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# WESTERN UNION

## TELEGRAM

W. P. MARSHALL, PRESIDENT

## SYMBOLS

DL=Day Letter

NL=Night Letter

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1955 JUN 27 PM 5 00

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NEW MEXICO CONSERVATION COMMISSION, ATTN W B MACEY

DIRECTOR=SANTA FE NMEX=

REGARDING CASE 881 CONCERNING REVISION OF ORDER R-520  
ONLY AS APPLIES TO EUMONT GAS POOL. THIS IS TO ADVISE  
THAT SINCLAIR OIL & GAS COMPANY HAS REVIEWED ALL OF THE  
TESTIMONY AS PRESENTED IN SAID CASE 881 TO DATE AND  
THAT SINCLAIR CONCURS WITH AMERADA PETROLEUM  
CORPORATION'S PROPOSALS AS SUBMITTED IN THE HEARING OF  
THIS CASE ON MAY 18, 1955=

J T REEVES DIVISION SUPERINTENDENT=

881 R-520 881 18 1955=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

MAIL OFFICE 900

New Mexico  
OIL CONSERVATION COMMISSION



Box 2045  
HOBBS, NEW MEXICO

February 24, 1955

GOVERNOR JOHN F. SIMMS  
CHAIRMAN  
LAND COMMISSIONER E. S. WALKER  
MEMBER  
STATE GEOLOGIST W. B. MACEY  
SECRETARY & DIRECTOR

*Letter*

*matters such as  
these will be  
handled at  
Carnegie Pool  
hearing April*

Mr. W. B. Macey  
Box 871  
Santa Fe, New Mexico

Re: Humble Oil & Refining Co., State  
B, #7, 29-21S-36E

Dear Mr. Macey,

Order number R-239, dated January 15, 1953, approved Humble's application for a dual completion. It was thought by Humble Oil & Refining Co. that the lower zone was Grayburg, but it actually is Queen. During the month of December, 1954, the well produced 10,937 MCF from the lower zone, and 50,862 MCF from the upper zone. In January, 1955, it produced 27,790 MCF from the lower zone, and 45,450 MCF from the upper zone.

Both zones are within the Eumont Gas Pool, therefore, it is my recommendation that the dual completion order be withdrawn and only one allowable be granted this well.

Respectfully submitted,

*R. F. Montgomery*  
R. F. Montgomery

RFM/jh  
cc:  
A. L. Porter, Jr.  
Hobbs, New Mexico

*Put in Current Case file for April*

# HUMBLE OIL & REFINING COMPANY

MAIN OFFICE MIDLAND, TEXAS

March 24, 1955

RECEIVED MAR 24 1955

J. W. HOUSE

New Mexico Oil Conservation Commission  
Box 871  
Santa Fe, New Mexico

Attention of Mr. W. B. Macey

Gentlemen:

The Humble Oil & Refining Company is a lease hold owner in Section 29 R-36-E, T-21-S.

Following hearings, the Oil Conservation Commission has granted permission to dually complete wells 1 and 7 to produce oil from the Grayburg formation and gas from the Seven Rivers and Yates formations.

Due to the interpretation placed on the producing formations by the New Mexico Nomenclature Committee, the oil wells on Humble's State B lease in Section 29 are producing from open hole intervals including the basal Queen and upper Grayburg formations. As currently defined, the two dually completed wells are producing both gas and oil from the Eumont gas pool.

At several recent hearings, Humble has recommended to the Oil Conservation Commission that in any common reservoir or pool, the oil and gas be prorated to permit of only one allowable being granted to any proration unit. Unless this is done, equitable withdrawals between properties can not be made.

In the SE/4 of Section 29, Humble has 4 producing wells; 3 are oil wells and produce from the basal Queen and upper Grayburg formations and one well is a dually completed gas well in the Yates, Seven Rivers and Queen formations. This No. 7 well has an assigned gas proration unit of 160 acres in the Eumont gas pool and 40 acres as a gas well in the Eunice oil pool. Thus, on this 160-acre tract, there are 3 oil wells and 2 gas wells which allows more than one allowable from the same acreage in a common pool or reservoir.

Due to statements made in the hearing before the Oil Conservation Commission at the March 16, 1955 meeting, it was apparent that there was not a common understanding between operators relative to the proration of oil and gas from the Southeastern Lea County designated gas pools.

Your attention is called to Continental Oil Company's letter of March 2, 1955 requesting administrative approval for a proposed gas unit of 240 acres comprising the SW/4 and W/2 of the NW/4 of Section 28, T-21-S, R-36-E. *100-21*

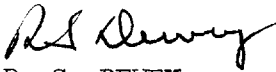
New Mexico Oil Conservation Commission  
Box 871  
Santa Fe New Mexico  
Page 2

From the depths of the oil wells as carried on our maps, we assume that the oil wells on the above described proposed unit are producing from both the basal Queen and upper Grayburg formations. If this is the case, the effect of granting the administrative approval would result in the granting of two allowables from the same acreage in a common reservoir.


Yours very truly,

HUMBLE OIL & REFINING COMPANY

J. W. HOUSE

BY:   
R. S. DEWEY

APPROVED:

  
\_\_\_\_\_

RSD/rs

March 29, 1956

MEMORANDUM

TO: A. L. Porter  
FROM: W. B. Macey  
SUBJECT: Case 881, Eumont Pool Order

After a complete study of the entire Eumont Pool situation I feel that it is imperative that an order be entered as soon as possible in the above-captioned case. This case, which was heard in April and in June of 1955, has not been completed mainly due to the many complex problems involved.

