

**CASE 2926: Application of SINCLAIR
for an exception to Order No.
N-1670, Lea County, New Mexico**

CASE No.
2926

Application,
TRANSCRIPTS,
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 NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

APPLICATION OF SINCLAIR OIL & GAS
COMPANY FOR AN EXCEPTION TO ORDER
NO. R-1670, LEA COUNTY, NEW MEXICO.

CASE No. ~~2926~~
Order No. ~~2926~~

R-2594

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on ~~June 26, 1963~~ *Oct 30*, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this ~~17th~~ *November* day of ~~July~~, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, Sinclair Oil & Gas Company, seeks authority to produce up to 600 MCF of gas per month in exception to the shut-in provisions of Rule 15(A) of Order No. R-1670 from its Barber Gas Unit Well No. 1, located in the SW/4 NW/4 of Section 8, Township 20 South, Range 37 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, said gas to be utilized in the oil well gas-lift system on applicant's B. J. Barber Well No. 18, located in the SE/4 NE/4 of Section 7, Township 20 South, Range 37 East, NMPM, Monument-Paddock Oil Pool, Lea County, New Mexico.

(3) That approval of the subject application will prevent waste.

IT IS THEREFORE ORDERED:

(1) That the applicant, Sinclair Oil & Gas Company, is hereby authorized to produce up to 600 MCF of gas per month in exception to the shut-in provisions of Rule 15(A) of Order

-2-

CASE No. 2845
Order No. R-2520

No. R-1670 from its Barber Gas Unit Well No. 1, located in the SW/4 NW/4 of Section 8, Township 20 South, Range 37 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, said gas to be utilized in the oil well gas-lift system on applicant's B. J. Barber Well No. 18, located in the SE/4 NE/4 of Section 7, Township 20 South, Range 37 East, NMPM, Monument-Paddock Oil Pool, Lea County, New Mexico; provided however, that the valves connecting the Barber Gas Unit Well No. 1 to the pipeline shall be closed and locked prior to the gas-lift operations.

(2) That the authority granted under this order shall terminate when a Notice of Release of Shut-In for the Barber Gas Unit Well No. 1 is issued by the Commission;

(3) 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

JACK M. CAMPBELL, Chairman

E. S. WALKER, Member

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

SEAL

*provided however, that, upon application showing need
therefor, the Secretary - Director of the Commission is
hereby authorized to reinstate the authority granted
under this order during any subsequent shut-in periods by
Administrative Order period that the subject well
is shut-in for overproduction.*

esr/

Docket No. 30-63

Docket No. 31-63

DOCKET: EXAMINER HEARINGS OCTOBER 18, 1963, AND OCTOBER 30, 1963

BOTH HEARINGS 9:00 A.M. OIL CONSERVATION COMMISSION CONFERENCE
ROOM, STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

Examiner: Daniel S. Nutter; Alternate Examiner: Elvis A. Utz

DOCKET NO. 30-63 - OCTOBER 18, 1963:

CASE 2910: (Continued from the October 9, 1963, examiner hearing)

Application of Big (6) Drilling Company for extension of an existing oil pool and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the Scharb Bone Spring Oil Pool to comprise the W/2 of Section 5, all of Section 6, and the N/2 of Section 7, Township 19 South, Range 35 East, Lea County, New Mexico, and for special rules therefor, including 80-acre spacing and proration units to comprise any two contiguous 40-acre tracts, and for fixed well locations.

DOCKET NO. 31-63 - OCTOBER 30, 1963:

CASE 2678: (Reopened and continued from the October 9, 1963, examiner hearing)

In the matter of Case No. 2678 being reopened pursuant to provisions of Order No. R-2359, which order established temporary 160-acre proration units for the East Saunders Permo-Pennsylvanian Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

CASE 2903: (Continued from the October 9, 1963, examiner hearing)

Application of Coastal States Gas Producing Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Gulf State Well No. 1, located in Unit F of Section 20, Township 17 South, Range 36 East, Lea County, New Mexico, to produce oil from the Double-A Abo Pool and an undesignated Lower Leonard pool through parallel strings of tubing.

CASE 2921:

Application of Robert G. Hanagan for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a non-standard gas proration unit comprising the S/2 SW/4 of Section 1 and the N/2 NW/4 of Section 12, Township 12 South, Range 34 East, Four Lakes-Devonian Gas Pool, Lea County, New Mexico, to be dedicated to a well to be drilled 660 feet from the South and West lines of said Section 1.

