

Case No.

1098

Application, Transcript,
Small Exhibits, Etc.

CASE 1098: Sun Oil Co. application for unorthodox location & non-standard drilling unit for B. T. Lanehart Well #3, Crosby-Devonian pool

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

September 6, 1956

C

O

P

Y

Mr. A. R. Ballou
Sun Oil Company
Rio Grande National Bldg.
Dallas 2, Texas

Dear Sir:

We enclose a copy of Order R-859 issued August 30, 1956, by the Oil Conservation Commission in Case 1098, which was heard on August 7th at Santa Fe.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

brp
Encls.

SUN OIL COMPANY

MAIN OFFICE, O.C.C.
SOUTHWEST DIVISION

REIDMAN NATIONAL BUILDING
DALLAS 2, TEXAS 32

S. M. GLADNEY
MANAGER
T. F. HILL
ASSISTANT MANAGER

A. S. RHEA
SUPT. OPERATING DEPT.

June 8, 1956

NSL in MC
to R-639

Send copy
of Doege
to arch. bellan
on 6/21/56

Mr. A. L. Porter
New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Dear Sir:

On June 4th Sun Oil Company filed Notice of Intention to Drill its B. T. Lanchart Well No. 3 located 330 feet from the south and east lines of Section 20, Township 25 South, Range 37 East, NMPM, in the Crosby-Devonian Pool of Lea County, New Mexico.

On June 5th Mr. R. F. Montgomery returned our Form C-101 to us stating that the location does not comply with special rules and regulations for the Crosby-Devonian Pool as set out in Commission Order R-639, which requires (1) a well to be located on a drilling unit of not less than 160 acres of land, and (2) that it be located 660 feet from lease lines. These rules govern the production of gas from the Crosby-Devonian Gas Pool.

Our B. T. Lanchart lease consists of 30 acres. We cannot locate a well 660 feet from lease lines on this qrtr/qrtr section because B. T. Lanchart No. 1 is located 660 feet from lease lines and is producing from the Langlie Field. This well is to be drilled in an attempt to make an oil well such as the one completed by Olsen Oil Company No. 1 Mrs. Eva Owens, which is a direct offset to this qrtr/qrtr section to the east.

We are returning Form C-101 covering this location with the request that if a hearing be necessary that a hearing be called for the purpose of securing an exception to the rule requiring 160 acre unit be formed prior to the drilling of the well, and, also, for permission to locate the well 330 feet out of the southeast corner since there is already a well 660 feet from the lease line.

This well is to be drilled in search of oil, such as is producing from the Olsen Owens No. 1 offset to the east, and an appropriate oil unit will be requested if an oil well is completed. In the event a gas well is completed at this location, an attempt will be made to form a standard gas proration

- 2 -

unit, and if this is not possible we will apply for a hearing requesting a non-standard unit.

We shall appreciate your setting this matter for hearing at an early date, if a hearing is necessary. Your advice will be appreciated.

Very truly yours,



ARB:oms

cc: Mr. R. F. Montgomery
Proration Manager
New Mexico Oil Conservation Commission
Hobbs, New Mexico

MAIN OFFICE 000

SUN OIL COMPANY

SOUTHWEST DIVISION

RIO GRANDE NATIONAL BUILDING

DALLAS 2, TEXAS

S. M. GLADNEY
MANAGER
T. F. HILL
ASSISTANT MANAGER

A. S. RHEA
SUPT. OPERATING DEPT.

July 31, 1956

Mr. A. L. Porter
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Sir:

In re: Docket No. 22-56
Case 1098: Readvertisement

Sun Oil Company has Docket No. 22-56 which contains readvertisement of Case No. 1098 concerning Sun Oil Company application for unorthodox location and non-standard drilling unit for its B. T. Lanehart Well No. 3 in the Crosby-Devonian Pool in exception to Section 2 (a) and (b) of Order R-639.

This matter was originally heard before Commission Examiner on July 11 at Hobbs, N. Mexico. Testimony was presented at that hearing by Mr. Hans Winkler, Geologist for Sun Oil Company, to the effect that a well could not be located 660 feet from the lease line because a well was already located at that point; and that this was an attempt to complete an oil well in the Crosby-Devonian Gas Pool at approximately the same structural position as the Olsen-Owens No. 1 to the east of our proposed well. The testimony presented at the hearing on July 11th would not be changed at the hearing on August 7th; all conditions that applied at that time still exist.

We shall appreciate your considering this affidavit as our evidence for the hearing called under Docket No. 22-56 for Case 1098 to be heard in Santa Fe at 10:00 A.M., on August 7th.

Very truly yours,

A. R. Ballou

ARB:oms

STATE OF TEXAS

COUNTY OF Dallas

BEFORE ME, the undersigned authority, on this day personally appeared A. R. Ballou known to me to be the person whose name is subscribed to the above instrument, who being by me duly sworn on oath states that he is duly authorized to make the above report and that he has knowledge of the facts stated therein and that said report is true and correct.

