions as may be just
8 and reasonable in the premises.
9

10 TEXACO INC.

11 By GILBERT, WHITE AND GILBERT

12
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14 By 
15 One of Its Attorneys
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PLAT OF TEXACO Inc. E. D. FANNING LEASE AND OFFSET LEASES
Lea County, New Mexico
Scale: 1" = 2000'

LMF July 27, 1961

LEGEND

L - Langlie Mattix Pool
J - Jalmat Gas Pool

OFFSET OPERATORS

Amerada Petroleum Corp., P. O. Box 312,
Midland, Texas
W. K. Byrom, 1000 North Dal Paso, Hobbs,
New Mexico
Sinclair Oil and Gas Company, P. O. Box 1470,
Midland, Texas
Johnson and French Oil Company, 608 South
6th Street, Jal New Mexico
Olsen Oils, Inc., Liberty Bank Building,
Oklahoma City 2, Oklahoma
Carter Foundation Production Co., P. O.
Box 1036, Fort Worth, Texas
Gulf Oil Corp., Box 1938 Roswell, N. Mex.
Pan American Petroleum Corporation, P. O.
Box 268, Lubbock, Texas

Case 2366

Heard 8-30-61

Rec. 8-31-61

1. Grant Texaco's request for a
NSP in Jalmat consisting of
the NE $\frac{1}{4}$ sec. 5, SW NW sec. 5
245-37E, said unit shall be
dedicated to the E. D. Jennings-
7. 1980/N+E of sec. 5.

2. The acreage may be reasonably
assumed to be productive of
Jalmat gas.

Thrust. H

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691

PAGE

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
August 30, 1961

EXAMINER HEARING

IN THE MATTER OF:

Case No. 2366

TRANSCRIPT OF HEARING

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

EXAMINER HEARING

Application of Texaco Inc. for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 198.64-acre non-standard gas proration unit in the Jalmat Gas Pool, consisting of the SW/4 NW/4 of Section 4, and the NE/4 of Section 5, all in Township 24 South, Range 37 East, Lea County, New Mexico; said unit is to be dedicated to applicant's E. D. Fanning Well No. 7, located 1980 feet from the North and East lines of said Section 5.

Case
2366

Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 2366.

MORRIS: Application of Texaco, Inc., for a non-standard gas proration unit.

MR. WHITE: Let the record show the same witnesses and the same appearance as the previous case.

MR. UTZ: The record will so show.

CHARLES ROBERT BLACK.

recalled as a witness herein, having been previously duly sworn on oath, was examined and testified further as follows:

DIRECT EXAMINATION

BY MR. WHITE:



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

Q What does Texaco intend to do in this instance?

A This is the application of Texaco, Inc., for the creation of a non-standard gas proration unit consisting of the Northeast Quarter of Section 5 and the Southwest Quarter of the Northwest Quarter of Section 4, Township 24 South, Range 37 East. The proposed unit will contain 198.46 acres. The Northwest and Northeast quarter-quarter sections of the Northeast Quarter of Section 5 are corrected quarter-quarter sections, and contain 39.4 and 39.30 acres, respectively.

Q Will you explain the ownership plat marked Exhibit 1?

A Exhibit 1 is an ownership plat showing the immediate area surrounding the Texaco E. D. Fanning Lease. The Fanning Lease is bordered in yellow, and the proposed gas proration unit is bordered in red. The Texaco E. D. Fanning Well No. 7 is circled in green. The Exhibit also shows all offset operators and their wells in the area. The field designation of each well is designated immediately below the well and can be determined by the use of the legend at the base of the Exhibit. Also shown at the bottom of the Exhibit are the lists of all direct offset operators and their mailing addresses.

Q Will you briefly give the details of the completion of this well?