PAGE -2-

Docket No. 30-63

Docket No. 31-63

CASE 2922:

Application of Consolidated Oil & Gas, Inc. for an unorthodox location and a dual completion, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Jicarilla No. C-1-11 to produce gas from the Blanco Mesaverde and Basin Dakota Gas Pools. Said well is at an unorthodox Blanco Mesaverde Pool location 890 feet from the South line and 990 feet from the East line of Section 11, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

CASE 2923:

Application of Cities Service Oil Company for a special gas-lift gas allocation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to produce Blinebry gas from its State "S" Well No. 1 located in Unit E of Section 15, Township 21 South, Range 37 East, Lea County, New Mexico, and to utilize said gas for Hare Pool gas-lift operations on its State "S" Well No. 4 located in said Unit E. Gas produced from said State "S" Well No. 1 would be metered and charged to the Blinebry Oil Pool casinghead gas production from applicant's State "S" Well No. 6 also located in the said Unit E.

CASE 2924:

Application of Socony Mobil Oil Company for a dual completion and for a tubing exception, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its State Bridges No. 58-DD in Unit M of Section 24, Township 17 South, Range 34 East, Lea County, New Mexico, to produce oil from the Vacuum Glorieta and Vacuum Blinebry Oil Pools through parallel strings of tubing. Applicant further seeks an exception to Commission Rule 107(d)4 to produce the Glorieta formation through the casing-tubing annulus from perforations at approximately 6000 feet up to 2 3/8-inch tubing landed in a dual packer at approximately 4020 feet.

CASE 2925:

Application of Sunray DX Oil Company for the creation of a Strawn Gas Pool and for Special Temporary Pool Rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Strawn Gas Pool for its New Mexico State "AH" Well No. 1, located in Unit K of Section 30, Township 18 South, Range 23 East, Eddy County, New Mexico, and the establishment of temporary pool rules therefor, including a provision for 640-acre proration units and for fixed well locations.

PAGE -3-

Docket No. 30-63

Docket No. 31-63

CASE 2926:

Application of Sinclair Oil & Gas Company for an exception to Order No. R-1670, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order permitting its Barber Gas Unit Well No. 1, located in Unit E of Section 8, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to produce 600 MCF of gas per month in exception to the shut-in provisions of Rule 15(A) of Order No. R-1670, Southeast New Mexico Gas Pool Rules, said gas to be utilized in the oil well gas-lift system on applicant's B. J. Barber Lease.

CASE 2927:

Application of Skelly Oil Company for gas commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 21(A) of Order No. R-1670, Northwest New Mexico Gas Pool Rules, to permit the commingling of gas produced from its Jicarilla "C" Wells Nos. 3, 7, 4, 8 and 6, located in Units M and P of Section 21, Unit A of Section 28 and Units E and J of Section 27 respectively, Township 25 North, Range 5 West, South Blanco-Pictured Cliffs Pool, Rio Arriba County, New Mexico, allocating said gas to the individual wells on the basis of periodic testing. Applicant further proposes to meter said commingled gas and to commingle it with commingled casinghead gas produced from seven Otero-Gallup oil wells on its Jicarilla "C" lease.

CASE 2928:

Application of Texaco Inc. for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the triple completion (combination) of its State of New Mexico "O" NCT-1 Well No. 14, located in Unit J of Section 36, Township 17 South, Range 34 East, Lea County, New Mexico, to produce oil from the Vacuum-Wolfcamp and North Vacuum-Abo Pools through parallel strings of 2-7/8 inch casing and to produce oil from the Vacuum-Blaine Pool through 1-1/2 inch tubing run inside 3-1/2 inch casing, all casing strings to be cemented in a common well bore.

CASE 2929:

Application of Texaco Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the Basal San Andres formation through its State of New Mexico "O" NCT-1 Well No. 12 located in Unit J of Section 36, Township 17 South, Range 34 East, Vacuum Field, Lea County, New Mexico.

PAGE -4-

Docket No. 30-63

Docket No. 31-63

CASE 2930:

Application of William G. Ross for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the South Wilson Deep Unit Area comprising 3,920 acres, more or less, of State and Fee lands in Township 21 South, Range 34 East, Lea County, New Mexico.

State of New Mexico
Oil Conservation Commission

ir/



SINCLAIR OIL & GAS COMPANY

P. O. BOX 1470

MIDLAND, TEXAS

October 11, 1963

MIDLAND DIVISION

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

Re: Application of Sinclair Oil & Gas Company for an exception to Rule 15(a), General Rules and Regulations for Prorated Gas Pools of Southeastern New Mexico to permit production of its Barber Gas Unit Well No. 1, Eumont Gas Pool, Lea County, New Mexico.

