

CASE 4587: Application of WOLFSON
FOR A NON-STANDARD GAS PRORATION
UNIT, CHAVES COUNTY, N. MEX.

4587

Application
Transcripts.

Small Exhibits

ETC.

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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

Examiner Hearing
September 1, 1971

IN THE MATTER OF:)
)
)

Application of Wolfson Oil)
Company for a non-standard)
gas proration unit, Chaves)
County, New Mexico.)
-----)

Case No. 4587

BEFORE: ELVIS A. UTZ, EXAMINER

TRANSCRIPT OF HEARING

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MR. UTZ: Case 4587.

MR. HATCH: Case 4587. Application of Wolfson Oil Company for a non-standard gas proration unit, Chaves County, New Mexico.

MR. KELLAHIN: If the examiner please, Jason Kellahin, Kellahin and Fox, Santa Fe, appearing for the applicant. We have one witness I would like to have sworn.

(Witness sworn)

MR. UTZ: Other appearances in this case?

O. E. PHEPPS

having been first duly sworn, according to law, upon his oath, testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A O. E. Phepps.

Q And what business are you engaged in, Mr. Phepps?

A I am a consulting geologist.

Q In connection with your work as a consulting geologist have you testified before the Oil Conservation Commission and made your qualifications a matter of record?

A Yes, I have.

MR. KELLAHIN: Are the witness's qualifications acceptable?

MR. UTZ: Yes, they are.

1 Q (Mr. Kellahin continuing) Mr. Phepps, did you do any work
2 for Wolfson Oil Company in connection with the Case 4587
3 now before this commission?

4 A Yes, I have.

5 Q Briefly what is proposed by the applicant in this case?

6 A Well, they are applying for a non-standard gas proration
7 unit in the Double I. Oil Associated Pool in Chaves County,
8 New Mexico for a non-standard location.

9 Q Actually, under the rule, Order No. R3981A, the location
10 would be an unorthodox location for either gas or oil,
11 would it not?

12 A Yes.

13 Q What is the designation of that well?

14 A It was drilled as an oil well, and it was completed as a
15 high gor, and the gor has continued to increase as the
16 well has been on production.

17 Q Now, it is your Amarada C Federal Well No. 1; is that
18 correct?

19 A Yes, that's correct.

20 Q And what is the location?

21 A The location is 330 feet from the north line and 1560 feet
22 from the east line of Section 12.

23 Q 1650 feet from the east line?

24 A 1650 from the east line.

25 Q And if that requires approval of the location you do

1 request that it be approved; is that correct?

2 A Yes.

3 Q It was projected as an oil well, you stated?

4 A Yes, it was.

5 Q What was the initial gor test on that well?

6 A The initial gor test was 6600 to 1.

7 Q And what is its current gor?

8 A The present producing about 150,000 to 1, the last test
9 that was taken was 7/28/71, and it tested 110,000 to 1.

10 Q And it would be designated as a gas well under the pool
11 rule; is that correct?

12 A Yes, it would.

13 Q Now, what is the situation on the acreage dedication,
14 Mr. Phepps? Why do you need an unorthodox well location
15 unit?

16 A We have eighty acres in the northeast quarter of Section 12,
17 and we have eighty acres in the northwest quarter of
18 Section 12 to make up the 160 acre unit.

19 Q Now, the well is actually located in the northeast
20 quarter?

21 A Yes, it is.

22 Q Is the remaining acreage or the east half of the northeast
23 quarter dedicated to wells in the same pool?

24 A Yes. They are all wells dedicated to the Double L pool.

25 Q And no double dedication of acreage is permitted under the

1 pool rules; is that correct?

2 A That's correct.

3 Q So if you are going to dedicate 160 acres to a gas well,
4 it is necessary to have the unorthodox unit; is that
5 correct?

6 A That's correct.

7 Q Who is the owner of the remainder of the northwest quarter?

8 A Amarada Hess Corporation.

9 Q And Wolfson Oil Company has a farm-out on the proposed
10 unit; is that correct?

11 A Yes. That's all.

12 Q Now, what has been the productive history in this area,
13 Mr. Phepps?

14 A Do you want the cumulative production on the wells in the
15 section?

16 Q Yes. If you could -- just in the section there --

17 A The well in the northeast quarter of the northwest quarter,
18 McClennan No. 1 lower state cumulative production to 71 --
19 '71, 15,990 barrels of oil, 13,000,481 cubic feet of gas.
20 That is for five months' production.

