

Case No.

722

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
CONSIDERING:

CASE NO. 722
Order No. R-525

THE APPLICATION OF SHELL OIL COMPANY
FOR AN ORDER GRANTING APPROVAL OF AN
EXCEPTION TO RULE 7 (a) OF ORDER NO.
R-372-A IN ESTABLISHMENT OF AN UNORTHODOX
GAS PRORATION UNIT OF 160 CONTIGUOUS ACRES
CONSISTING OF LOTS 13 AND 14 OF SECTION 3 AND
LOTS 9 AND 16 OF SECTION 4, TOWNSHIP 21 SOUTH,
RANGE 37 EAST, NMPM, LEA COUNTY, NEW
MEXICO, IN THE BLINEBRY GAS POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m., on June 16, 1954,
at Santa Fe, New Mexico, before the Oil Conservation Commission, herein-
after referred to as the "Commission".

NOW, on this 2nd day of September, 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 jurisdic-
tion of this case and the subject matter thereof.

(2) That pursuant to provisions of Rule 7 (a) of Order No. R-372-A,
the Commission has power and authority to permit the formation of a gas
proration unit consisting of other than a legal quarter section after notice
and hearing by the Commission.

(3) That applicant, Shell Oil Company, 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 21 SOUTH, RANGE 37 EAST, NMPM
Lots 13 and 14 of Section 3 and Lots 9 and 16 of Section 4

containing 160 acres, more or less.

(4) That applicant, Shell Oil Company, has a producing well on the
aforesaid lease known as Shell Livingston No. 3, located 2970 feet from
the South line and 2308 feet from the West line of Section 3, Township 21
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-372-A, and is located within the limits of the pool heretofore delineated and designated as the Blinebry Gas Pool.

(6) That it is impractical to pool applicant's said lease with adjoining acreage in Sections 3 or 4, Township 21 South, Range 37 East, and that the owners of adjoining acreage in said sections 3 and 4 have not objected to the formation of the proposed proration unit of 160 acres.

(7) That unless a proration unit consisting of applicant's aforesaid acreage is permitted, applicant will be deprived of the opportunity to recover its just and equitable share of the natural gas in the Blinebry Gas Pool.

(8) That creation of a proration unit consisting of the aforesaid acreage will not cause but will prevent waste, will protect correlative rights, and is necessary to prevent confiscation of applicant's property.

IT IS THEREFORE ORDERED:

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

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMFM
Lots 13 and 14 of Section 3 and Lots 9 and 16 of
Section 4.

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

(2) That applicant's well, Shell Livingston No. 3, located in Lot 14 of Section 3, Township 21 South, Range 37 East, NMFM, shall be granted an allowable from January 1, 1954 in the proportion that the above described 160 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

EDWIN L. MEGHEM, Chairman

E. S. WALKER, Member

W. B. Macey
W. B. MACEY, Secretary and Member

S E A L



MAIN OFFICE OCC

SHELL OIL COMPANY

Box 1957
Hobbs, New Mexico

May 14, 1954

Subject: Application for Unorthodox
Gas Proration Unit, Shell
Livingston Lease, Blinebry
Gas Pool, Lea County, New
Mexico

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

Gentlemen:

Shell Oil Company respectfully submits application for an unorthodox gas proration unit for its Livingston 8 well in the Blinebry Gas Pool. Further, it is requested that this matter be considered at the next regular statewide hearing on June 16, 1954.

The following data is offered in support of this application:

1. Shell Oil Company is the owner and operator of the 320-acre Livingston lease which includes the S/2 NW/4 of Section 3 and E/2 NE/4 of Section 4, T-21-S, R-37-E, Lea County, New Mexico, as shown on the attached plat.
2. Shell Oil Company proposes that the above described acreage be established as an unorthodox 160-acre gas proration unit in exception to Rule 7 (a) of Order R-372A.
3. Shell Livingston 8, located 2970 feet from the south line and 2308 feet from the west line of Section 3, T-21-S, R-37-E, Lea County, New Mexico, was completed as a Blinebry (gas) - Drinkard (oil) dual well April 20, 1953. Permission to dually complete this well in the Blinebry Gas Pool and the Drinkard Pool was granted by the Oil Conservation Commission in Order R-225 dated December 12, 1952.
4. No other Blinebry gas well is completed on the 160-acre proration unit proposed under this application.

Yours very truly,

W. E. Owen
Division Manager

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

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TRANSCRIPT OF PROCEEDINGS

CASE NO. 122

Regular Hearing

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 16, 1954

IN THE MATTER OF:

Application of Shell Oil Company for 160-
acre unorthodox gas proration unit in the
Blindbry Gas Pool: Lots 13 and 14 of Sec-
tion 3, and Lots 9 and 16 of Section 4,
Township 21 South, Range 37 East, NMPM,
Lea County, New Mexico.

