

Case No.

324

---

Application, Transcript,  
Small Exhibits, Etc.

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF THE STATE OF NEW  
MEXICO FOR THE PURPOSE OF CON-  
SIDERING:

CASE NO. 326  
ORDER NO. R-125

THE APPLICATION OF PHILLIPS PETROLEUM  
COMPANY FOR AN ORDER ESTABLISHING AN  
UNORTHODOX GAS UNIT FOR ITS C. D. WOOLWORTH  
GROUP 3 WELL NO. 1, SW/4 SW/4 OF SECTION 6,  
TOWNSHIP 25S., RANGE 37 E., NMPM, COOPER-JAL  
POOL, LEA COUNTY, NEW MEXICO, AND SEEKING AN  
EXCEPTION TO COMMISSION RULE 104 (d) AND ESTABLISH-  
ING AN UNORTHODOX PRODUCING UNIT.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10 a. m. November 20, 1951,  
at Santa Fe, New Mexico, before the Oil Conservation Commission of New  
Mexico, hereinafter referred to as the "Commission," all members being  
present.

NOW, this 8<sup>th</sup> day of January, 1952, the Commission, a quorum being  
present, having considered the testimony adduced and exhibits received at  
said hearing, and upon proper notice, having considered the records of  
the Commission, 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 Phillips Petroleum Company C. D. Woolworth  
Group 3 Well No. 1, SW/4 SW/4 Section 6, Township 25 South, Range 37  
East, NMPM, in the Cooper-Jal Pool, Lea County, New Mexico, was  
originally completed as an oil well in the Seven Rivers formation, with a  
high gas-oil ratio.

(3) That said well has not appeared on the Commission's  
proration schedule since March, 1947, and has not shown oil production since  
December, 1946, but instead has been produced as a gas well from the Upper  
Seven Rivers formation.

(4) That the well does not lie within the boundaries of any  
defined gas pool.

(5) That request for the allotment of a proration unit to  
said well was withdrawn at said hearing.

IT IS THEREFORE ORDERED:

That the Phillips Petroleum Company C. D. Woolworth Group 3  
Well No. 1 SW/4 SW/4 Section 6, Township 25 South, Range 37 East, NMPM,

-2-

CASE NO. 326  
ORDER NO. R-125

in the Cooper-Jal Pool, Lea County, New Mexico, be, and the same hereby is classified as a gas well, and entitled to produce gas for sale or distribution subject to state law and the rules and regulations of this Commission promulgated thereunder.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*Edwin L. Mechem*

EDWIN L. MECHEM, Chairman

*Guy Shepard*

GUY SHEPARD, Member

*R. R. Spurrer*

R. R. SPURRIER, Secretary

S E A L

*low*

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

TRANSCRIPT OF HEARING  
Case No. 326

November 20, 1951

E. E. GREESON  
ADA DEARNLEY  
COURT REPORTERS  
BOX 1303  
PHONES 5-9422 AND 5-9546  
ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

---

In Re:

In the Matter of the application of )  
Phillips Petroleum Company for order )  
establishing an unorthodox gas unit )  
for its C. D. Woolworth Group 3 Well )  
No. 1, SWSW 6-25S-37E, in the Cooper- )  
Jal pool; and for establishment, as a )  
producing unit, lands in SW NW, NW SW, )  
and S.2 S/2 6-25S-37E, Lea County, in )  
exception to provisions of Rule 104. )

Case No. 326

-----  
TRANSCRIPT OF HEARING

November 20, 1951

ADA DEARNLEY, COURT REPORTER

(Notice of publication read by Mr. Kellahin.)

MR. FOSTER: May it please the Commissioner, this is probably an unusual case.

CHAIRMAN SPURRIER: That wouldn't be unusual for Phillips, would it?

MR. FOSTER: Not particularly. We just got a little mess on our hands and we are going to call it to your attention to see if we can't get it straightened out. If a statement from me will suffice, I will make a statement. If you want some sworn testimony, I will put on my witness here.