21 The well in the southeast of the northeast quarter of
22 Section 12, the Dalport No. 1 Sunset State, cumulative
23 production to 71, '71, 30,801 barrels of oil, 23,000,818
24 mcf, and that is sixteen months' production.

25 The well in the northeast quarter of the southeast

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1 quarter, the Dalport No. 2 Sunset State, cumulative
2 production to 71, '71, 11,980 barrels of oil, 35,557,000
3 cubic feet of gas. That is seven months' production.

4 MR. UTZ: Seven months?

5 THE WITNESS: Seven months, yes, sir.

6 A And the well in the southeast quarter of the southeast
7 quarter of the Section 12, McClennan No. 1 Barber Federal,
8 cumulative production to 71, '71, 4,584 barrels of oil,
9 21,199,000 cubic feet of gas. That is for six months'
10 production.

11 Q Referring to what has been marked as Exhibit No. 1, is that
12 a plat showing the proposed unit and the well you have
13 just discussed?

14 A Yes, that is -- the green outline is the proposed unit for
15 the Wolfson No. 1 Amarada Federal "C" gas well.

16 Q That red arrow points to the well?

17 A That's correct.

18 Q Wolfson Oil Company does understand that under the
19 provisions of Order No. R3981A which was entered August 3
20 of this year the allowable on this gas well will be
21 curtailed in accordance with the gor rules, pool --

22 A Yes, that's correct. Yes, that's right.

23 Q And the formula that is set out in the order --

24 A Yes.

25 Q Was Exhibit 1 prepared by you or under your supervision?

1 A Yes, it was.

2 MR. KELLAHIN: I would like to offer in evidence
3 Exhibit No. 1.

4 MR. UTZ: Without objection, Exhibit No. 1 will be
5 entered into the record of this case.

6 Are there questions?

7 CROSS-EXAMINATION

8 BY MR. UTZ:

9 Q Mr. Phepps, do you know what the pool limit is in this
10 particular area? Is all that unit within a pool of any
11 kind defined by the Oil Conservation Commission?

12 A The pool outline, as I read it, does not take in the
13 northwest quarter of Section 12. It takes in the northeast
14 quarter of Section 12 and the south half of Section 12.

15 Q The west half of your unit is not within the pool
16 boundaries, though?

17 A No, sir.

18 Q Now, the well, this time to the east of your unit over in
19 Section 11, do you have any history on that well, how deep
20 it went?

21 A Yes, sir. I have -- bear with me just a second. I have
22 something on it. That well was drilled in 1945, and I do
23 not have the total depth on it, but it did penetrate the
24 Queen sand, and it was not tested.

25 Q It is now plugged and abandoned?

1 A Yes, it is.

2 Q Do you have any idea why it wasn't tested?

3 A No, sir. The only thing I could find on that was an old
4 sample log in the sample library in Midland. There was no
5 electric logs. If they were run, they were not available
6 to me.

7 And drilled in 1945, I doubt if they ran and logged
8 one.

9 Q Well, presumably, if they had had any gas flow they would
10 have tested it, wouldn't they?

11 A I would think so. Most of these wells in this area have
12 been drilled with capable tools, and, of course, at that
13 time gas wasn't -- they weren't looking for gas too much.

14 Q Yes.

15 A In 1945.

16 Q Well, what I am getting at, unless you already know, is
17 the productivity of the west half of your proposed unit.

18 A Well, to the north of the Stemburg well and the section
19 due north of it, Luttrell drilled a well, and it flowed
20 gas, and McClennan has wells, gas wells in the south half
21 of the Section 12 that is in question, but we would assume
22 that that would be gas productive to the west.

23 Q There are no -- well, the Luttrell well, is that a gas
24 well, you say?

25 A Yes. It was completed for 714,000.

1 Q All right.

2 A And it is probably shut in. It is probably not on
3 production, but the i p on it, it was --

4 Q Well, is there any of this gas being sold there at the
5 present time?

6 A It has just recently been put on line. Now, Phillips has
7 put a gas line in there to take gas, and I understand that
8 some of these wells are selling gas to Phillips at the
9 present time.

