

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 824

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
ROOMS 105, 106, 107 EL CORTEZ BUILDING
TELEPHONE 7-9546
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 16, 1955

IN THE MATTER OF:)

Application of Tide Water Associated Oil)
Company for approval of a non-standard)
gas proration unit.)

Case No. 324

BEFORE:

Honorable John F. Simms, Jr.
Mr. E. S. (Johnny) Walker
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: The next case of 324.

J. B. H O L L O W A Y

called as a witness, having been previously duly sworn, testified
as follows:

MR. HOLLOWAY: I believe it will help to follow my application
if I give you first an Exhibit I would like to present.

Tide Water Associated Oil Company is applying for exceptions
to Rules 2 and 7 of Order No. 375-A for the formation of a Non-
standard Gas Proration Unit, to consist of the SE/4 NW/4, the W/2
NE/4 and the NE/4 NE/4 of Section 24, T-25-S, R-37-E, which will
contain 160 acres. It is requested that this acreage be assigned
to Tide Water Associated Oil Company's A. B. Coates Well #1-C in
the Justis Gas Pool, Lea County, New Mexico, for proration purposes.

Tide Water Associated Oil Company is the owner of a 400-acre
Federal Lease No. Las Cruces 032650B, which covers the E/2 and the

SE/4 NW/4 and the NE/4 SW/4 of Section 24, T-25-S, R-37-E, N.M.P.M. All of this land is located within the designated limits of the Justis Gas Pool and can reasonably be considered to be productive in that Pool.

Tide Water completed its A. B. Coates "C" Well # 1 on this lease on February 3, 1951. The well is located in the center of the SE/4 of the NW/4 of Section 24, T-25-S, R-37-E. On October 21, 1953, by Order No. R-378, Tide Water was authorized to dually complete the A. B. Coates "C" Well # 1 in the Justis Gas Pool for Paddock production and for Queen production from the gas cap of the Langlie-Mattax Oil Pool. This was done prior to the issuance of Order No. R-375-A, prescribing Special Rules and Regulations for the Justis Gas Pool.

During the year 1952, applicant succeeded in forming the voluntary gas production unit, which is comprised of two separate Federal leases, each of which provide for payment of royalty in a different manner and to different parties. One of these leases was for the SE/4 of the SW/4, containing 40 acres, and the remaining 120 acres was made up of lands included in the Las Cruces Lease 032650B previously described, to form a voluntary unit, consisting of the E/2 SW/4 and the W/2 SE/4 of Section 24. A Queen sand gas well was drilled on the unit during May, 1952, the royalty from which is being paid proportionately to the several royalty owners. We believe it would be impractical to attempt to dissolve or rearrange this unit or to include such lands in any other proration unit, because of the many complexities that will arise. The plat submitted with our application shows in color the location of the proposed unit and the producing well. It also shows the voluntary

unit which has been recorded and the surrounding tracts which we understand are not Federal lands. It is our opinion that the creation of the proposed Non-standard Proration Unit and the assignment of the acreage therein to A. B. Coates Well # "C"-1 will not cause waste, but will prevent waste and will protect correlative rights. We further believe that Tide Water Associated Oil Company will be deprived of a fair opportunity to recover its just and equitable share of the natural gas in the Justis Gas Pool unless the proposed Non-standard Proration Unit is formed in the manner requested.

That is my official statement, Mr. Commissioner, unless you have some questions.

MR. MACEY: Does anyone have any questions of the witness, if not, the witness may be excused. Do you wish to submit this Exhibit in evidence?

MR. HOLLOWAY: Yes. One just like it is attached to my application, but for your convenience, you might find extra copies desirable.

MR. MACEY: I don't think that is necessary. We will take the case under advisement.

STATE OF NEW MEXICO)
) SS.
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 25th day of February, 1955.

Ada Dearnley
NOTARY PUBLIC, Court Reporter

My Commission Expires:
June 19, 1955.