

Case No.

1074

Application, Transcript,
Small Exhibits, Etc.

D. A.

CASE 1074: Ohio Oil Co. application for 150
acre NS gas proration unit, Blinbry Gas Pool
(J. L. Wuncy Well No. 3)

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
May 23, 1956

* * * * *

IN THE MATTER OF:)
CASE NO. 1074)
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TRANSCRIPT OF PROCEEDINGS

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
May 3, 1956

IN THE MATTER OF:

The application of the Ohio Oil Company for
an order granting an exception to Rule 5 (a)
of the Special Rules and Regulations for the
Blinbry Gas Pool as set forth in Order R-610
in the establishment of a 160 acre non-standard
gas proration unit comprising the E/2 SW/4 and
W/2 SE/4 Section 24, Township 22 South, Range
37 East, Lea County, New Mexico.

CASE NO. 1074

Applicant, in the above-styled cause, seeks
an order establishing a 160 acre non-standard
gas proration unit in the Blinbry Gas Pool
consisting of the E/2 SW/4 and W/2 SE/4 Sec-
tion 24, Township 22 South, Range 37 East;
said unit to be dedicated to applicant's J.
L. Muncy Well No. 3 located 350 feet from the
South line and 1720 feet from the West line of
Section 24, Township 22 South, Range 37 East,
Lea County, New Mexico.

BEFORE:

Warren W. Mankin, Examiner

TRANSCRIPT OF HEARING

EXAMINER MANKIN: The next case is Case 1074, the application of Ohio
Oil Company for an order granting an exception to Rule 5 (a) of the Special
Rules and Regulations for the Blinbry Gas Pool, as set forth in Order R-610
for the establishment of a 160-acre non-standard gas proration unit.

TOM STEEL

called as a witness being first duly sworn, testified as follows:

MR. STEEL: I am Tom Steel, appearing on behalf of the Ohio Oil Company.
I have not previously testified before the Commission. I graduated from the
University of Pittsburg with a Bachelor of Science Degree in Petroleum Engineering

in 1937. During the next four years I was employed by the Shell Oil Company as trainee Engineer and Field Engineer in Oklahoma, Kansas and Texas. I was employed by the Ohio Oil Company as District Engineer in Kansas in 1941 and I have been with this Company during the last 15 years as Area and District Engineer in Kansas, Michigan, New Mexico and Texas. Four years of this time was spent as Area Engineer in Hobbs, New Mexico, followed by two as Assistant District Engineer in Midland, Texas and one year as District Engineer in this same office. That is my present position. I have under my direct supervision 17 reservoir and field engineers covering all of West Texas and Southeastern New Mexico. In connection with my duties, I have informed myself concerning the Blinbry Gas Pool and my company's operations in that pool. Are my qualifications acceptable?

MR. MANKIN: They are.

MR. STEEL: The Ohio Oil Company requests that the gas proration unit formed by Order R-446 dated April 16, 1954, be expanded and that an enlarged gas proration unit comprised of the E/2 SW/4 and the W/2 of the SE/4 of Section 24, Township 22 South, Range 37 East, be formed and designated in the Blinbry Gas Pool, Lea County, New Mexico. I offer in evidence a plat prepared under my supervision and direction, with the proposed gas proration unit, indicated by a red outline and Ohio's J. L. Muncy Well No. 3, circled in red. This plat has been marked the Ohio Oil Company's Exhibit No. 1. Order R-446 dated April 16, 1954, approved an 80-acre non-standard gas proration unit in the Blinbry Gas Pool, consisting of the E/2 of the SW/4 of Section 24, Township 22 South, Range 37 East. Ohio's J. L. Muncy Well No. 3, located in the SE/4 of the SW/4 of Section 24 was granted an 80-acre allowable effective January 1, 1954. The Ohio Oil Company is operator of this acreage, under an operating agreement entered into between the Ohio Oil Company and Phillips Petroleum Company.