SUBSCRIBED AND SWORN To before me, this 31st day of July, 1956

J. T. Harris
J. T. HARRIS
Notary Public in and for Dallas
County, Texas

DOCKET: EXAMINER HEARING AUGUST 7, 1956

Oil Conservation Commission 10:00 a.m. Mabry Hall, State Capitol, Santa Fe

The following cases will be heard before Warren W. Mankin, Examiner:

CASE 1098: (Readvertisement) Application of Sun Oil Company for approval of an unorthodox location and a non-standard drilling unit for its B. T. Lanehart Well No. 3 in the Crosby-Devonian Pool in exception to Section 2 (a) and (b) of the Special Rules and Regulations for the Crosby-Devonian Pool as set forth in Order R-639. Applicant, in the above-styled cause seeks an order authorizing an unorthodox location for its B. T. Lanehart Well No. 3 at a point 330 feet from the South and East lines of Section 20, Township 25 South, Range 37 East in the Crosby-Devonian Pool, Lea County, New Mexico; and furthermore to authorize an 80 acre non-standard drilling unit for said well consisting of the E/2 of the SE/4 of said Section 20. The proposed well is projected as an oil well rather than a gas well.

CASE 1117: Application of Richardson and Bass, a partnership, for approval of its proposed Little Eddy Unit Agreement located in Eddy and Lea Counties, New Mexico, in accordance with Rule 507 of the New Mexico Oil Conservation Commission Statewide Rules and Regulations. Applicant, in the above-styled cause, seeks an order granting approval of its proposed Little Eddy Unit Agreement embracing 54,044 acres, more or less, of federal, state and fee lands situated in Townships 21 and 22 South, Range 31 East; Townships 19, 20, 21 and 22 South, Range 32 East; Townships 19 and 20 South, Range 33 East, all in Lea and Eddy Counties, New Mexico.

CASE 1118: Application of Humble Oil and Refining Company for approval of its proposed Railroad Mountain Unit Agreement in Chaves County, New Mexico, in accordance with Rule 507 of the New Mexico Oil Conservation Commission Statewide Rules and Regulations. Applicant, in the above-styled cause, seeks an order granting approval of its proposed Railroad Mountain Unit Agreement embracing 4,217 acres, more or less, of fee and federal lands comprising the S/2 of Section 31, Township 7 South, Range 31 East, and All of Sections 5, 6, 7, 8, 17 and 18, Township 8 South, Range 31 East, Chaves County, New Mexico.

CASE 1119: Application of V. F. Knickerbocker for approval of his proposed North Bagley Unit Agreement in Lea County, New Mexico, in accordance with Rule 507 of the New Mexico Oil Conservation Commission Statewide Rules and Regulations. Applicant, in the above-styled cause, seeks an order granting approval of his proposed North Bagley Unit Agreement embracing 1,440 acres, more or less, of fee and state lands, comprising All of Sections 9 and 10, and the NW/4 of Section 11, Township 11 South, Range 33 East, Lea County, New Mexico.

- CASE 1120: Application of Gunsite Butte Uranium Corporation for an unorthodox gas well location in the Tapacito-Pictured Cliffs Gas Pool in exception to Paragraph (4) of the Special Rules and Regulations for said pool as set forth in Order R-794. Applicant, in the above-styled cause, seeks an order authorizing an unorthodox location for a gas well to be drilled by applicant in the NW/4 of Section 3, Township 25 North, Range 3 West, Rio Arriba County, New Mexico.
- CASE 1121: Application of Gulf Oil Corporation for an order granting permission to convert its G. C. Matthews Well No. 6 into a salt water disposal well in the San Andres formation of the Monument Pool in accordance with New Mexico Oil Conservation Commission Statewide Rule 701. Applicant, in the above-styled cause, seeks an order granting permission to convert its G. C. Matthews Well No. 6 located 1650 feet from the South line and 990 feet from the East line of Section 6, Township 20 South Range 37 East, Lea County, New Mexico, into a salt water disposal well. Said well is presently completed in the Monument-Blinebry Pool, but it is proposed to plug back to the lower portion of the San Andres formation of the Monument Pool for water disposal. Applicant proposes to inject salt water through perforated 7 inch casing at intervals from 4300 to 4620 and 4670 to 4720 feet.
- CASE 1122: Application of Gulf Oil Corporation for approval of a non-standard gas proration unit in the Blinebry Gas Pool in exception to Rule 5 (a) of the Special Rules and Regulations for the Blinebry Gas Pool as set forth in Order R-610. Applicant, in the above-styled cause, seeks an order authorizing a 160 acre non-standard gas proration unit in the Blinebry Gas Pool comprising the E/2 SW/4, SW/4 SW/4, and SW/4 SE/4 Section 23, Township 22 South, Range 37 East, Lea County, New Mexico; said unit to be dedicated to applicant's O. I. Boyd Well No. 3 located 1980 feet from the South and West lines of said Section 23.
- CASE 1123: Application of Gulf Oil Corporation for approval of a non-standard gas proration unit in the Eumont Gas Pool in exception to Rule 5 (a) of the Special Rules and Regulations for the Eumont Gas Pool as set forth in Order R-520. Applicant, in the above-styled cause, seeks an order authorizing a 200 acre non-standard gas proration unit in the Eumont Gas Pool comprising the NE/4 and SE/4 NW/4 of Section 8, Township 20 South, Range 37 East, Lea County, New Mexico; said unit to be dedicated to applicant's Bertie Whitmire Well No. 2 located 660 feet from the North line and 1980 feet from the East line of said Section 8.