A The E. D. Fanning Well No. 7 is located 1,980 feet from the north and east lines of Section 5, Township 24 South, Range 37 East. This well was drilled to a total depth of 3,687 feet,



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

and 4 1/2-inch casing was set at 3,687 feet and cemented with 500 sacks of cement. It was originally proposed that this well be a dual Langley Paddock Jalmat gas producer. Unsuccessful attempts were made to complete this well in the Langley Paddock or the

Formation, and the well was plugged back to a total depth of 3,139 feet. The Yates Formation was perforated and fractured with 20,000 gallons of refined oil, carrying 1/2 pound of sand per gallon.

Q What tests have been taken on this well?

A On July the 21st, 1961, a multi-pound back pressure was completed on the subject well. The subject well flowed .2 million cubic feet of gas per day, with the tubing pressure ranging from 555 PSI to 732 PSI.

Q Will you refer to Exhibit 2 and explain the log.

A Exhibit No. 2 is a Lanewell's acoustic log which was run on the subject well. The plug back total depth, the Yates perforations, and the top of the Yates are marked in red on the log.

Q Now, will you refer to your structural map, Exhibit 3.

A Exhibit 3 is a structure map contoured on top of the Yates Formation. The proposed gas proration unit is shown outlined or bordered in yellow, and the offsetting gas proration units are outlined in green. The Texaco E. D. Fanning Well No. 7 is circled in red. The Jalmat gas production in this area is from sand stringers in the Yates Formation, located, which is encountered at an average approximate depth of 2,500 feet. It has been found that



in this area as you move up depth in the Yates Formation, the sand stringers are displaced or re-placed by anhydrite.

Q Has sand development been found in all of the wells drilled on Texaco's E. D. Fanning Lease?

A Sand development to some extent has been found on all of the wells drilled on the E. D. Fanning Lease.

Q At one time, was all the acreage in this particular place dedicated to the second well, No. 6?

A Yes, it was. Texaco originally planned to duly complete the E. D. Fanning Well No. 6 in Jalmat Gas Pool and the Paddock Gas Pool, and by Order No. R-1665, dated May 9, 1960, the entire Fanning Lease, containing 476 acres, was dedicated to this well for the purpose of Jalmat gas proration unit. Unsuccessful attempts were made to complete Well No. 6 in the Yates, and the Yates was perforated, fractured, and only slight shows of gas were obtained. The sand stringers were poorly developed in this well.

Q Was sand uncovered in Texaco's Well No. 4?

A Yes, it was. Well No. 4 is in 19 feet low structural to Well No. 6, and a good sand development was indicated on the sample log. There were no tests taken in the Yates Formation while this well was drilling, however.

Q Are there any Jalmat gas wells completed in this area higher structurally than the Texaco No. 4?

A Yes, they are. Well No. 4 is 5 feet low structurally to the Sinclair Well No. 2, which is located approximately 1 mile

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ALBUQUERQUE, NEW MEXICO



south. This well was completed as a Jalmat gas well on September the 10th, 1938, and as of January the 1st, 1961, had accumulated 2,135,350 MCF of gas.

Q Was sand encountered in Texaco Well No. 3?

A Yes. A good sand development was encountered in Well No. 3, and production tests were taken when this well was drilled, and the tests indicated that the zone at this location was capable of producing approximately 2,000,000 cubic feet of gas per day.

Q What is the highest point structurally on the proposed dedicated acreage?

A The highest point on the proposed acreage to be dedicated to the E. D. Fanning Well No. 7 is plus 595.

Q What is the highest structural point dedicated to Pan-American's B Well No. 2?

A The highest point dedicated is a plus 590.

Q And that particular well is also shown on the plat?

A Yes. It is located 330 feet from the south and west lines of Section 4, approximately a half mile south of the Texaco Well No. 4.

Q What is the highest structural point dedicated to Sinclair's M. A. Well No. 4?

A The highest point on this is a plug 598.

Q Mr. Black, are there other wells in the area that have acreage dedicated that is much higher structurally than the subject acreage under consideration?

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A Yes, there are. The Gulf State A. Holt Well No. 2, which is located in Section 16, Township 24 South, Range 37 East. This is approximately 2 1/2 miles south of the subject well, and the Rustler and Sheldon Stellar Well No. 1, which is located in Section 20, Township 23, Range 37 East. This is located approximately 2 1/2 miles north of the subject well, have acreages assigned to them for proration purposes, with a structural elevation of a plus 750 feet.