The Ohio Being an owner of a non-divided three-fourths interest in the oil and gas leasehold estate and Phillips Petroleum Company being the owner of a non-divided one-fourth interest. A copy of the application, with plat attached, was mailed to the Phillips Petroleum Company on April 19, 1956. No objection has been received from them. The J. L. Muncy Well No. 3 was completed as a gas well on January 3, 1949 in the Blinbry formation within what now constitutes the vertical limits of the Blinbry Gas Pool. This well is located 350 feet from the South line and 1720 feet from the West line of Section 24, Township 22 South, Range 37 East. The well is located 350 feet from the South line and 100 feet from the West line of the proposed proration unit. In my opinion, the J. L. Muncy Well No. 3 is capable of producing a monthly volume of gas in excess of the average 160-acre gas proration unit allowable in the Blinbry Gas Pool. On the last gas distillate ratio test taken November 9, 1955, the Muncy No. 3 produced 2,093 MCF of gas per day and 38.94 barrels of distillate per day with a gas distillate ratio of 53,749 to 1. It is my opinion that all of the acreage included within the proposed proration unit is reasonably deemed to be productive of gas from the Blinbry Gas Pool. It is impractical to pool the acreage on which the J. L. Muncy No. 3 is located with other acreage in the SE/4 of Section 24. Phillips Petroleum Company has a well located in the NW/4 of the SE/4 of Section 24 with an 80-acre proration unit assigned in the Blinbry Gas Pool. There is no well completed in the Blinbry Gas Pool in the SE/4 of Section 24. Unless the proration unit is expanded, the Ohio Oil Company and Phillips Petroleum Company will be deprived of a fair opportunity to recover their just and equitable shares of the gas and liquid hydrocarbons in the Blinbry Gas Pool. Approval of this application will protect correlative rights and will not cause but will prevent waste. I have no further testimony, unless there are some questions.

MR. GURLEY: I have one question, sir. In your application you showed that proper notice was given to several operators, and offset operators in the area. Was that notice by copy of the application?

MR. STEEL: Yes, sir.

MR. MANKIN: Mr. Steel, you indicated you have taken gas-liquid ratio tests. Was that in November, 1955, the latest one? You indicated, I believe, that it had 53,709 gas liquid?

MR. STEEL: Yes, sir. That was November 9, 1955.

MR. MANKIN: Therefore, with a ratio similar to this, it meets the qualifications of Rule 610 (b) in regard to whether it is a Blinbry Oil or a Blinbry Gas Well, is that correct?

MR. STEEL: Yes, sir.

MR. MANKIN: What is the gravity of the liquids? Do you have that?

MR. STEEL: Yes, sir. The gravity of the liquids at 60° F. was 72.6 API.

MR. MANKIN: So, therefore, it meets all qualifications as regarding gravity of the liquid hydrocarbons and of the gas liquidation of Order R-610 (b)?

MR. STEEL: Yes, sir.

MR. MANKIN: Your application, I believe, had a typographical error in regard to the order which this 80-acre unit was formed, is that correct?

MR. STEEL: Yes, sir, that is correct.

MR. MANKIN: It is for Order R-446 rather than Order R-466?

MR. STEEL: That is correct.

MR. MANKIN: In the SE/4 of Section 24 the well No. 1 is a Tubb Gas Well, isn't it?

MR. STEEL: Yes, sir.

MR. MANKIN: Therefore that E/2 of the SE/4 is not dedicated for Blinbry acreage?

MR. STEEL: No, sir, it is not.

MR. MANKIN: Only for the Tubb Gas Acreage?

MR. STEEL: Yes, sir, that is correct.

MR. MANKIN: Is there further question of the witness in this case? Mr. Steel, the only reason why this particular case had to come before a hearing is

because it crossed quarter-section lines, is that correct? Otherwise it is a standard 160-acre unit as you now propose?

MR. STEEL: That is correct.

MR. MANKIN: I believe you also, in your application, asked that this non-standard location which was occasioned by this well likewise be approved, is that correct?

MR. STEEL: That is correct.

MR. MANKIN: The unit and the location?

MR. STEEL: Yes, sir.

MR. MANKIN: Is there further question of the witness in this case? Did you wish to enter Exhibit 1 as evidence in this case?

