

Case No.

702

Application, Transcript,
Small Exhibits, Etc.

CASE 702: Schermerhorn Oil Company -
Unorthodox Gas Production Unit -
Langmat Gas Pool

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. 702
ORDER NO. R-487

THE APPLICATION OF SCHERMERHORN
OIL CORPORATION FOR AN ORDER
GRANTING APPROVAL OF AN EXCEPTION
TO RULE 7 (a) OF ORDER NO. R-369-A IN
ESTABLISHMENT OF AN UNORTHODOX GAS
PRORATION UNIT OF 320 CONTIGUOUS ACRES
CONSISTING OF THE EAST HALF OF SECTION
28, TOWNSHIP 24 SOUTH, RANGE 37 EAST,
NMPM., LEA COUNTY, NEW MEXICO, IN THE
LANGMAT GAS POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m., on May 19, 1954,
at Santa Fe, New Mexico, before the Oil Conservation Commission, herein-
after referred to as the "Commission".

NOW, on this 7th day of July, 1954, the Commission, a
quorum being present, having considered the records and testimony adduced,
and being fully advised in the premises;

FINDS:

(1) That due notice of the time and place of hearing and the purpose
thereof having been given as required by law, the Commission has jurisdiction
of this case and the subject matter thereof.

(2) That pursuant to provisions of Rule 7 (a) of Order No. R-369-A,
the Commission has power and authority to permit the formation of a gas pro-
ration unit consisting of other than a legal quarter section after notice and
hearing by the Commission.

(3) (a) That applicant, Schermerhorn Oil Corporation, is the owner
of an oil and gas lease in Lea County, New Mexico, the land consisting of
other than a legal quarter section, and described as follows, to-wit:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM.
NW/4 NE/4, S/2 NE/4, SE/4 of Section 28

containing 280 acres, more or less.

(b) That Gulf Oil Corporation is the owner of an oil and gas lease
in Lea County, New Mexico, the land consisting of other than a legal quarter
section, and described as follows, to-wit:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM.
NE/4 NE/4 of Section 28

containing 40 acres, more or less.

(4) That applicant, Schermerhorn Oil Company, has a producing well on the aforesaid lease known as No. 3, Woolworth, located 2310' from the South line and 2310' from the East line of Section 28, Township 24 South, Range 37 East.

(5) That the aforesaid well was completed and in production prior to January 1, 1954, the effective date of Order No. R-369-A, and is located within the limits of the pool heretofore delineated and designated as the Langmat Gas Pool.

(6) That Gulf Oil Corporation has consented to the formation of the proposed unit.

(7) That creation of a proration unit consisting of the aforesaid acreage will not cause but will prevent waste and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Schermerhorn Oil Company for approval of an unorthodox proration unit consisting of the following described acreage

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM.
E/2 of Section 28

be and the same is hereby approved, and a proration unit consisting of aforesaid acreage is hereby created.

(2) That applicant's well, Woolworth, No. 3, located in the NW/4 SE/4 of Section 28, Township 24 South, Range 37 East, NMPM., shall be granted an allowable from January 1, 1954 in the proportion that the above described 320 acre unit bears to the standard or orthodox proration unit for said pool, all until further order of the Commission.

DONE at Santa Fe, New Mexico, 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

R. R. Spurr

R. R. SPURRIER, Secretary and Member

S E A L

Case 702

6.3.77

MAIN OFFICE OCC

J. HIRAM MOORE
Geologist
Hobbs, New Mexico

Box 1537

Phone 3-3900

1954 APR 15 AM 10:13
April 15, 1954

Mr. R. R. Spurrier, Director,
New Mexico Oil & Gas Conservation Commission
Post Office Box 871
Santa Fe, New Mexico

Subject: Request for Formal Hearing

Dear Sir:

This is to request a formal hearing in the matter of an application by Schermerhorn Oil Corporation to form a gas producing unit comprising the E $\frac{1}{2}$ Section 28, Township 24 South, Range 37 East, in the Langmat Gas Pool, Lea County, New Mexico, to produce two unit allowables from the Schermerhorn Oil Corporation, Woolworth No. 3, gas well located in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 28.

We will appreciate your placing this case on the docket at your earliest opportunity.

Yours very truly,

J. Hiram Moore

J. Hiram Moore

JHM:mw

cc: Schermerhorn Oil Corporation
714 First National Building
Tulsa 3, Oklahoma

R-369-7



PETROLEUM AND ITS PRODUCTS

GULF OIL CORPORATION

P. O. DRAWER 1290 · FORT WORTH 1, TEXAS

GORDON H. FISHER
MANAGER OF PRODUCTION

June 18, 1954

FORT WORTH
PRODUCTION DIVISION

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

Gentlemen:

We have been informed that Schermerhorn Oil Corporation has requested approval for an unorthodox 320-acre gas proration unit in the Langmat Gas Pool, consisting of the E/2 of Section 28, T-24-S, R-37-E, Lea County, New Mexico, and for assignment of two unit allowables to its Woolworth Well No. 3 located in the NW/4 SE/4 of said Section 28.