Phillips Petroleum owns an oil and gas lease that covers 320 acres located in Section 6, Township 25 South, Range 37 East, Lea County, New Mexico. The description of that lease is the SW/4 of the NW/4. The NW/4 of the SE/4 and the SW/4 of the SE/4 and the NE/4 of the SE/4 and the SE/4 of the NE/4. There are three wells located on that 320 acres. Wells No. 1, 2 and 3. Wells No. 2 and 3 are oil wells and declared on the proration schedule as oil wells. Well No. 1, which is located in the SW/4 of the SW/4 was originally an oil well but was later reconditioned and completed as a gas well. It is still carried on the oil proration schedule as an oil well and given an allowable of eight barrels of oil a day. How that happened I don't know, and I didn't know that until this morning. I went in there and looked it up and that is the way I found it. I don't take any responsibility for that. The El Paso Natural Gas Company is buying

the gas from that well. They have got a system of gas proration all their own since the Commission doesn't have any as I understand it. They take on a unit allowable of 160 acre units and take up to 25 percent of the overflow potential of the well on that unit. Then, if you have a unit less than that they prorate you in proration that your unit bears to the 160 acres which gets you down to a 40-acre unit. They just take one-fourth as much gas from us as they take from the Western Natural Gas Company, who also has a well in that section. What we want to do is to get this well off the schedule and then we will proceed to wrestle it out with the El Paso Natural and see if we can't get to take it ratably, and if we can't discuss our matters in a peaceable manner we will be back here.

MR. WHITE: How many years has it been since the well produced any oil?

MR. FOSTER: It hasn't produced any oil since January, 1947. It looks like you could take it off the schedule and give it 240 acres or 160 acres on gas deal and then we will take it up with El Paso Natural.

CHAIRMAN SPURRIER: Your request is then that it be taken off the proration schedule for oil?

MR. FOSTER: Yes, probably the formal application we have in here doesn't have any basis. I had to have something to get before the Commission on and so we put it that way. If you wanted to do what you ought to do I suppose you just deny the application and then take it off the oil schedule, but I

want some sort of a record on it that is why I am here.

CHAIRMAN SPURRIER: The Commission will accept your statement and recognize its own record. We do not request any expert testimony unless you care to put it on.

MR. BROWN: No, I don't care to put it on. I have already told you what it is about.

CHAIRMAN SPURRIER: Does anyone have a comment or question on this case? Has the El Paso Company been served in this case?

MR. WHITE: No, not by registered letter, only by publication.

MR. DALEY: Continental. I would like to ask one question. On that well, that well is a direct offset to some of the acres we drill down there.

MR. FOSTER: You mean Western in Section 7?

MR. DALEY: The other side section 1. I suppose we could find out the present pay horizon from your office at Hobbs?

MR. FOSTER: Yes, you can.

CHAIRMAN SPURRIER: That is Continental Oil Company.

MR. FOSTER: Yes, sir. I have got a plat, I might give you it for the record. I think the rule requires it to be drawn to scale, and it is wrong too.

(Marked Exhibit Number One in Case 326.)

CHAIRMAN SPURRIER: You wish to introduce this as an exhibit?



MR. FOSTER: Yes.

CHAIRMAN SPURRIER: Without objection, it will be accepted. If no one has any further questions or comment we will take the case under advisement and proceed to Case 327.

STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) ss

I HEREBY CERTIFY that the foregoing and attached Transcript of Proceedings in Case No. 326, before the Oil Conservation Commission, taken on November 20, 1951, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, Dec. 5  
1951.

Ada Dearnley  
REPORTER

New Mexico  
OIL CONSERVATION COMMISSION

Case no. 326

GOVERNOR THOMAS J. MABRY  
CHAIRMAN  
LAND COMMISSIONER GUY SHEPARD  
MEMBER  
STATE GEOLOGIST R. R. SPURRIER  
SECRETARY AND DIRECTOR



P. O. BOX 1545  
HOBBS, NEW MEXICO

November 21, 1951

Oil Conservation Commission  
Box 871  
Santa Fe, New Mexico

Gentlemen:

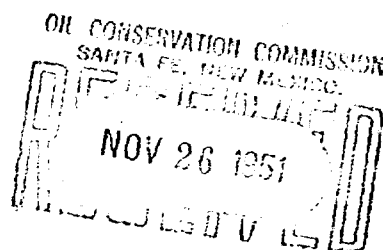
In reply to your telegram of November 20 please be advised that the Phillips C. D. Woolworth 1-M, 6-25-37, Cooper Jal Pool has not appeared on the proration schedule since March 1947 and has not shown oil production since December 1946. Apparently, this well has been confused with the Woolworth 1-M, 33-25-37 which is in the Langlie Mattix Pool.

Yours very truly,

*A. L. Porter, Jr.*  
A. L. Porter, Jr.  
Proration Manager

ALP/mv

*Jaime -  
This well is  
certainly right -  
11/22*





OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO.