MR. STEEL: Yes, sir, I wish to enter Exhibit 1.

MR. MANKIN: Is there objection to entering Exhibit 1 in this case? If not it will be so entered. Mr. Steel, in going over your application again in the way this particular case was advertised, as an exception to Rule 5 (a) which has to do with the non-standard unit being outside of the governmental quarter section, you didn't in so many words, in your application, ask for the approval of this non-standard location. Had it previously been approved as a non-standard location?

MR. STEEL: The 80-acre location had been approved as a non-standard.

MR. COUGH: My name is Terrell Cough on behalf Ohio Oil Company. This well has been presently producing from an approved non-standard proration unit of 80 acres and the record shows --- from the testimony of Mr. Steel, that the well was completed in 1949; therefore, the approval of this location of the well, I think, is unnecessary, and would not be a question in this application.

MR. MANKIN: Well, I had indicated that you were asking for both but actually that had been approved previously by the prior unit. Therefore this application concerns itself only with a non-standard proration unit. Is there further question of the witness in this case?

MR. GURLEY: Would you like to move that the Exhibit be entered at this time, Mr. Steel?

MR. STEEL: Yes, sir, I'd like to move that the Exhibit be entered at this time.

MR. HANKIN: Is there any objection to entering the Exhibit No. 1 in this case? If not, it will be so entered. If there is no further question of the witness, the witness may be excused. Is there any statements to be made in this case? If not, we will take the case under advisement.

STATE OF NEW MEXICO)

: ss

COUNTY OF SANTA FE

I, Nancy Chowning, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Commission Examiner at Hobbs, New Mexico, is a true and correct record, to the best of my knowledge, skill and ability.

Nancy Chowning

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

June 19, 1956

C
O
P
Y

Mr. Terrell Couch
Ohio Oil Company
P.O. Box 3128
Houston, Texas

Dear Sir:

We enclose a copy of Order R-815 issued June 8, 1956, by the Oil Conservation Commission in Case 1074, which was heard on May 23rd at Hobbs.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

brp
Encl.

Re: Expansion of Existing Gas Proration Unit
and Designation and Formation of Enlarged
Gas Proration Unit to be comprised of E/2
of SW/4 and W/2 of SE/4, Section 24, Town-
ship 22 South, Range 37 East, N.M.P.M.,
Blinebry Gas Pool, Lea County, New Mexico

Attention: Mr. A. L. Porter, Jr., Acting Secretary-Director

The Ohio Oil Company by this application respectfully requests that the gas proration unit formed by Order No. R-466 dated April 16, 1954, be expanded and that an enlarged gas proration unit comprised of the E/2 of SW/4 and the W/2 of SE/4 of Section 24, Township 22 South, Range 37 East, N.M.P.M., be formed and designated in the Blinbry Gas Pool, Lea County, New Mexico.

The J. L. Muncy Well No. 3 was completed as a gas well on January 3, 1949, in the Blinebry formation within what now constitutes the vertical limits of the Blinebry Gas Pool. The well is located on the above described acreage at a point 350 feet from the south line and 440 feet from the west line of the proposed proration unit. The well is capable of producing a volume of gas in excess of the allowable currently being assigned for a 160 acre gas proration unit in the Blinebry Gas Pool. All of the acreage included within the proposed proration unit is reasonably deemed to be productive of gas from the Blinebry Gas Pool. It is impractical to pool the acreage on which the J. L. Muncy Well No. 3 is located with other acreage in the SW/4 of Section 24. It is unnecessary to negotiate a pooling agreement to form the proposed enlarged proration unit, and there is no well completed in the Blinebry Gas Pool in the SE/4 of Section 24.

Unless the present proration unit is expanded and the enlarged proration unit designated and formed as requested in this application, The Ohio Oil Company and Phillips Petroleum Company will be deprived of a fair opportunity

New Mexico Oil Conservation Commission
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to recover their just and equitable shares of the gas and liquid hydrocarbons in the Blinebry Gas Pool. The granting of the relief sought by this application will protect correlative rights and will not cause but will prevent waste.