10 Q Now, what is your proposal for sale of gas?

11 A Beg your pardon?

12 Q What is your proposal as far as sale of gas? Do you have
13 a contract?

14 A Wolfson, I understand, they do have a contract with Phillips
15 for the sale of gas off of this well.

16 Q I see. Is the well making any liquids to amount to
17 anything?

18 A It is making some liquids. It is making -- it has
19 produced a total of 1,024 barrels of oil to the first day
20 of August, and it was completed April 4 of 1971.

21 It is making approximately one barrel of oil per day,
22 one barrel of oil to 150,000 cubic feet of gas at the
23 present time.

24 Q Pretty good gas well?

25 A Well, the gas there is -- runs between sixty and sixty-five

1 percent nitrogen. It makes a large volume of this gas.
2 It is a very low btu.

3 Q How much gas will it make?

4 A It will make, oh, something over a million cubic feet a
5 day.

6 Q Well, something less than ten barrels of liquid a day
7 would probably get it, then, wouldn't it?

8 A Yes, sir.

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

10 MR. STAMETTS: Yes, sir. I have one.

11 CROSS-EXAMINATION

12 BY MR. STAMETTS:

13 Q Did I understand you to say that the west half of the
14 northwest quarter of Section 12 is Amarada's lease?

15 A The west half of the north, yes, that's right.

16 Q And this is under farm-out to Wolfson?

17 A The west half of the northwest quarter is not under
18 farm-out now. The east half of the northwest quarter is.

19 Q That is the only question I have.

20 A The only acreage that Wolfson has in the farm-out is the
21 green outline of the proposed unit.

22 MR. UTZ: Now, the east half of the northeast quarter
23 is already dedicated to the pool as oil wells?

24 THE WITNESS: Yes.

25 MR. UTZ: Other questions?

1 MR. HATCH: Do you know what the dedicated acreage
2 is for the two gas wells in the south half of Section 12?

3 A I don't know that any has been dedicated to those two
4 wells at the present time. As far as I know those are
5 shut-in gas wells. I don't know if Jack McClennan has
6 put those on production or not.

7 MR. UTZ: Other questions? Witness may be excused.
8
9 (Witness excused)

10 MR. UTZ: Statements in the case?

11 MR. KELLAHIN: No, sir.

12 MR. UTZ: Case will be taken under advisement.

13 MR. HATCH: Excuse me. Would you open the case
14 again? I should read these into the record, I think.

15 Telegram addressed to the Oil Conservation Commission
16 from Jack McClennan, "Reference to Case No. 4587, Chaves County,
17 New Mexico with respect to captioned case, I strongly oppose
18 this request for a nonstandard proration unit. Approval of
19 such a unit would result in a premature decline in pressure and
20 offset oil wells, resulting in loss of oil, economic waste.

21 Rule 2 of the special rules in recent decision of
22 Case 4352 pertaining to the Double-L Associated Pool provides
23 that a nonstandard gas proration unit could not be granted
24 without consent of the owners of other tracts within the
25 quarter section.

Therefore, I request that this nonstandard gas

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1 proration unit be denied." Signed Jack McClennan.

2 And a telegram addressed to the Oil Conservation
3 Commission from Dalport Oil Corporation by Leon Lamphert.
4 "Reference Case 4587, Dalport Oil Corporation is opposed to
5 Wolfson Oil Company's request for nonstandard 160 acre gas
6 unit comprising the west half northeast quarter and east half
7 of the northwest quarter Section 12, 15, 29.

8 Case 4352 created special rules for Double-L field,
9 and Rule 3C has not been complied with since Dalport has not
10 consented to waiver.

11 The location of Wolfson's well does not comply with
12 Rule 4, because it is not within 150 feet of the center of the
13 quarter-quarter section.

14 Dalport believes an exception to these special rules
15 would create waste, economic loss and reduce recovery from
16 offsetting oil wells."

17 MR. KELLAHIN: In connection with those telegrams,
18 I would like to make a very brief statement. I think the
19 McClennan and Dalport have both misread the rules in that
20 they refer to McClennan said Rule 2 requires consent and Dalport
21 correctly says that Rule 3 requires the written consent of the
22 offset operators, but Rule 3 relates only to the authority of
23 the Secretary-Director of the Commission to grant an exception
24 without hearing, and that is a normal provision which applies
25 in all of our pool rules where you seek administrative approval.

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1 You present written consent or waivers or in the
2 alternative, show that you have notified the offsetting
3 operators and they have filed no objection.