Dear Sir:

Sinclair Oil & Gas Company hereby makes application for an exception to Rule 15(a) of the General Rules and Regulations for the Prorated Gas Pools of Southeastern New Mexico to permit the production from its Barber Gas Unit Well No. 1 in Section 8, Township 2-South, Range 37-East, Eumont Gas Pool, Lea County, New Mexico, approximately 600 MCF per month during the shut-in period prescribed by Rule 15(a). This well is now shut-in by notice from the Commission for being six times over-produced.

Applicant proposes to use the gas produced under this application for gas lifting its B. J. Barber Well No. 18, located in the SE/4 NE/4 of Section 7, Township 20-South, Range 37-East, N.M.P.M., Monument Paddock Oil Pool, Lea County, New Mexico.

Applicant made a like application in Case No. 2845 and Order No. R-2520 was entered July 17, 1963, permitting applicant to produce its Barber Gas Unit Well No. 1 for the purposes stated. Said order terminated upon Notice of Release of Shut-In by the Commission.

Applicant will show that the granting of this application will be in the interest of conservation and will not violate correlative rights.

Please set this matter for hearing before an Examiner at Santa Fe at the earliest convenience.

DOCKET MAILED

Date 10-15-63

October 11, 1963

Page 2

Attorneys of record for the applicant will be the undersigned, also Mr. L. C. White of Gilbert, White & Gilbert, Santa Fe, New Mexico.

Very truly yours,

Horace N. Burton

Horace N. Burton
Division Attorney

HNB:11

cc: Mr. L. C. White
Gilbert, White & Gilbert
Bishop Building
Santa Fe, New Mexico

P. S.

The Commission has docketed this case for October 30, and hence we were requested to mail in the application immediately.

H.N.B.

Case 2926



SINCLAIR OIL & GAS COMPANY OFFICE OCC

520 East Broadway
Hobbs, New Mexico

1963 OCT 9 PM 1:38

October 8, 1963

SF 1997 - 4-17-63 6 times
revised. 9-5-63

Mr. E. A. Utz
Oil Conservation Commission
Box 871
Santa Fe, New Mexico

SF 2243 - 10-4-63 - 6 times

Dear Sir:

Please refer to Gas Supplement No. SF 2243 showing Sinclair's Barber Gas Unit Well No. 1 shut in effective October 4, 1963 due to six times over production. We are wondering if the shut in notice is in error.

A cancellation of shut in notice No. SF 1997 was received September 5, 1963. The well has not been produced since this time except for gas lift purpose. Order No. R-2520 dated July 17, 1963 authorized Sinclair to produce up to 600 MCF of gas per month in exception to the shut-in provisions of Rule 15 (A) of Order No. R-1670, for the purpose of gas lifting.

At the present time the Barber Gas Unit Well No. 1 is furnishing gas lift gas to lift our B. J. Barber No. 18. Our records reflect that 407 MCF of gas was used during August and that the August allowable was 13,629 MCF with an ending net allowable of -61,967 MCF. The new allocation for September was 15,271 MCF.

Your prompt consideration of this matter will be appreciated. If additional information is required, please advise.

Frank Singleton.

Yours very truly,

SINCLAIR OIL & GAS COMPANY

Called Frank, 2:45 P.M.

10-10-63 & advised him by

Fred Burns,
District Superintendent

DOCKET MAILED

10-15-63
hearing would be necessary.
for further relief - also that he would report on the 10-26-63
docket by wiring or calling him 10-11-63. Also that we
would allow him to produce the well for gas lift
purpose on Barber No. 18 only.
FB:pao
- Ed

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. 2845
Order No. R-2520

APPLICATION OF SINCLAIR OIL & GAS
COMPANY FOR AN EXCEPTION TO ORDER
NO. R-1670, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 26, 1963, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 17th day of July, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, Sinclair Oil & Gas Company, seeks authority to produce up to 600 MCF of gas per month in exception to the shut-in provisions of Rule 15(A) of Order No. R-1670 from its Barber Gas Unit Well No. 1, located in the SW/4 NW/4 of Section 8, Township 20 South, Range 37 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, said gas to be utilized in the oil well gas-lift system on applicant's B. J. Barber Well No. 18, located in the SE/4 NE/4 of Section 7, Township 20 South, Range 37 East, NMPM, Monument-Paddock Oil Pool, Lea County, New Mexico.

(3) That approval of the subject application will prevent waste.

IT IS THEREFORE ORDERED:

(1) That the applicant, Sinclair Oil & Gas Company, is hereby authorized to produce up to 600 MCF of gas per month in exception to the shut-in provisions of Rule 15(A) of Order

-2-

CASE No. 2845
Order No. R-2520

No. R-1670 from its Barber Gas Unit Well No. 1, located in the SW/4 NW/4 of Section 8, Township 20 South, Range 37 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, said gas to be utilized in the oil well gas-lift system on applicant's B. J. Barber Well No. 18, located in the SE/4 NE/4 of Section 7, Township 20 South, Range 37 East, NMPM, Monument-Paddock Oil Pool, Lea County, New Mexico; provided however, that the valves connecting the Barber Gas Unit Well No. 1 to the pipeline shall be closed and locked prior to the gas-lift operations.