RECEIVED  
OCT 23 1951

**PHILLIPS PETROLEUM COMPANY**

PRODUCTION DEPARTMENT

C. P. DIMIT  
VICE PRESIDENT

BARTLESVILLE, OKLAHOMA

October 18, 1951

L. E. FITZJARRALD  
MANAGER  
H. H. KAVELER  
ASSISTANT MANAGER  
J. M. HOUGHIN  
GENERAL SUPERINTENDENT  
H. S. KELLY  
CHIEF ENGINEER

In re: Application of Phillips Petroleum Company for a Hearing for the Purpose of Requesting Establishment of an Unorthodox Gas Unit for Its C. D. Woolworth Group 3 Well No. 1, Cooper-Jal Pool, Lea County, New Mexico.

New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Attention of Mr. R. R. Spurrier, Secretary

Gentlemen:

Phillips Petroleum Company's C. D. Woolworth Group 3 Well No. 1, located in the center of the SW/4 SW/4 of Section 6-25S-37E, Cooper-Jal Field, Lea County, New Mexico, was originally completed on October 9, 1935 at a total depth of 3522 feet in the Seven Rivers formation with 7" casing set at 3040 feet. Potential test was 61 barrels of oil and 36 barrels of water in 24 hours with a gas-oil ratio of 27,869 cubic feet per barrel of oil. In October, 1937, a formation packer was set at 3381 feet in an effort to reduce the gas-oil ratio. On January 16, 1947 the well was shut in for oil production because it could not economically be produced.

On January 7, 1947 El Paso Natural Gas Company began buying gas from the casing-tubing annulus. The gas was produced from the Upper Seven Rivers formation in the interval 3040 feet to 3381 feet.

This well is still being produced as a gas well from the Upper Seven Rivers formation, but in view of the fact that, as an oil well, the well was assigned only a 40 acre unit, El Paso has been purchasing gas from this well on the basis of one-fourth of 25 per cent of the open flow potential, while wells offsetting this well, to each of which a full unit of 160 acres is attributed, are producing into El Paso's line the full 25 per cent of open flow potential.

New Mexico Oil Conservation Commission Rule 104, Paragraph (d) (Revision No. 1) states, "Each well drilled within a defined gas pool shall be located on a tract consisting of not less than a quarter section of

New Mexico Oil Conservation Commission  
C. D. Woolworth Group 3 Well No. 1  
October 18, 1951  
Page No. 2

approximately 160 surface contiguous acres substantially in the form of a square . . . ." Paragraph No. 1 of the same rule goes on to say that if "Drilling tract consists of less than 158 acres or more than 162 acres, the top unit allowable for such well shall be increased or decreased in the proportion that the number of acres in the drilling tract bears to 160."

Phillips Petroleum Company owns 240 acres in the same lease described as

SW/4 NW/4, NW/4 SW/4, and S/2 S/2  
Section 6-25S-37E.

Only 40 acres of this 240 acres is assigned to the C. D. Woolworth Group 3 No. 1 well, and none of the 240 acres is attributed to any other well.

Phillips Petroleum Company hereby respectfully requests that a hearing be scheduled by the Commission at the earliest convenient date in order that we may propose the following:

- (1) That our C. D. Woolworth Group 3 No. 1 Well be classified as a gas well producing from the Upper Seven Rivers formation.
- (2) That an exception to Rule 104 be granted for the creation of an unorthodox proration unit, and
- (3) That the entire above described 240 acres, or in any event 160 acres of the above described 240 acres, be established as the producing unit of acreage assigned to this well.

We also request that the Commission give notice of such hearing as required by law.