4 It has no bearing whatever when the matter has been
5 set for hearing before the commission. Now, Dalport also
6 made reference to Rule 4 to the effect that the location did
7 not comply with the rules.

8 Rule 4 provides each well, oil or gas, shall be
9 located no nearer than 330 feet to any quarter-quarter section
10 line, except that any well drilled in a known gas productive
11 area shall be located within 150 feet of the center of a
12 quarter-quarter section.

13 Now, this well, as the witness has testified, was
14 projected as an oil well, and certainly was not drilled in
15 what at that time was known to be in the area productive of gas.
16 They were trying to make an oil well.

17 It complies with Rule 4, we submit, but if it doesn't,
18 we do ask for approval of the well location, but we feel that
19 Rule 4 provides that any well, oil or gas that is drilled 330
20 feet from the line is in a standard location.

21 Now, in connection with the position that this will
22 result in premature drainage of the oil wells, this is a
23 matter which should have been presented in Case 4352 which
24 resulted in the order to which I just referred.

25 The Commission considered the problem of an

1 associated oil and gas reservoir in that proceeding and set
2 up the rules whereby they would be produced -- the gas wells
3 would be produced at a somewhat curtailed allowable for the
4 protection of the oil wells, and that is the protection which
5 the Commission has already afforded.

6 MR. UTZ: Mr. Kellahin, this is a 330, 330 location
7 out of that northeast northwest quarter of the northeast, is
8 it not?

9 MR. KELLAHIN: It would be 330, a little over.

10 MR. UTZ: 1650, I believe you said.

11 THE WITNESS: 1650 from the east line.

12 MR. UTZ: Be a 330?

13 MR. KELLAHIN: 330.

14 MR. UTZ: So you are as close to Dalport as you could
15 legally get?

16 MR. KELLAHIN: That's correct. As we stated, this was
17 drilled for an oil well. We were not drilling for a gas well,
18 but there is gas out there. I don't think you could merit
19 drilling these wells for gas wells.

20 MR. UTZ: Are there other statements? Do you have
21 something further, Mr. Hatch?

22 MR. HATCH: Well, I was just going to point out there
23 is the stamped provision in this order that locations of oil
24 wells presently drilled to or completed in a Double-L Queen,
25 within the Queen formation, within one mile thereof of hereby

1 approved and that the operator of any well having an
2 unorthodox location shall notify the appropriate district
3 office of the Commission writing with the name or location of
4 the well. It is a fairly standard statement in these orders
5 to prove it has changeover adopted after the wells were
6 drilled.

7 MR. UTZ: No further statements? The case will be
8 taken under advisement.

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I N D E X

WITNESS

PAGE

O. E. PHEPPS

Direct Examination by Mr. Kellahin

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Cross-Examination by Mr. Utz

7

Cross-Examination by Mr. Stametts

10

E X H I B I T

ENTERED

PAGE

EXHIBIT NO. 1

7

1 STATE OF NEW MEXICO)
2)
3 COUNTY OF BERNALILLO)

4 I, LINDA MALONE, Court Reporter, do hereby certify that
5 the foregoing and attached Transcript of Hearing before the
6 New Mexico Oil Conservation Commission was reported by me;
7 that the same is a true and correct record of the said
8 proceedings, to the best of my knowledge, skill and ability.
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Linda Malone
Court Reporter

I do hereby certify that the foregoing is
a true and correct record of the proceedings
the 22nd hearing of Case No. 4587,
heard by me on 7-1-71.
Linda Malone
New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

GOVERNOR
BRUCE KING
CHAIRMAN

**LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER**

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

September 8, 1971

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: Case No. 4587
Order No. R-4191
Applicant:

Wolfson Oil Company

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

ALP/ir

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
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. 4587
Order No. R-4191

APPLICATION OF WOLFSON OIL
COMPANY FOR A NON-STANDARD GAS
PRORATION UNIT, CHAVES COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 1, 1971, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 8th day of September, 1971, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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, Wolfson Oil Company, is the owner and operator of a lease comprising the W/2 NE/4 and E/2 NW/4 of Section 12, Township 15 South, Range 29 East, NMPM, Double-L-Queen Associated Pool, Chaves County, New Mexico.
- (3) That the applicant drilled its Amerada "C" Federal Well No. 1, 330 feet from the North line and 1650 feet from the East line of said Section 12.
- (4) That the subject well was projected as an oil well at a standard location but was productive of gas.
- (5) That the applicant seeks approval of a 160-acre non-standard gas proration unit in the Double L-Queen Associated Pool,

-2-

CASE NO. 4587

Order No. R-4191

comprising the W/2 NE/4 and E/2 NW/4 of said Section 12 to be dedicated to its aforesaid Amerada "C" Federal Well No. 1.