CONTINUED CASE

CASE 1096: Application of Humble Oil & Refining Company for an order approving a dual completion in the Eumont Gas Pool in compliance with Rule 112 (a) of the New Mexico Oil Conservation Commission Statewide Rules and Regulations, and further seeks an order granting a 320 acre non-standard gas proration unit in the Eumont Gas Pool in exception to Rule 5 (a) of the Special Rules and Regulations of the Eumont Gas Pool as set forth in Order R-520. Applicant, in the above-styled cause, seeks an order granting them permission to dually complete its New Mexico State "G" Well No. 5 located 1980 feet from the North line and 660 feet from the West line of Section 23, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico; said well to be completed in the upper Queen formation to produce gas and in the lower Queen formation to produce oil, both from the Eumont Gas Pool. Applicant further seeks an order establishing a 320 acre non-standard gas proration unit comprising the W/2 of said Section 23 and to be dedicated to said well.

EXAMINER HEARING AUGUST 7, 1956

Oil Conservation Commission 2 p.m., Mabry Hall, State Capitol, Santa Fe.

The following case will be heard before Warren W. Mankin, Examiner:

CASE 1131: Application of Ralph Lowe for an order granting approval of the proposed South Seaman Unit Agreement embracing 1600 acres, more or less, in Lea County, New Mexico, in compliance with Rule 507 of the New Mexico Oil Conservation Commission Statewide Rules and Regulations. Applicant, in the above-styled cause, seeks an order granting approval of the proposed South Seaman Unit Agreement consisting wholly of State of New Mexico lands and embracing 1600 acres, more or less, located in:

Township 16 South, Range 33 East
Section 25: N/2

Township 16 South, Range 34 East
All of Sections 30 and 31

all in Lea County, New Mexico; applicant, Ralph Lowe, to be designated operator of said unit.

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. 1098
Order No. R-859

APPLICATION OF SUN OIL COMPANY
FOR APPROVAL OF AN UNORTHODOX
LOCATION AND A NON-STANDARD
DRILLING UNIT FOR ITS B. T.
LANEHART WELL NO. 3 IN THE
CROSBY-DEVONIAN POOL, LEA COUNTY,
NEW MEXICO IN EXCEPTION TO SECTION
2 (a) AND (b) OF THE SPECIAL RULES
AND REGULATIONS FOR THE CROSBY-
DEVONIAN POOL AS SET FORTH IN ORDER
R-639.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 o'clock on July 11, 1956 at Hobbs, New Mexico and again at 10:00 o'clock a.m. on August 7, 1956 at Santa Fe, New Mexico, before Warren W. Mankin, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 30th day of August, 1956, the Commission, a quorum being present, having considered the application, the evidence adduced, the recommendations of the Examiner, Warren W. Mankin, and being fully advised in the premises,

FINDS:

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

(2) That the applicant is the owner of a patented oil and gas lease known as the B. T. Lanehart Lease, consisting of eighty (80) acres in the E/2 of the SE/4 of Section 20, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant should be permitted to drill its B. T. Lanehart on a tract of eighty (80) acres rather than a 160 acre tract as required by Rule 2 (a) of the Special Rules and Regulations for the Crosby-Devonian Pool, Order R-639, due to the fact that said well is projected as an oil well rather than a gas well.

(4) That the proposed B. T. Lanehart Well No. 3 cannot be located 660 feet from the lease line as required by Rule 2 (b) of the Special Rules and Regulations for the Crosby-Devonian Pool, Order R-639, due to the fact that other wells already occupy these locations.

(5) That the applicant will be deprived of its fair share of the oil and gas in the Crosby-Devonian Pool unless its application for an unorthodox well location and non-standard drilling unit is approved.

IT IS THEREFORE ORDERED:

1. That the applicant, Sun Oil Company, be and the same is hereby granted permission to drill its proposed B. T. Lanehart Well No. 3 at a point 330 feet from the South and East lines of Section 20, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico on a designated drilling unit of eighty (80) acres comprising the E/2 of the SE/4 of said Section 20 in exception to Rule 2 (a) and (b) of the Special Rules and Regulations for the Crosby-Devonian Pool, Order R-639.

2. That in the event the said B. T. Lanehart Well No. 3 is completed as an oil well the applicant will make prompt application to the Commission for a standard oil well proration unit.


3. That in the event the said B. T. Lanehart Well No. 3 is completed as a gas well the applicant will make every reasonable effort to form a standard gas proration unit of 160 acres and, should such efforts fail, make prompt application to the Commission for forced pooling or a non-standard gas proration unit.

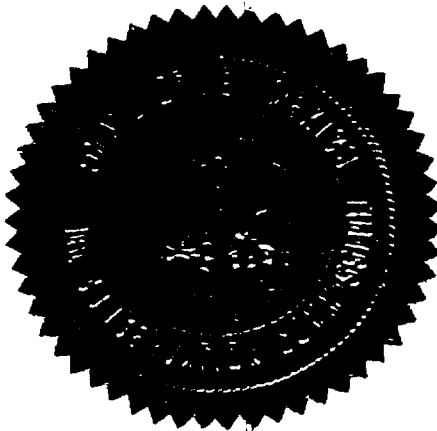
DONE at Santa Fe, New Mexico on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JOHN F. SIMMS, Chairman


E. S. WALKER, Member


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



BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
August 7, 1956

IN THE MATTER OF:

CASE NO. 1098 (Examiner Hearings)

TRANSCRIPT OF PROCEEDINGS

DEARNLEY-MEIER AND ASSOCIATES
COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-6691
ALBUQUERQUE, NEW MEXICO

NEW MEXICO OIL CONSERVATION COMMISSION
MABRY HALL - STATE CAPITOL
SANTA FE, NEW MEXICO

REGISTER

HEARING DATE

August 7, 1936

TIME: 10:00 A.M.