A plat is attached hereto which indicates the location of the proposed proration unit and the location of the surrounding tracts. A list of names and addresses of all interested parties known to The Ohio Oil Company is also attached to this application.

The Ohio Oil Company requests that this application be set for hearing and that notice of the application and hearing be issued and published as required by law and the rules of the Commission. A hearing before an Examiner is hereby requested; however, if the Commission desires to conduct the hearing on this application or if objection to the hearing before the Examiner is made in the time and manner required by law and the rules, it is requested that this application be promptly set for hearing at the next regular hearing of the Commission.

Very truly yours,

THE OHIO OIL COMPANY

By


Coe S. Mills, District Manager 

cc - Phillips Petroleum Company
P. O. Box 791
Midland, Texas

Operators Owning Interest in Same
Section as Proposed Non-Standard
Proration Unit

and

Operators Owning Interest within
1500 Feet of J. L. Muncy Well No. 3

Gulf Oil Corporation
Box 2167
Hobbs, New Mexico

R. Olsen Oil Co.
Box 691
Jal, New Mexico

Phillips Petroleum Co.
Box 2105
Hobbs, New Mexico

Anderson-Prichard Oil Co.
Box 196
Midland, Texas

Western Oil Fields
Box 1147
Hobbs, New Mexico

Proper notice of this application has
been given the above operators at the
addresses indicated.

**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. 1074
Order No. R-815

THE APPLICATION OF THE OHIO OIL
COMPANY FOR AN ORDER GRANTING
AN EXCEPTION TO RULE 5 (A) OF
THE SPECIAL RULES AND REGULATIONS
FOR THE BLINERY GAS POOL AS SET
FORTH IN ORDER R-610 IN THE
ESTABLISHMENT OF A NON-STANDARD
GAS PROPORTION UNIT COMPRISING THE
E/2 SW/4 AND W/2 SE/4 OF SECTION
24, TOWNSHIP 22 SOUTH, RANGE 37
EAST, NMPM, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 23, 1956, at Hobbs, New Mexico, before Warren W. Mankin, Examiner duly appointed by the Oil Conservation Commission in accordance with Rule 1214 of the Rules and Regulations of the New Mexico Oil Conservation Commission.

NOW, on this 8th day of June 1956, the Oil Conservation Commission of New Mexico hereinafter referred to as the "Commission", a quorum being present, having considered said application, the evidence adduced, the recommendations of the Examiner, Warren W. Mankin, 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 the Ohio Oil Company is the operator of certain patented acreage under an operating agreement entered into between The Ohio Oil Company and Phillips Petroleum Company, The Ohio Oil Company being the owner of an undivided 3/4 interest in the oil and gas leasehold estate in said land and Phillips Petroleum Company being the owner of an undivided 1/4 interest in the oil and gas leasehold estate in the land.

(3) That said acreage is other than a standard legal quarter section and is comprised of the following:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
E/2 SW/4 and W/2 SE/4 Section 24

containing 160 acres, more or less.

(4) That applicant is the operator of the J. L. Muncy Well No. 3, completed in the Blinebry Gas Pool and located 350 feet from the South line and 1720 feet from the West line of said Section 24.

(5) That it is impractical to pool applicant's said lease with adjoining acreage in the SW/4 of said Section 24, and that the owners of adjoining acreage in said area have not objected to the formation of the proposed proration unit of 160 acres.

(6) 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, and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of The Ohio Oil Company for approval of a non-standard gas proration unit consisting of the following described acreage in the Blinebry Gas Pool, Lea County, New Mexico:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
E/2 SW/4 and W/2 SE/4 Section 24

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

(2) That applicant's well, the J. L. Muncy Well No. 3, located in the SE/4 SW/4 of Section 24, be and the same is hereby granted an allowable for 160 acres effective the first of the month following date of this order in said Blinebry Gas Pool all until further order of the Commission.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John F. Simms
JOHN F. SIMMS, Chairman

E. E. Walker
E. E. WALKER, Member

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