(6) That the E/2 NE/4 of said Section 12 is dedicated to two oil wells completed in the Double L-Queen Associated Pool.

(7) That the proposed non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid Amerada "C" Federal Well No. 1.

(8) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Double L-Queen Associated Pool, will prevent the economic loss caused by the drilling of unnecessary wells, will avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

(9) That the subject application should be approved.

IT IS THEREFORE ORDERED:

(1) That, effective as of September 1, 1971, a 160-acre non-standard gas proration unit in the Double L-Queen Associated Pool comprising the W/2 NE/4 and E/2 NW/4 of Section 12, Township 15 South, Range 29 East, NMPM, Chaves County, New Mexico, is hereby established and dedicated to the Wolfson Oil Company Amerada "C" Federal Well No. 1, located 330 feet from the North line and 1650 feet from the East line of said Section 12.

(2) 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


BRUCE KING, Chairman

ALEX J. ARMISTEAD, Member

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

dr/

Case 4587

Heard 9-1-71

Rec. 9-2-71

Grant Wolfson oil Co's request
for a Non-std Gas Protection
unit in the Double L - Queen ~~at~~
Associated pool.

The well was drilled as an
oil location but got gas.

The E/2 of the NW/4 of sec. 12 has
dedicated oil wells therefore
a std location is not possible.

The E/2 of the NW/4 probably
produces gas. At least
there is no evidence that it
is not.

Thos O. W.

Make affidavits. 9-1-71



western union

Telegram

KA096 NSA491

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NEW MEXICO OIL CONSERVATION COMMISSION, DLY 1.50=
STATE LAND OFFICE BLDG SANTA FE NMEX=

REFERENCE: CASE 4587 DALPORT OIL CORP IS OPPOSED TO
WOLFSON OIL COMPANY'S REQUEST FOR A NON STANDARD 160
ACRE GAS UNIT COMPRISING THE WEST 1/2 NORTHEAST QUARTER
AND EAST 1/2 NORTHWEST QUARTER SECTION 12, FIFTEEN-29
CASE 4352 CREATED SPECIAL RULES FOR DOUBLE L. FIELD AND
RULE THREE-C HAS NOT BEEN COMPLIED WITH, SINCE DALPORT
HAS NOT CONSENTED TO WAIVER. THE LOCATION OF WOLFSON'S
WELL DOES NOT COMPLY WITH RULE FOUR BECAUSE IT IS NOT

WU 1201 (R 5-69)



western union

Telegram

WITHIN 150 FT OF CENTER OF QUARTER QUARTER SECTION.
DALPORT BELIEVES THAT AN EXCEPTION TO THESE SPECIAL
RULES WOULD CREATE WASTE, ECONOMIC LOSS, AND REDUCED
RECOVERY FROM OFFSETTING OIL WELLS=

DALPORT OIL CORP LEON M LAMPERT==

4587 160 1/2 1/2 12 29 4352 150

WU 1201 (R 5-69)



Telegram

KA002

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NEW MEXICO OIL CONSERVATION COMMISSION

SANTA FE NMEX=

RECEIVED

1-1971

JL GORS

RE CASE NO. 4587 CHAVEZ COUNTY NEW MEXICO WITH RESPECT
TO CAPTIONED CASE I STRONGLY OPPOSE THIS REQUEST FOR A
NONSTANDARD PORPORTIONED UNIT. APPROVAL OF SUCH A UNIT
WOULD RESULT IN A PREMATURE DECLINE IN PRESSURE IN
OFFSET OIL WELLS. RESULTING IN LOSS OF OIL AND
ECONOMIC WASTE. RULE TWO OF THE SPECIAL RULES IN THE
RECENT DECISION, ON CASE 4352 PERTAINING TO THE DOUBLE
L ASSOCIATED POOL, PROVIDES THAT A NON STANDARD GAS

WU 1201 (R 5-69)