Case No. 722

BEFORE:

Honorable Edwin L. Mechem
Mr. E. S. (Johnny) Walker
Mr. R. R. Spurrier

TRANSCRIPT OF HEARING

MR. HUGHSTON: It will not be necessary to qualify the
witness every time. He is an employee of Shell and acquainted
with all the facts.

MR. SPURRIER: He is reminded that he is sworn in all
these cases.

A. J. EDWARDS

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

DIRECT EXAMINATION:

By MR. HUGHSTON:

Do you have a plat that you have prepared in connection
with Case 722?

A Yes, sir.

Now I have it, please?....It was prepared under your direction?

A Yes, sir.

Q And is a true and correct reflection of the location and shape of the unit?

A That is correct.

Q And of the other matters appearing on the legend on the plat?

A Yes, sir.

(Marked Shell's Exhibit No. 1,
for identification.)

MR. HUGHSTON: We offer the plat in evidence as Shell's Exhibit Number 1.

MR. SPURRIER: Without objection it will be admitted.

Q Now, Mr. Edwardson, will you state the basis for the application for the unorthodox unit in this case?

A This plat shows 160-acre gas proration unit proposed by Shell Oil Company for its Livingston 8 Well in the Blinbry Gas Pool. This proration unit shall consist of the south half of the northwest fourth, or Lots 13 and 14 of Section 3, and the east half, northeast fourth, or Lots 2 and 16 of Section 4, Township 21 South, Range 37 East, Lea County, New Mexico, as outlined in red. Other wells in this vicinity in the Blinbry Gas Pool are also shown in red. Shell Livingston 8 was originally completed September 25, 1952

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as a Drinkard Oil Well. Permission to dually complete this well in the Blinebry Gas Pool and the Drinkard Oil Pool was granted by the Oil Conservation Commission in Order A-225, dated December 12, 1972.

This well was recompleted as a Blinebry Gas-Drinkard Oil dual well April 20, 1993 for a gas potential of 1.2 million cubic feet per day. As evidence to show that the western portion of the tract under consideration is productive from the Blinebry, I would like to read some data on a drill-stem test in Shell Livingston 10, which is now a producer, located in Lot 10, Section 4, Township 21 South, Range 37 East. This well tested the Blinebry interval at 5602 to 5850. Gas flowed at a stabilized rate at one million cubic feet per day on this drillstem test.

Q The Stanolind A-5 in Section 4 and which offsets the Shell Livingston 10 is also a producer from the Blinebry Gas, is it not?

A That is correct.

Q And an unorthodox unit was granted to Stanolind in Section 4 of the northwest of the southeast of the east half of the southeast, the southwest of the southeast and the southeast of the southwest, is that correct?

A Yes, sir.

Q Will you give us the order number on which that action was taken?

A That was Order Number A-476.

Q In what case?

A Case 97.

THE COMMISSIONER: I will make a statement to the Commission to

ADA DEARNLEY & ASSOCIATES
STENOGRAPHY REPORTERS
ROOM 105-106-107 EL CORTEZ BLDG.
PHONES 7-9645 AND 8-9546
ALBUQUERQUE, NEW MEXICO

this effect. We have before recommended to the Commission that it not cross section lines with reference to unorthodox units. We are asking here that it be done. We are only asking in the event that the Commission adopts that practice. We are not urging that the practice be adopted, but we wish to be situated to take advantage of it if the Commission does adopt it. I am not sure that you have entered any orders as yet that crosses sections. If you do not adopt it we are perfectly willing for you to overrule our application on this.

That is all we have on this case.

MR. SPURRIER: Anyone have a question of the witness in this Case 722?

MR. MACKEY: Mr. Hughston, if the Commission were to decide not to allow crossing section lines, you would ask for a 80-acre unorthodox?

MR. HUGHSTON: Yes, we would have to ask for 80-acres.

MR. MACKEY: One or two?

MR. HUGHSTON: We only have one well, we could only ask for one at this time. Later on we would be up against what we would have to do in Section 4.

MR. SPURRIER: If no questions of the witness he may be excused.

(Witness excused.)

MR. SPURRIER: Does anyone else have concern in the case? If not we will take the case under advisement and move on to Case 723.

STATE OF NEW MEXICO)
: ss.
COUNTY OF BERNALILLO)

I, Ida Learmley, 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 18th day of June, 1954.

Ida Learmley
Notary Public, Court Reporter

My Commission Expires:

June 19, 1955