Yours very truly,

  
C. P. Dimit

CPD

Case 326

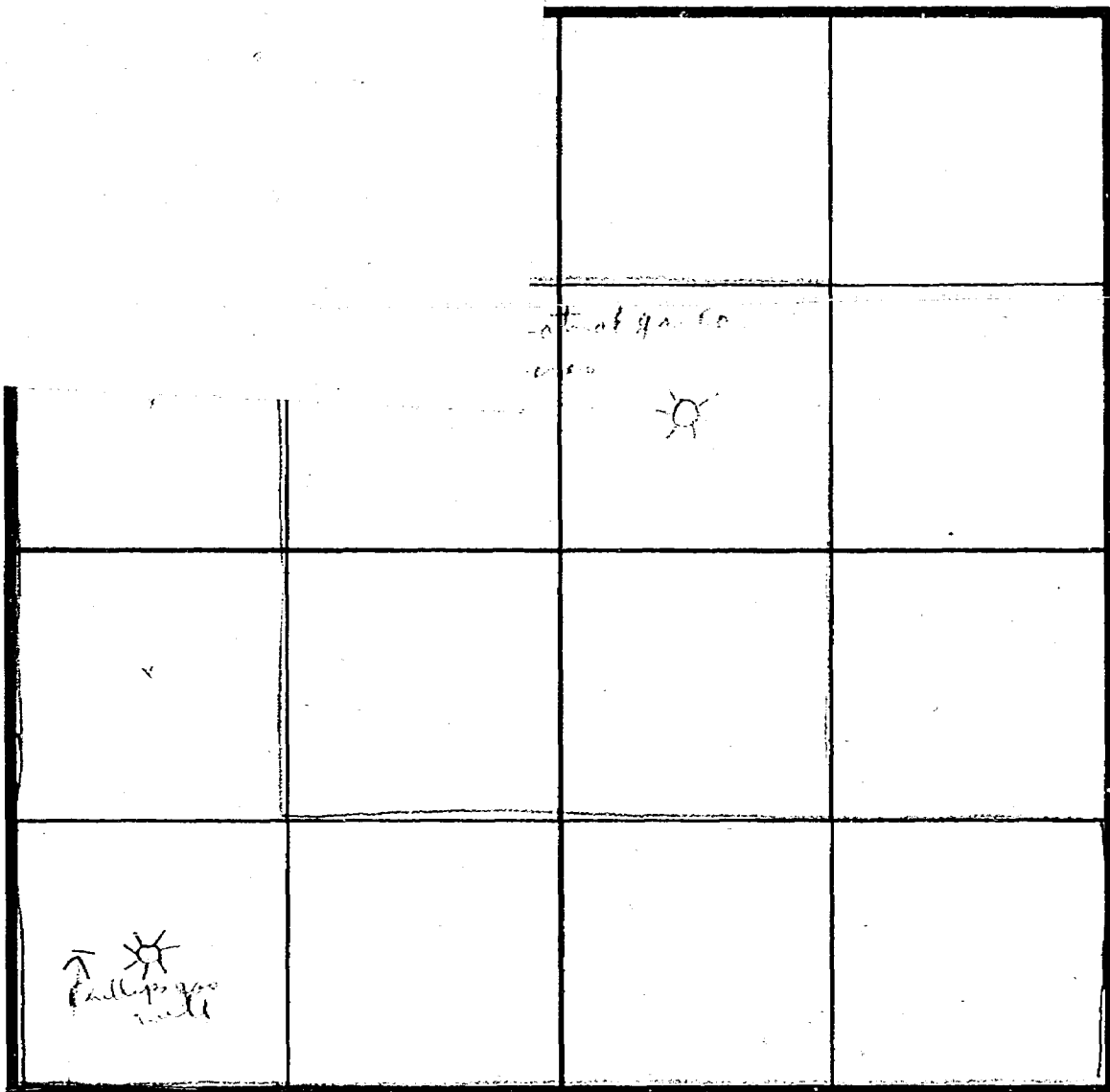
They are asking for a production unit of 240 acres for this well, located in the center of the SW/4 SW/4, giving a drilling unit as an attached plot.

Do we want to do this?

OK

Case 32.6

of Range No.



1320' west of Phillips gas well  
Phillips gas well

C.D. Woolworth Group 3 well no. 1, SW/4 SW/4, Section 6, Township 25 South, Range 37 East, NMPM, in the Cooper-John Pool, Lea County, New Mexico, was originally completed as an oil well in the Seven Rivers formation, with a high gas-oil ratio.

(3) That said well has not appeared on the Commission's production schedule since March, 1947, and has not shown oil production since December, 1946, but instead has been produced as a gas well from the Upper Seven Rivers formation.

(4) That, as an oil, said well has been assigned a producing unit of 40 acres, whereas, as a gas well it should be assigned a producing unit of not less than 160 acres.

(5) That, due to the location of said well, and the location of adjoining leases, said producing unit of not less than 160 acres, if assigned, would not conform to the requirements of Commission rule 104 (d) (Revision No. 1), and that an exception should be granted to said Rule 104 (d) (Revision No. 1).

(6) That said exception will prevent waste, promote full recovery of available gas in said Pool, and will not interfere with correlative rights, and.

There appearing no objection thereto:

It is therefore ordered:

(1) That the Phillips Petroleum Company C.D. Woolworth Group 3 well no. 1, SW/4 SW/4 of Sec. 6, Twp 25 S., Rgt 37 E., NMPM, be, and the same hereby is declared to be a gas well, producing from the Upper Seven Rivers formation.