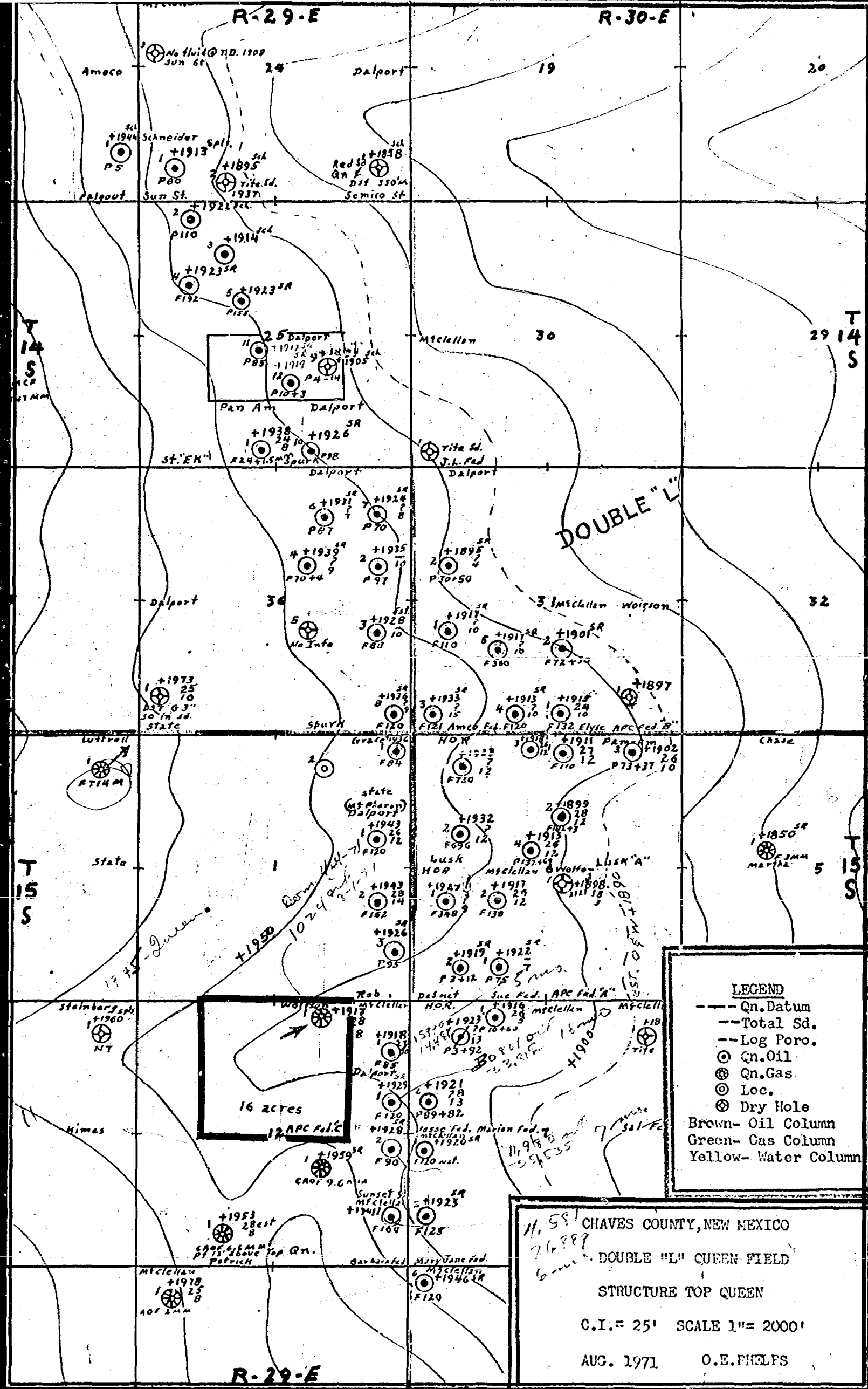


Telegram

PRORATIONED UNIT COULD NOT BEGRANTED WITHOUT CONSENT
OF THE OWNERS OF OTHER TRACTS WITHIN THE QUARTER
SECTION. THEREFORE, I REQUEST THAT THIS NON-STANDARD
GAS PRORATIONED UNITS BE DENIED =

JACK MC CLELLAN

WU 1201 (R 5-69)



R-29-E

R-30-E

R-29-E

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

August 13, 1971

Case 4587

DOCKET MAILED

Wolfson Oil Company
311 Midland National Bank Building
Midland, Texas

Date 8-19-71

Attention: Mr. H. G. Freedman

Re: Application for non-standard
gas proration unit for
Amerada "C" Federal Well
No. 1 located in Unit B
Section 12-15S-29E,
Double L-Queen Associated
Pool, Chaves County, New
Mexico.