Following are some of the provisions which I believe should be contained in the order:

(1) The gas-oil ratio limit in the pool should be reduced from 10,000 to 1 to 6,000 to 1.

(2) When any operator requests the movement of any oil produced incidental to gas production, the operator should file a Form C-116 denoting the gas-oil ratio of the well.

(3) In order to handle the production of casinghead gas from oil wells on gas proration units, it will be necessary to set up what are known as special gas units. A possible definition of a special gas unit could be "A gas proration unit which contains a well classified as a gas well and one or more wells classified as oil wells, all producing from the vertical limits of the Eumont Gas Pool".

(4) In order to determine the volumes of gas being produced by oil wells, it will be advisable to have a scheduled gas-oil ratio survey of the pool as soon as possible and every six months thereafter. The procedure would be that the special gas units would be listed separately in the gas proration schedule and the dry gas production listed together with the casinghead gas production from oil wells within each special gas unit. The sum of these two figures would be the amount charged against the gas allowable. In order to

effectively nominate the correct amount of casinghead gas to be allocated each month, it will be necessary to arrive at an estimated figure each month of this volume so that the proper allocation can be made to the pool.

(5) A provision should be made in the order to take care of the completion, recompletion or reclassification of a well within a special gas unit as to the effective date such well shall be carried on the gas schedule and the gas production charged against the gas unit. This probably should be the first day of the second month following the completion of the well, thus giving the operator an opportunity to take an accurate gas-oil ratio test.

(6) It will be necessary to require GOR tests on completed oil wells as soon as the well is completed and it will also be necessary in the case of gas volumes produced from two units going through the same meter to the gasoline plant to be estimated as nearly as possible. This is the reason for the GOR test requirement.

(7) I believe the procedure should be followed for a period of six to nine months so that the history of the rules can be observed and at the end of this time another hearing should be called.

(8) It may be advisable for the Commission to require the combination reporting on Form C-115 of dry gas production and casinghead production on each unit so that the figures for gas proration purposes can be obtained on one form. The complexities of the determination of total casinghead production are enormous and may require constant revision; therefore, it is probably advisable to leave the reporting provision of the order as flexible as possible to allow the Commission to require certain procedures as they may deem advisable from time to time.

(9) It is possible that a special gas unit may have so much casinghead gas production that there will be no dry gas allowable left. Although you cannot determine this fact at the present time, it may have to be considered at a later date.

May 25, 1955

New Mexico Oil Conservation Commission (2)  
P. O. Box 871  
Santa Fe, New Mexico

Re: Case 881, Special Rules and  
Regulations for the Eumont  
Gas Pool.

Gentlemen:

Please send Sinclair a transcript of the continued  
hearing of Case 881 called on the May 18, 1955 Docket. We require  
only that part of the case that was heard on or about May 18, 1955.

Please send this transcript along with your invoice for  
same to:

Sinclair Oil & Gas Company  
901 Fair Building  
Fort Worth, Texas  
Att: Mr. W. J. Rogers

Yours very truly,

WJR:HMA:ew

  
W. J. Rogers

bcc: PAM

*for 10/1/55*

# The Ohio Oil Co.

Legal Department

Case 881  
7.6

W. Hume Everett  
Thomas H. McElroy  
J. O. Terrell Couch  
*Attorneys*

June 24, 1955

P.O. Box 3128  
Houston, Texas

Re: Case 881

Mr. W. B. Macey, Director  
New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

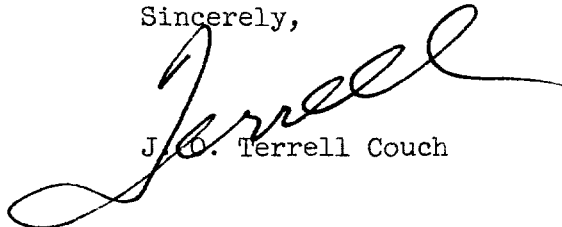
Dear Bill:

My present plans are that I will not attend the hearings in Santa Fe on June 28. I anticipate no new developments in Case 881 and, therefore, I feel reasonably safe in preparing in advance a Statement of Position for The Ohio Oil Company.

I enclose the Statement of Position and request that it be included in the record of Case 881 unless the case is continued to the July 14 hearing. Unless you prefer to read the statement aloud, it will be perfectly agreeable with me for it to be merely incorporated into the record.

I look forward to seeing you at the July hearing.

Sincerely,



J. O. Terrell Couch

TC:MK  
Enc.



# ADA DEARNLEY AND ASSOCIATES

Ada Dearnley • Marianna Meier • Margaret McCoskey • Helen Purcell

605 SIMMS BUILDING • ALBUQUERQUE, NEW MEXICO • Phone 3-6691



## STENOTYPE REPORTERS

- CONVENTIONS
- COURT PROCEEDINGS
- DEPOSITIONS
- HEARINGS

## NOTARIES PUBLIC

Member: NSRA, ASA, SWSRA

July 1, 1955

Mr. William B. Macey  
P. O. Box 871  
Santa Fe, New Mexico

Dear Bill:

The transcript on 881 that you wanted is ready and was mailed today. Would you be kind enough to have the girl send me a copy of Case 877, transcript of proceedings taken on June 13, 1955.

Very truly yours,

*Ada*  
ADA DEARNLEY

*Transcript  
mailed 7-5-55  
BP*