NAME:	REPRESENTING:	LOCATION
R. M. Richardson	Humble Oil Co.	Roswell, N.M.
A. M. M. Coyle	Humble Oil Co.	Hotchkiss, N.M.
A. A. Phillips	Humble Oil & Gas Co.	Roswell, N.M.
H. A. Merrill	Sinclair Oil Co.	" "
W. B. Abbott	Ames Pet Corp	Monument, N.M.
R. M. Anderson	Sinclair	Midland & Texas
E. A. Webb	"	"
J. C. Hagan	Richardson & Bass & Humble	Roswell
J. C. Hagan	Warren Pet Corp	Roswell
George P. Bass	Richardson & Bass	Fort Worth, Tex
Jack M. Campbell	Campbell & Russell	Roswell, N.M.
E. K. Gilbreath	Gulf Oil	Roswell
Winston Eddington	"	Hubbs
Don Walker	"	Fort Worth
Howard Jennings	Richardson & Bass	Roswell, N.M.
Victor T. Lyon	CONTINENTAL OIL CO	Roswell, N.M.
Jason Kellahan	attorney	Santa Fe, N.M.
W. H. Quinn	Notional Petroleum Co	Hotchkiss, N.M.
Jason Kellahan	Ralph Lowe	Santa Fe

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
August 7, 1956

IN THE MATTER OF:

Application of Sun Oil Company for approval of an unorthodox location and a non-standard drilling unit for its B. T. Lanehart Well No. 3 in the Crosby-Devonian Pool in exception to Section 2 (a) and (b) of the Special Rules and Regulations for the Crosby-Devonian Pool as set forth in Order R-639. Applicant, in the above-styled cause seeks an order authorizing an unorthodox location for its B. T. Lanehart Well No. 3 at a point 330 feet from the South and East lines of Section 20, Township 25 South, Range 37 East in the Crosby-Devonian Pool, Lea County, New Mexico; and furthermore to authorize an 80 acre non-standard drilling unit for said well consisting of the E/2 of the SE/4 of said Section 20. The proposed well is projected as an oil well rather than a gas well.

Case No. 1098
(Readvertisement)

BEFORE:

Warren W. Mankin, Examiner

TRANSCRIPT OF HEARING

MR. MANKIN: The next case is No. 1098.

(Mr. Jack Cooley, Attorney for the Oil Conservation Commission, read the title of the within case.)

MR. COOLEY: This case was previously advertised and heard in Hobbs, New Mexico, on July 11th. In the advertisement there was

no mention of an exception to the 160 acre drilling unit requirement incorporated in Order R-639. Since this request was incorporated in the original application, we saw fit to readvertise and the applicant Sun Oil Company has requested that the record of the previous hearing of July 11th at Hobbs be incorporated in the record of this case. Our purpose in readvertising is to reopen for any additional objection or approval of the request, that being an exception to the 160 acre drilling unit requirement.

MR. MANKIN: Is there anyone who would like to make a statement in this case?

MR. CAMPBELL: Mr. Jack Campbell of Campbell and Russell, Roswell, New Mexico. Mr. Examiner, I would like to enter our appearance and make a statement on behalf of Harry Leonard. Mr. Leonard is the owner of a three/sixteenth royalty interest under the East/2, SE/4, Section 20; and a 6 $\frac{1}{4}$ per cent working interest under the S/2, SE/4, Section 21; location on which the off set oil well is situated; and is the owner of a one/fourth royalty interest under the NW/4 of Section 28 on which Sinclair has a gas well. We had no objection and had none at the time of the original hearing, to the unorthodox location, the 330 location, and with the understanding that the proposed drilling unit is an exception to the gas pool rule as I understand it to be, we have no objection to 180 acre gas proration unit for the purpose of making it possible to get a permit to drill a well, however, we do request that the order be perfectly clear that this^{is} not the granting of a non-standard 80 acre unit for an oil well should it be an oil well, but if it is a gas well, it will be subject to Statewide Rules and Regulations

regarding such wells until a subsequent hearing in connection therewith.

MR. WEBB: Mr. Layton Webb of Sinclair Oil & Gas. Sinclair owns a full interest and has two wells with a one/half interest. I think we were under the ^{same} impression that Mr. Campbell was, that they were attempting to assign 80 acres to a well before the well was drilled and the acreage proved up, and the geology indicates this will be a gas well, and with the understanding that it is to be an 80 acre non-standard drilling unit or proration unit for a gas well we have no objection, but if the order is to attempt to assign 80 acres to an oil well, we would want to protest.

MR. MANKIN: Are there any other statements? If not, let the record show that the applicant indicated in his application and prior testimony that he desired to drill this well for an oil well and had only 80 acres assigned to it and as such he was asking permission to drill for C-101 only. If it is an oil well he will attempt to conform after it is completed, if it is an oil well it will take on the Statewide Rules for the oil allowable. Are there any other comments? If not, the case will be taken under advisement.