Q In your opinion, is it reasonable to presume that all of the appropriated acreage is productive of gas in the Jalmat?

A Yes, it is.

MR. WHITE: That concludes our Direct. At this time, we offer Exhibits 1 through 3.

MR. UTZ: Without objection, Exhibits 1 through 3 will be entered into the record of this case.

(Whereupon, Applicant's Exhibits Nos. 1 through 3 received in evidence.)

Q (By Mr. Utz) Mr. Black, is the structure, alone, the controlling factor of productivity in Jalmat?

A In this area, as I mentioned, as you move upstructure, the sand is replaced by anhydrite.

Q As you move to the northeast?

A As you move up structurally, which would be to the northeast in this area. It would be reasonable to assume, in my



opinion, that whenever the sand was present and contained porosity and permeability and had communication with lower structural portions that were productive of gas, that it would be gas productive.

Q Do you have any Jalmat sand or Yates sand in the No. 5 Well?

A Yes, we do. We encountered a reasonably good sand section. There were no tests taken in the Yates formation when we drilled this well, though.

Q But, there are no gas wells immediately to the north or east of this unit?

A No, there are not at the present time.

MR. UTZ: Are there other questions of the witness?

MR. MORRIS: Yes, sir.

MR. UTZ: Mr. Morris.

Q (By Mr. Morris) Mr. Black, I think that your application in this case is broad enough to cover it, but are you not also seeking an unorthodox location for your Well No. 7 because of its proximity to the unit line?

A Yes. I believe we were. I believe when the application was made, it was pointed out that this well was an exception in that the well was located nearer than 1,980 feet from the unit line, that the proposed unit was less than 640 acres, and that the proposed unit was not contained entirely in one governmental section.

Q Because of the size of the unit, it would be impossible to obtain a standard location; is that right?

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PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

A That is correct. There is no point in this unit that would be 1,980 feet from any one unit line.

MR. MORRIS: Thank you, sir.

MR. UTZ: Are there any other questions? The witness may be excused. Are there other statements in this case? The case will be taken under advisement.

(Whereupon, the hearing of Case No. 2366, was concluded.)

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, Michael P. Hall, Court Reporter, 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 machine shorthand 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.

Michael P. Hall
NOTARY PUBLIC

My commission expires:

June 20, 1965

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2366, heard by me on 8-30, 1961.
[Signature], Examiner
New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