Gentlemen:

As the above-described request is not eligible
for administrative approval, the matter has been
set for hearing before an examiner on September 1,
1971, in Santa Fe, New Mexico. If this is not
satisfactory, please notify this office.

Yours very truly,

GEORGE M. HATCH
Attorney

GMH/dr

C
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P
Y

WSP

WOLFSON OIL COMPANY

OIL PRODUCERS

3206 REPUBLIC NATIONAL BANK TOWER

DALLAS, TEXAS 75201

August 5, 1971

Case 4587
311 MIDLAND NATIONAL BANK BUILDING
MIDLAND, TEXAS

Re: Our Amerada "C" Federal No. 1 Well,
330' FNL & 1650' FEL, Sec 12-15S-29E
Chaves County, New Mexico
Double L (Queen) Field

Oil Conservation Commission
P. O. Box 1980
Hobbs, New Mexico 88240

Gentlemen:

The above captioned well was drilled as an oil well in the Double L (Queen) Field. The gas-oil ratio has increased to the present 110,000 - 1 based on a test of 150 MCF and 1.36 barrels of oil daily on an 8/64 choke.

With reference to the results of the recent hearing on the Double L Field Wolfson Oil Company respectfully requests that a non-standard gas unit of 160 acres comprising the W/2 of the NE/4 and the E/2 of the NW/4 of Section 12 be allocated to the subject well with an allowable granted on the resultant 160 acres.