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STATE OF NEW MEXICO)
 : SS.
COUNTY OF SANTA FE)

I, DOROTHY B. MYERS, a Court Reporter, do hereby certify the foregoing and attached transcript of proceedings before the Oil Conservation Commission for the State of New Mexico, was reported by me in shorthand and reduced to typewritten transcript by me or under my personal supervision, and that the same is a true and complete record to the best of my knowledge, skill and ability.

WITNESS my hand and seal this 5 day of Sept,
1956.

Dorothy B. Myers
Court Reporter

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

July 20, 1956

C
O
P
Y

N.M. Oil Conservation Commission
P.O. Box 2045
Hobbs, New Mexico

Attention: Mr. Randall Montgomery

Re: Case 1098, Sun Oil Company
B. T. Lanehart Well No. 3

Gentlemen:

You are authorized to approve an unorthodox location Form C-101 you are now holding for Sun Oil Company's B. T. Lanehart Well No. 3, located 330 feet from the south and east lines of Section 20, Township 25 South, Range 37 East, Crosby Devonian Pool, Lea County, New Mexico.

An order of approval in Case No. 1098 held on July 11, 1956, is forthcoming.

Yours very truly,

A. L. Porter, Jr.
Secretary - Director

WM:brp

CC-Sun Oil Company
P.O. Box 2880
Dallas 2, Texas
Attn: Mr. Arch Ballou

BC-Case 1098
Well File

NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

NOTICE OF INTENTION TO DRILL OR RECOMPLETE

Notice must be given to the District Office of the Oil Conservation Commission and approval obtained before drilling or recompletion begins. If changes in the proposed plan are considered advisable, a copy of this notice showing such changes will be returned to the sender. Submit this notice in QUINTUPLICATE. One copy will be returned following approval. See additional instructions in Rules and Regulations of the Commission.

Ballou, Texas
(Place)

June 4, 1956
(Date)

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Gentlemen:

You are hereby notified that it is our intention to commence the (Drilling) (~~Recompletion~~) of a well to be known as

NEW OIL COMPANY

(Company or Operator)

A. E. Lambert
(Lease)

Well No. 3

in 7 (Unit)

located 130 feet from the South line and 130 feet from the

East

line of Section 20, T. 25-S, R. 37-S, NMPM.

(GIVE LOCATION FROM SECTION LINE Crosby-Denverian Pool, Lee County

D	C	B	A
E	F	G	H
L	K	J	I ²
M	N	O	P ¹

If State Land the Oil and Gas Lease is No.

If patented land the owner is A. E. Lambert

Address Ballou, Texas

We propose to drill well with drilling equipment as follows:

Rotary: 7 1/2" to bottom

The status of plugging bond is \$10,000.00 blanket bond filed with State Land Office, renewed for one year from 5/7/56.

Drilling Contractor (Unknown)

We intend to complete this well in the Denverian

formation at an approximate depth of 9050 feet.

CASING PROGRAM

We propose to use the following strings of Casing and to cement them as indicated:

Size of Hole	Size of Casing	Weight per Foot	New or Second Hand	Depth	Sacks Cement
<u>17"</u>	<u>13-3/8"</u>	<u>8 1/2-40</u>	<u>New</u>	<u>600</u>	<u>300</u>
<u>12-1/4"</u>	<u>9-5/8"</u>	<u>3 25-35</u>	<u>"</u>	<u>3600</u>	<u>1025</u>
<u>8-1/2"</u>	<u>5-1/2"</u>	<u>15.5 8-17 1/2</u>	<u>"</u>	<u>9050</u>	<u>300</u>

If changes in the above plans become advisable we will notify you immediately.

ADDITIONAL INFORMATION (If recompletion give full details of proposed plan of work.)

Approved _____, 19____
Except as follows:

OIL CONSERVATION COMMISSION

By _____

Title _____

Sincerely yours,

NEW OIL COMPANY
(Company or Operator)

By [Signature]

Position Division Supt.