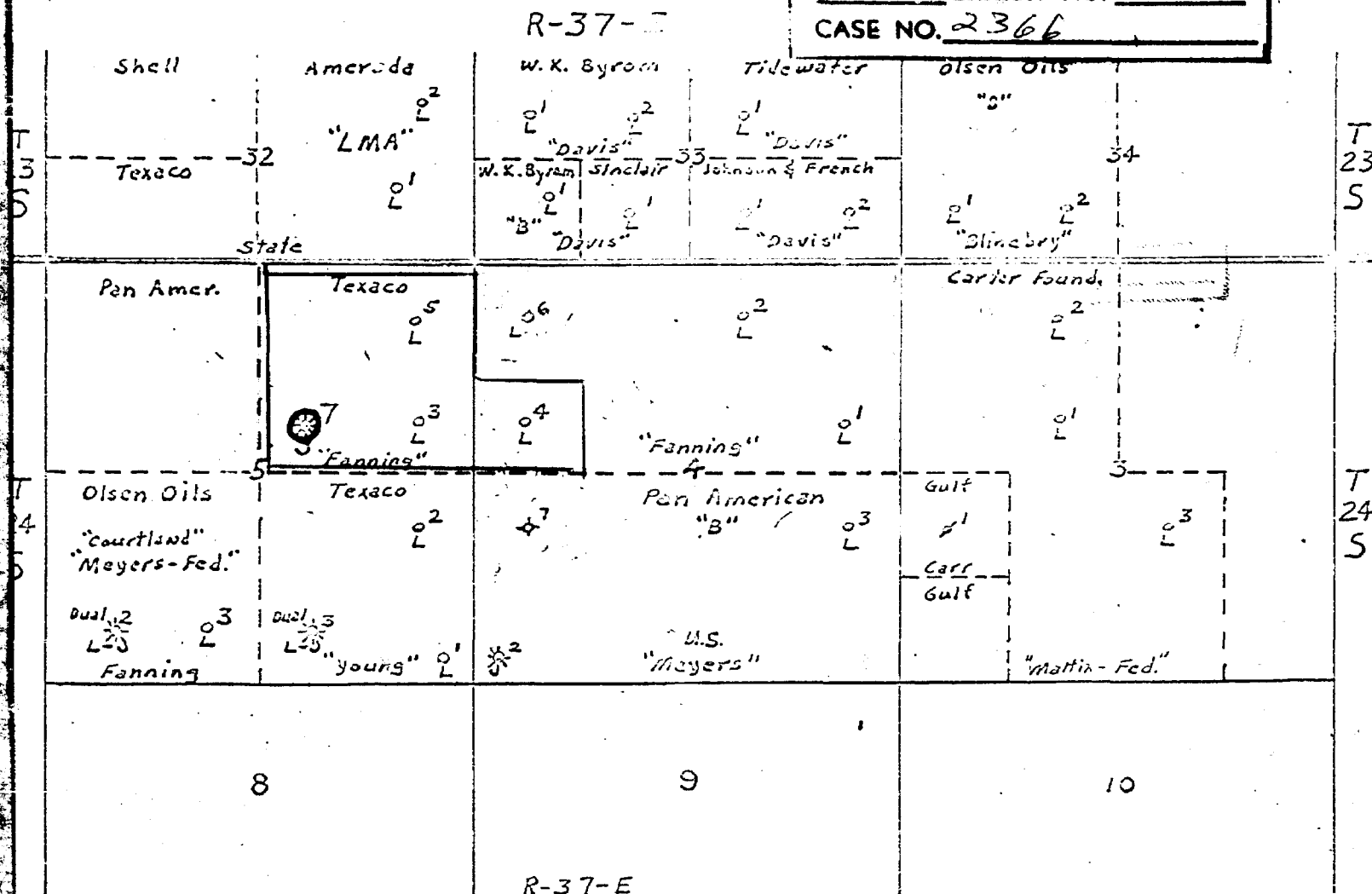
ALBUQUERQUE, NEW MEXICO



BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION

EXHIBIT NO. 1

CASE NO. 2366



PLAT OF TEXACO Inc. E. D. FANNING LEASE AND OFFSET LEASES

Lea County, New Mexico

Scale: 1" = 2000'