RECEIVED
AUG 13 1971
OIL CONSERVATION COMM

Very truly yours,

WOLFSON OIL COMPANY

H. G. Freedman
H. G. Freedman

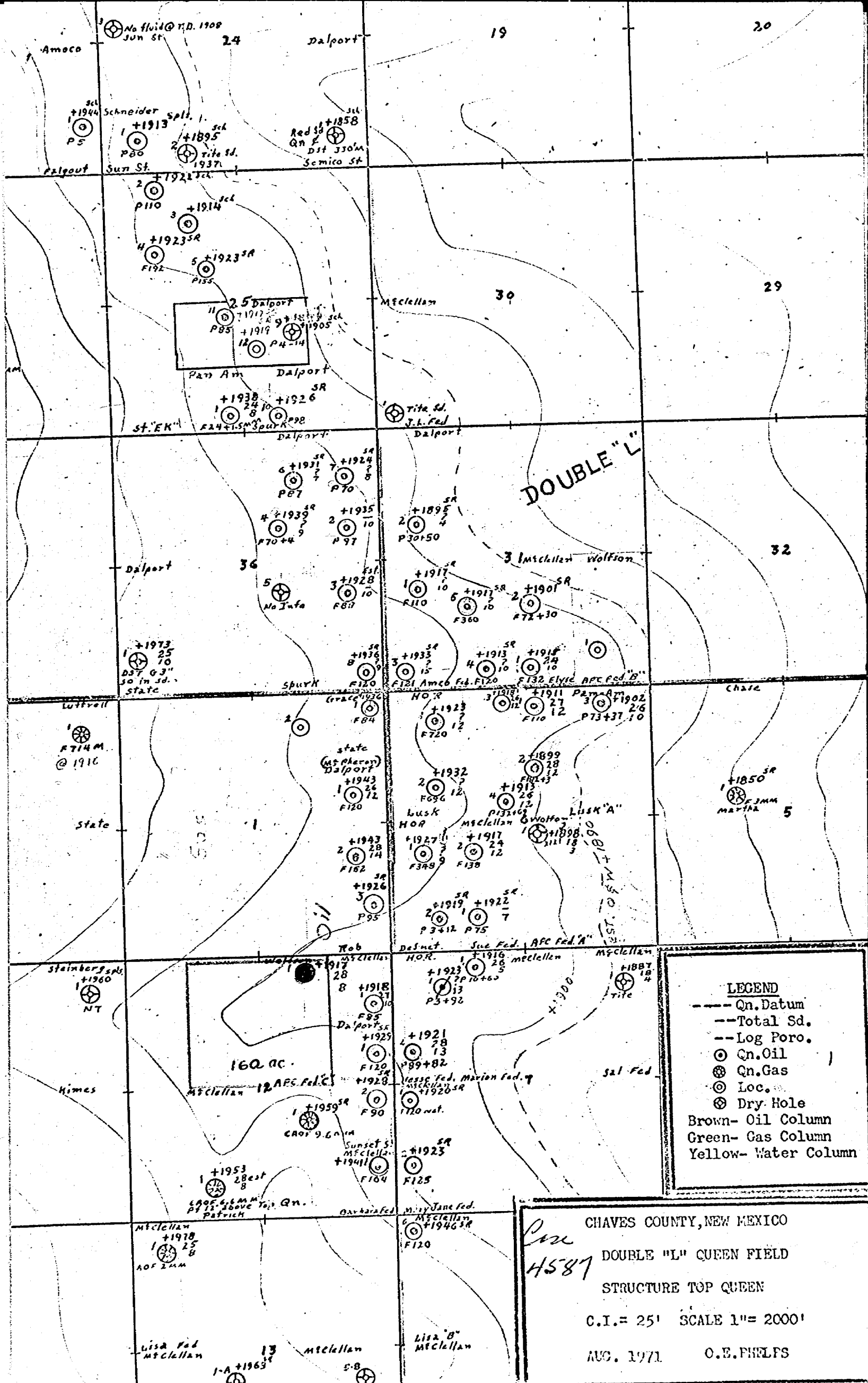
Encl - Plat

RECEIVED

AUG - 9 1971

OIL CONSERVATION COMM.
HOBBS, N. MOCKET MAILED

Date 8-9-71



DRAFT

GMH/dr

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:

APPLICATION OF WOLFSON OIL
COMPANY FOR A NON-STANDARD GAS
PRORATION UNIT, CHAVES COUNTY,
NEW MEXICO.

CASE No. 4587

Order No. R- 4191

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 1, 1971,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter *Chas. C. Itz*.

NOW, on this day of September, 19 71 the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, 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, Wolfson Oil Company, is the
owner and operator of *a lease comprising the W/2 NE/4 and E/2 NW/4 of*
~~the Amerada "C" Federal Well No. 1 to be~~
~~located 330 feet from the North line and 1650 feet from~~
~~the East line of Section 12, Township 15 South, Range 29 East, NMPM,~~
Double L-Queen Associated Pool, Chaves County, New Mexico.

(5) That the applicant seeks approval of a 160-acre non-
standard gas proration unit in the Double L-Queen Associated Pool,
comprising the W/2 NE/4 and E/2 NW/4 of said Section 12 to be
dedicated to its aforesaid Amerada "C" Federal Well No. 1.

(6) That the E/2 NE/4 of said Section 12 is dedicated
to two oil wells *completed* in the Double L-Queen
Associated Pool.

(3) That the applicant drilled its Amerada "C" Federal Well No. 1, 330 feet from
the North line and 1650 feet from the East line of said Section 12.
(4) That the subject well was completed as an oil well at a
standard location but was productive of gas.

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~~(4) That the applicant further seeks authority to produce the allowable assigned to the unit of the aforesaid well in any proportion.~~

(5) That the proposed non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid Amerada "C" Federal Well No. 1.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Double L-Queen Associated Pool, will prevent the economic loss caused by the drilling of unnecessary wells, will avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

That the subject application should be approved.
(7) ~~That Order (1) of Order No. R 711 should be superseded.~~

IT IS THEREFORE ORDERED:

(1) That, effective as of September 1, 1971, a 160-acre non-standard gas proration unit in the Double L-Queen Associated Pool comprising the W/2 NE/4 and E/2 NW/4 of Section 12, Township 15 South, Range 29 East, NMPM, Chaves County, New Mexico, is hereby established and dedicated to the Wolfson Oil Company Amerada "C" Federal Well No. 1, located 330 feet from the North line and 1650 feet from the East line of said Section 12.

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(2) That the allowable assigned to the above-described non-standard gas proration unit shall be based upon the unit size of 160 acres and that the operator may produce the allowable assigned to the unit from the subject well in any proportion.

(3) That Order No. (1) of Commission Order No. R-711, which approved a non-standard Double L-Queen gas proration unit comprising a portion of the subject lands, is hereby superseded.

(2) 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.