Send Communications regarding well to

Name A. E. Lamb

Address Box 2836

Ballou, Texas

ILLEGIBLE

NEW MEXICO
OIL CONSERVATION COMMISSION

Form C-128

Well Location and/or Gas Proration Plat

Date June 4, 1956

Operator SUN OIL COMPANY Lease E. T. Landhart

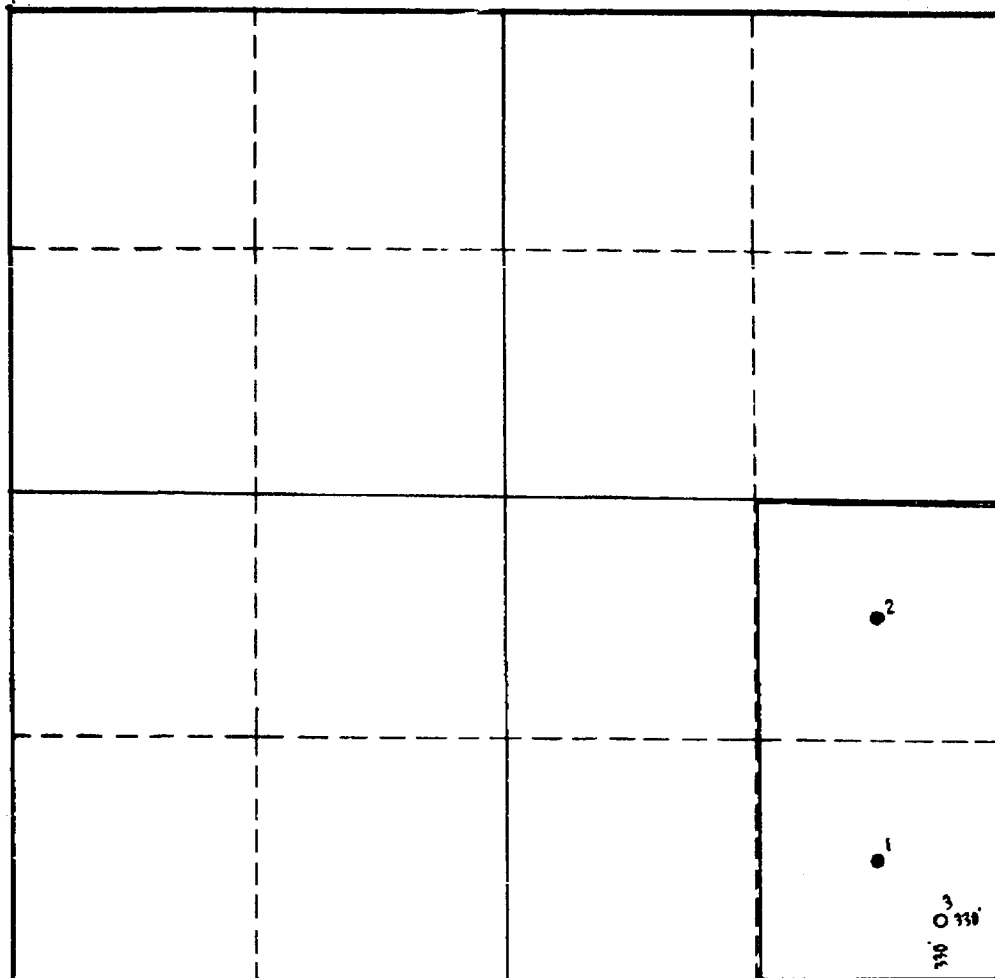
Well No. 3 Section 20 Township 25-N Range 37-E NMPM

Located 130 Feet From South Line, 130 Feet From East Line,

Lee County, New Mexico. G. L. Elevation 3087'

Name of Producing Formation Devonian Pool Devonian Dedicated Acreage 40

(Note: All distances must be from outer boundaries of Section)



SCALE: 1"=1000'

1. Is this Well a Dual Comp. ? Yes No X.
2. If the answer to Question 1 is yes, are there any other dually completed wells within the dedicated acreage ? Yes No .

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Name A. J. Dan
Position Division Engt.
Representing SUN OIL COMPANY
Address Box 100, Dallas, Texas

Date Surveyed 5-31-56
Registered Professional Engineer and/or Land Surveyor William Hillman

ILLEGIBLE

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
July 11, 1956

IN THE MATTER OF:

CASE NO. 1098

TRANSCRIPT OF PROCEEDINGS

DEARNLEY-MEIER AND ASSOCIATES
COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-6691
ALBUQUERQUE, NEW MEXICO

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
HOBBS, NEW MEXICO
JULY 11, 1956

IN THE MATTER OF: :
:

CASE NO. 1098: Application of Sun Oil Company for an :
order granting an exception to Section :
2 (b) of the Special Rules and Regula- :
tions of the Crosby Devonian Pool as :
set forth in Order R-639 in the estab- :
lishment of an unorthodox location for :
its B. T. Lanehart Well No. 3 in Sec- :
tion 20, Township 25 South, Range 37 :
East, Lea County, New Mexico. Appli- :
cant, in the above-styled cause, seeks :
an order granting an unorthodox loca- :
tion for its B. T. Lanehart Well No. 3; :
said well to be drilled 330 feet from :
the South and East lines of Section 20, :
Township 25 South, Range 37 East, Crosby :
Devonian Pool, Lea County, New Mexico; :
said request for unorthodox location is :
occasioned by prior wells on the lease :
and the operators desire to gain struc- :
tural position for a possible oil well :
rather than a gas well. :

BEFORE:

Warren W. Mankin, Examiner.

T R A N S C R I P T O F P R O C E E D I N G S

MR. MANKIN: The meeting will reconvene. Next case is 1098.

MR. GURLEY: Application of Sun Oil Company for an order
granting an exception to Section 2 (b) of the Special Rules and
Regulations of the Crosby Devonian Pool as set forth in Order R-639
in the establishment of an unorthodox location for its B. T. Lane-
hart Well No. 3 in Section 20, Township 25 South, Range 37 East, Lea
County, New Mexico.

MR. BALLOU: On June 4th, Sun Oil Company filed an applica-
tion for a permit to drill and all those forms are in the Commission's

hands. I am R. H. Ballou, Sun Oil Company, I have one witness, Mr. Hans Winkler, geologist, from Roswell, New Mexico.

(Witness sworn.)