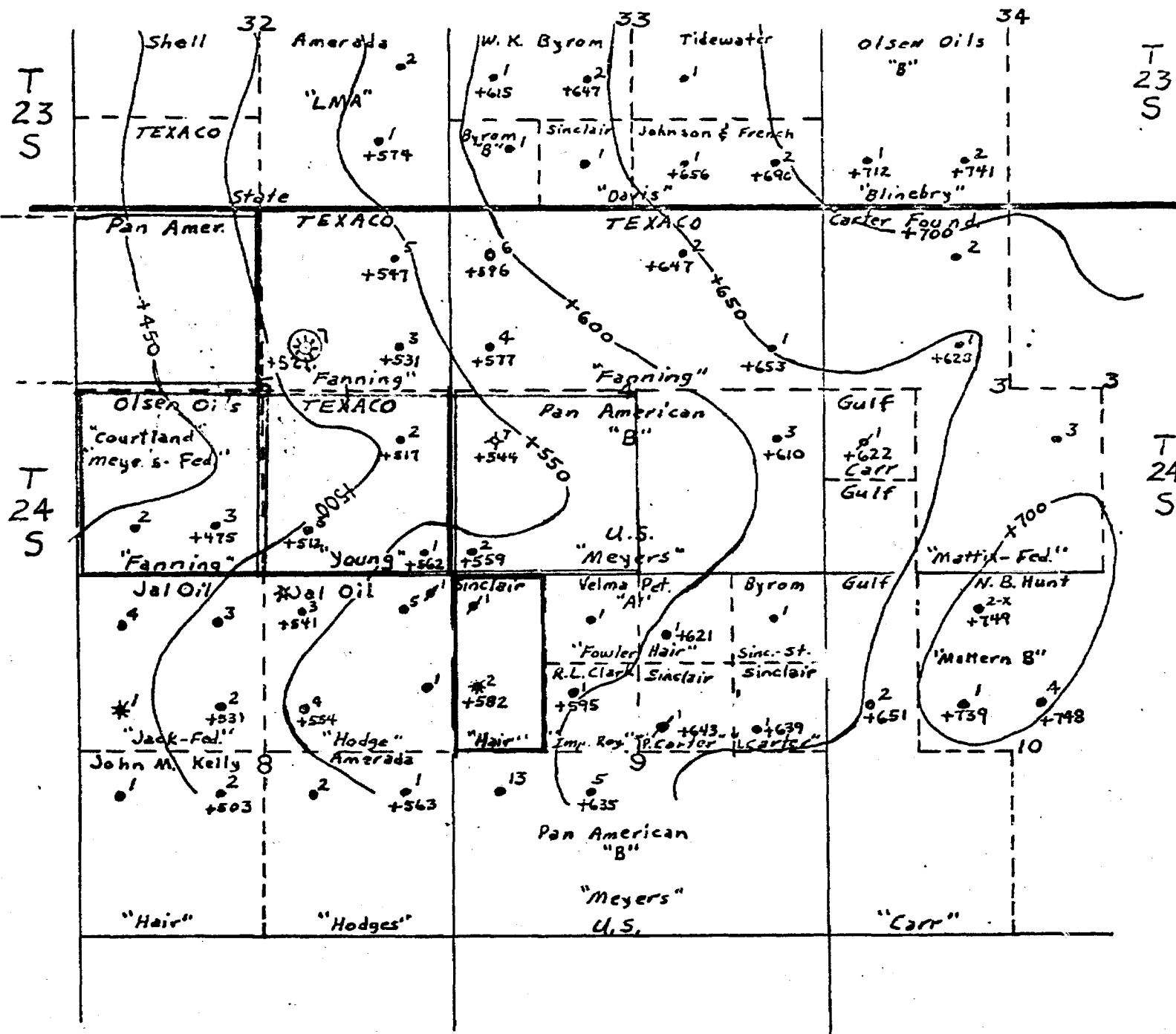
LMF July 27, 1961

LEGEND

L - Langlie Mattix Pool
J - Jalmat Gas Pool

OFFSET OPERATORS

Amerada Petroleum Corp., P. O. Box 312,
Midland, Texas
W. K. Byrom, 1000 North Dal Paso, Hobbs,
New Mexico
Sinclair Oil and Gas Company, P. O. Box 1470,
Midland, Texas
Johnson and French Oil Company, 508 South
6th Street, Jal New Mexico
Olsen Oils, Inc., Liberty Bank Building,
Oklahoma City 2, Oklahoma
Carter Foundation Production Co., P. O.
Box 1036, Fort Worth, Texas
Gulf Oil Corp., Box 1436 Roswell, N. Mex.
Pan American Petroleum Corporation, P. O.
Box 268, Lubbock, Texas



R-37-E
 STRUCTURE MAP—JALMAT GAS AREA
 Contoured on Top of Yates Formation
 Contour Interval: 50 Feet
 Scale: 1 Inch = 2000 Feet

- —TEXACO Inc. Jalmat Gas Well
- Proposed Gas Unit
- Offset Gas Unit

BEFORE EXAMINER UTZ
 OIL CONSERVATION COMMISSION
 EXHIBIT NO. 3
 CASE NO. 2366