You are respectfully advised that the Gulf Oil Corporation has no objection to the application as proposed.

Yours very truly,


G. H. FISHER

cc: Schermerhorn Oil Corporation
Continental Building
Dallas, Texas

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

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TRANSCRIPT OF PROCEEDINGS

CASE NO. 702

Regular Hearing

May 19, 1954

REPORT THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
Santa Fe, New Mexico
May 19, 1954

IN THE MATTER OF:

Application of Schermerhorn Oil Com-
pany for unorthodox gas proration unit.

Case No. 702

Applicant, in the above-styled case, seeks an order authorizing the formation of a 320-acre unorthodox gas proration unit as an exception pursuant to provisions of Rule 7 (a) of Order R-369-A and consisting of the E/2 of Section 28, Township 24 South, Range 37 East, Lea County, New Mexico, in the Langmat Gas Pool; and for assignment of two unit allowables to the Schermerhorn Woolworth Well No. 3, located in NW/4 SE/4 of said Section 28.

TRANSCRIPT OF PROCEEDINGS

MR. MOORE: My name is J. H. Moore. I live in Hobbs. I represent the Schermerhorn Oil Corporation in presenting their Case 702. Their application is for a 320-acre unorthodox location comprising the east half of Section 28, in the Langmat Pool.

I have here a chart which shows the location of a completed gas well which is now on the proration schedule and is allocated allowable for 160 acres, being the southeast quarter of this section. It is our request that two allowables be produced from this well and a 320 acre proration unit be formed comprising the entire east half of Section 28. All of the east half of Section 28 is owned by Schermerhorn except 40 acres owned by Gulf.

I will review the history of the completed well which is a producing gas well now. This well was plugged back in 1952 and completed as a gas well. It previously was an oil well. At the time that it was plugged back in 1952 it was completed for an open flow

ADA DEARNLEY & ASSOCIATES
STENOGRAPHIC REPORTERS
ROOM 105-106-107 EL CORTEZ BLDG.
PHONES 7-9645 AND 5-9546
ALBUQUERQUE, NEW MEXICO

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potential of 1.7 million cubic feet of gas per day natural. It has produced gas allocated to it up to this time. In March of this year the well was treated with 6,000 gallons of sandfrac. That is the first time that it had been treated as a gas well and in April 12, 1954 it was tested by the engineering department of El Paso Natural and it tested an open flow potential of 18 million cubic feet per day. It had a shutin pressure of 1,048.1 pounds. The well is capable of producing more than the allowable for one 160 acre unit and we propose that two allowables be assigned to this well.

The reason for this would be that it would be unnecessary to drill another well here in the north part of the section. There are three or four wells in the northeast corner of the section that are now small oil producers. Probably if one of those were plugged back to make a gas well in order to get the unit for this 160 acre tract, the oil production would be shut off or it would have to be a dual completion.

We feel that this well is capable of producing the allowable for both unit 160 acre tracts. Gulf has given their permission that their tract be included in this unit and they will participate in this allowable. We will be asking for two regular 160 acre allowables from that tract. The other exhibit I have is --

MR. KITTS: You want this marked?

MR. MOORE: I didn't intend to introduce these except to better explain the situation. I only have one copy of each. I don't know whether they would necessarily have to be exhibits or not, but this is a cross section showing the correlation of the zone in the area and the Yates, the production is from the lower Yates zone

which is the production in the largest field. This shows the No. 3 Woolworth Schormerhorn Well which is productive and a correlation to the east. I believe I will just present these for your consideration. I believe I have nothing further to add except that Gulf has indicated that they would join us in making the 320 acre unit and they would put in their 40 acre tract. All of the ownership here is federal land rather than state land. I believe that all of the royalty owners will join in a communitization of the acreage.

MR. WALKER: Any questions to ask the witness? If not the witness may be excused.

(Witness excused.)

MR. WALKER: Any statements anyone care to make in this case?

MR. MACEY: The only thing I can think of is that in order to issue an order in this case the Commission probably would have to have a letter from the Gulf Oil Corporation to the effect that they would join in the unit, or some definite statement.

MR. MOORE: We can get that. Do you want these exhibits?

MR. MACEY: No.

MR. MOORE: We will have Gulf furnish a letter saying that they will go into the unit. We know that they will be glad to do that.

MR. WALKER: This case will be taken under advisement. We will move on to Case 703.

C E R T I F I C A T E

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings in the matter of Case No. 702 was taken by me on May 12, 1954, that the same is a true and correct record to the best of my knowledge, skill and ability.

Ada Dearnley
Reporter