MR. BALLOU: After filing forms for permit to drill this well, we found that wells should be located 660 feet from the corner for gas wells in the Crosby Devonian Pool. This is an oil prospect in the hopes that we will get the same oil column that is found in the Olson No. 1 Well in the quarter section to the east of our requested location for the B. T. Lanehart Well No. 3.

H A N S W I N K L E R,

called as a witness on behalf of the applicant, having been first duly sworn on oath, testified as follows:

DIRECT EXAMINATION

BY MR. BALLOU:

Q Mr. Winkler, where do you live? A Roswell, New Mexico.

Q You are employed by Sun Oil Company? A Yes.

Q In what capacity? A Geologist.

Q How long have you been so employed?

A Well, I have done geological work for about fifteen years.

Q Have you ever testified before this Commission before?

A Yes, about four years ago.

MR. BALLOU: Are his qualifications as a geologist acceptable?

MR. MANKIN: They are.

Q Is the area under discussion here under your supervision?

A Yes, sir.

Q Have you made a study of the Crosby Devonian Pool?

A Well, yes.

Q Have you prepared any exhibits?

A I have this Exhibit No. 1 right here.

Q That is in support of our request for an unorthodox location for our B. T. Lanehart No. 3?

A Yes.

Q Would you explain your interpretation of the geology in the Crosby Devonian Pool to the Examiner, please?

A Well, this map is about as conservative as you can draw it, I believe. I haven't tried to get equal space, I have spaced as down here where there is not as much control, but it appears a location 330 feet out of the southeast corner would be about level with the Olson oil well.

Q That is based on the information you have on this area at this time?

A That is right.

Q How many wells are completed in that field now?

A Seven at the present time.

Q That is six gas wells and one oil well?

A One oil well and two drilling wells.

Q Now, based on the information you have, do you think your request for a location 330 feet out of the corner there is a reasonable request?

A I do.

Q There is a well on that same quarter quarter section 660 feet from the south and east lines, isn't there?

A Yes.

MR. BALLOU: That well, Mr. Examiner, was shown on our plat which was filed with our original application.

Q You think it would be reasonable to move the location farther to the north or to the west from where you have made it?

A It would be gambling a little bit more. We are already taking a chance, I think, by getting a little low on the structure.

MR. BALLOU: I think that is all we have on this application, Mr. Examiner.

BY MR. MANKIN:

Q Mr. Winkler, I notice on your Exhibit No. 1 that interpreting this field that you interpreted that there was a fault over on the east edge of the field that was cut by Anderson Pritchard's Lanehart No. 1?

A Yes, that is put in there because we didn't know how to account for that particular section of Woodford shale, which overlies the Devonian, and quite a few of the fields in this part of New Mexico have small truss faults associated with the structure. They are not too important as a rule.

Q Particularly in Devonian structures?

A That's correct, yes.

Q Then, on the basis of the Woodford thickness that you have shown on your map here, apparently you do not believe that this Olson No. 1 Well or the well which you had proposed had cut a fault, then?

A No, I don't believe it did. It may be awful close to the fault, but we don't have any control to determine the direction.

Q The reason I asked that question is that all the wells up to now except one have been completed as gas wells, and the pool is so designated as a gas pool with 160 acre spacing, is that correct?

A That is what I understand, yes.

Q You are anticipating that there will be oil production on the proposed location?

A That is right.

Q Can you give us any information as to whether or not this is a gas pool or whether that gas produced here is gas well gas or what the status of the reservoir might be?

A I believe it is a little early to predict what the situation is. This oil well may be due to something that I haven't shown here, there may be some additional faulting that we have no control over.

Q But of course, you haven't drawn any fault because there is very little control over that area?

A That is right.

Q And you likewise feel that the Woodford thickness is pretty well represented in the oil well as well as the gas well?

A That's right.

Q Do you feel that the high withdrawals of gas in this field, in the neighborhood of four and five, six million cubic feet a day, might pull some oil up structure in this particular field?

A I don't know. I have heard that there has been very little drop in pressure so far. I don't believe I could answer that.

Q The oil well, however, was definitely an oil well, was it not?

A Yes, I understand it has a rather low gas-oil ratio.

Q Gravity is very low, similar to an oil well?

A I believe it is.

Q It is not up in the distillate range like the distillate that is produced from the gas wells in this pool?

A Yes.

Q Do you have any opinion as to whether this should be continued as a gas pool rather than as a combination gas pool and oil pool?

A Well, so far as there is only one oil well, and unless there

is more, I would think that it probably be considered as a gas field.

Q You indicated there was two drilling wells. Where are those, Mr. Winkler?

A The Humble well in the NW/4 of 29, Humble Bates and El Paso Natural Gas in 33, NW/4 of 33.

MR. BALLOU: Mr. Winkler, on the basis of information that will be gained from the Humble well and if Sun is permitted to drill its well, do you feel that that additional information will permit you to more nearly determine which way the contours in the north end of the field run?

A The Humble well should give up a little additional information, but it still doesn't give us too much control right now in the SE/4 of the section, at our location.

BY MR. BALLOU:

Q What is the difference in the sub-sea depth of the porosity in the Olson well and the Sinclair Lanehart well there?

A Let's see. There is approximately 300 feet between the base of the porosity in the Sinclair well and the top in the Olson well.

Q In other words, the Olson well is approximately 300 feet lower on structure than the Sinclair well which is about half a mile to the south?

A That's right.

Q What does that indicate to you, as a geologist?

A Well, it indicates that a rather large structure and porosity seems to be confined to the upper part of the Devonian only. Your porosity **drops** over the field.

Q I believe you said on the basis of your interpretation at this time that you think a well located 330 feet out of the south-

east corner of your Lanehart tract will put your well approximately at the same sub-sea depth as the Olson No. 1?

A That's right.

Q You wouldn't be able to change your interpretation until you have more information on the area?

A I don't believe I could change it at all now.

BY MR. MANKIN:

Q Mr. Winkler, I have seen from your map, Exhibit 1, that you might have had possibly some other controls, seismographic controls, which would give you a portion of this picture.

A All we had was a little control on the Yates which I think bears out that the discovery well was drilled pretty much on top of the structure or at least that the dip from the discovery well to the north is all to the north. Now, I have left it open to the south, and it may extend quite a ways south, but it hasn't been developed in that direction.

Q Do you expect quite a number of oil wells will be drilled around the edge of this structure similar to this Olson No. 1 and your well in question and the Humble well which is now drilling?

A It could be that the Humble well would come in about that zone. It is a little early yet to tell where -- I don't believe we can correlate it on the upper markers and predict where it will enter the Devonian.

Q So it is a little hard to tell at this time whether you are going to get quite a number of oil wells around the edge of this structure or not?

A I think so.

Q But it is a possibility?

A Yes.

Q And until that is determined, it would be rather hard to tell whether this is a gas pool or oil pool? A I think so.

BY MR. BALLOU:

Q Mr. Winkler, if the Humble well comes in at approximately the sub-sea depth of the Olson Owens well, and the Sun Lanehart well is permitted to be drilled, and is drilled and similiarly comes in as an oil well, it would give you a whole lot more indication that there is a sizable oil rim on the gas cap of this Devonian production, would it not? A Yes.

Q But until those wells are completed, you don't have much information to go on? A No, we don't.

BY MR. MANKIN:

Q Mr. Winkler, then, if further development shows there is considerable oil rim, should not the Commission possibly call this for further hearing to show cause why it should not be properly pro-rated as an oil pool rather than as a gas pool?

A I think that is the procedure, isn't it, to -- if it is primarily an oil pool, develop it as such.

MR. BALLOU: Don't the rules of the oil and gas Conservation Commission require you to limit the withdrawals from a gas pool if it is determined that there is a sizable oil rim on the gas cap?

MR. MANKIN: Certainly, I believe, it should be subject to a hearing.

MR. BALLOU: I think it is my understanding that rules require the Commission to call such hearing at the time it is determined that there is a sizable oil rim.

BY MR. GURLEY:

Q Your main reason here for not complying with the rules is the fact that you have already got a well located there, isn't it?

A That is one of them, I think. It is right about where we would want, well, we would like to get a little farther up dip, too, to get on the same contour with the oil well.

Q But in any case, it would be impossible for you to comply with the rules in order to drill this well?

MR. BALLOU: That's right.

MR. MANKIN: This particular well has not been started as yet?

MR. BALLOU: No, sir. I would like to say that in the event the well is permitted at that location, and it turns out to be a gas well, an effort will be made to form a normal standard gas proration unit, provided the information we gain from this well shows that we have 160 productive acres to assign to the well. That will, of course, be the subject of another hearing.

MR. MANKIN: Who is the owner-operator of the W/2 of the SW/4 of Section 29, which would be the adjoining 80 acres?

MR. BALLOU: Anderson Pritchard.

MR. MANKIN: Have they indicated that if this turns out to be a gas well that they would be agreeable to working out some sort of an agreement?

MR. BALLOU: I don't believe they have been contacted, Mr. Mankin, but ordinarily Anderson Pritchard are willing to go into units with other operators if the unit is presented to them, and I assume they would be in this case.

MR. MANKIN: Is there any further questions of the witness

in this case? Did you wish to introduce Exhibit No. 1?

MR. BALLOU: Yes, I would like the map which has been marked Exhibit 1 be accepted by the Commission.

MR. MANKIN: Is there any objection to entering Exhibit 1 in this case? If not, it will be entered.

(Whereupon, Exhibit No. 1 was admitted in evidence.)

MR. BALLOU: Is it necessary to enter the forms filed as exhibits in this case?

MR. MANKIN: No, it will not be necessary. Those are on hand in the Hobbs office and will await approval of this case.

MR. BALLOU: Thank you.

MR. MANKIN: If there are no further questions of the witness, the witness may be excused.

(Witness excused.)

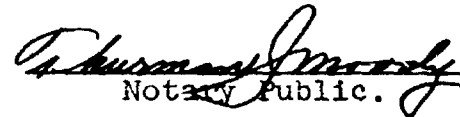
MR. MANKIN: Is there any statements to be made in this case? If not, we will take the case under advisement.

C E R T I F I C A T E

STATE OF NEW MEXICO)
: ss
COUNTY OF BERNALILLO)

I, THURMAN J. MOODY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript by me and/or under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal, this, the 10th day of July, 1956, in the City of Albuquerque, County of Bernalillo, State of New Mexico.


Notary Public.

My Commission Expires:

April 3, 1960.