(2) That the authority granted under this order shall terminate when a Notice of Release of Shut-In for the Barber Gas Unit Well No. 1 is issued by the Commission.

(3) 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

JACK M. CAMPBELL, Chairman

E. S. WALKER, Member

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

S E A L

esr/

[illegible]

Sinclair Oil & Gas Company

Eumont Gas Pool, Lea County, New Mexico

Gas Production Data for the Barber Gas Unit Well No. 1
(All gas figures are in MCF)

<u>Year, Month</u>	<u>Allowable</u>	<u>Net Allowable</u>	<u>Production</u>	<u>Status</u>	<u>Redistribution</u>
1962, June	9,322	10,455	4,314	-6,141	+2,024
July	10,001	16,212	9,153	-7,059	
August	12,004	19,063	21,414	+2,351	
September	11,177	8,826	24,006	+15,182	
October	12,360	-2,822	2,901	+5,723	
November	13,078	7,355	4,783	-2,572	
December	17,228	20,877	38,427	+17,550	+1,077
1963, January	19,983	2,433	101,429	+98,996	
February	17,633	-81,363	22,847	+104,210	
March	18,772	-85,438	25,758	+111,196	
April	12,335	-98,861	10,802	+109,663	
May	9,214	-100,449	0	+100,449	
June	10,678	-88,291	0	+88,291	
July	12,695	-75,596	0	+75,596	
August	13,629	-61,967	407	+62,374	
September	15,271	-46,696	486	+47,182	
October	8,907				

Well released
to this comparison
(5 times
overproduced)
+320

Well shut-in, again
6.1 times comparison (6.1 times
overproduced)

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
EXHIBIT NO.	2
CASE NO.	7966

Please expedite

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 10/31/63

CASE 2926

Hearing Date 9am 10/30/63

DSN (C) SF

My recommendations for an order in the above numbered cases are as follows:

Enter an order in Case 2926 identical ~~to~~ to Order No. R- entered in Case 2845 with the exception that we should now provide administrative authority for the Secy Dir of the Comm to release the well from complete shut in to permit a maximum of 600 MCF a month to be produced ~~for~~ ^{for the} gas-lift system on applicant's B. J. ~~Barber~~ Lease.

Kandarian
Staff Secretary

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico

Oil Conservation Commission



LAND COMMISSIONER
E. B. JOHNNY WALKER
MEMBER

P. O. BOX 871
SANTA FE

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

November 1, 1963

Mr. Charlie White
Gilbert, White & Gilbert
Attorneys at Law
Post Office Box 787
Santa Fe, New Mexico

Re: Case No. 2926
Order No. R-2594
Applicant:

SINCLAIR OIL & GAS 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

ix/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Astec 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. 2926
Order No. R-2594

APPLICATION OF SINCLAIR OIL & GAS
COMPANY FOR AN EXCEPTION TO ORDER
NO. R-1670, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 30, 1963, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 1st day of November, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, Sinclair Oil & Gas Company, seeks authority to produce up to 600 MCF of gas per month in exception to the shut-in provisions of Rule 15(A) of Order No. R-1670 from its Barber Gas Unit Well No. 1, located in the SW/4 NW/4 of Section 8, Township 20 South, Range 37 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, said gas to be utilized in the oil well gas-lift system on applicant's B. J. Barber Well No. 18, located in the SE/4 NE/4 of Section 7, Township 20 South, Range 37 East, NMPM, Monument-Paddock Oil Pool, Lea County, New Mexico.

(3) That approval of the subject application will prevent waste.

IT IS THEREFORE ORDERED:

(1) That the applicant, Sinclair Oil & Gas Company, is hereby authorized to produce up to 600 MCF of gas per month in exception to the shut-in provisions of Rule 15(A) of Order

-2-

CASE No. 2926
Order No. R-2594

No. R-1670 from its Barber Gas Unit Well No. 1, located in the SW/4 NW/4 of Section 8, Township 20 South, Range 37 East, MNPM, Summit Gas Pool, Lea County, New Mexico, said gas to be utilized in the oil well gas-lift system on applicant's R. J. Barber Well No. 18, located in the SE/4 NE/4 of Section 7, Township 20 South, Range 37 East, MNPM, Monument-Paddock Oil Pool, Lea County, New Mexico; provided however, that the valves connecting the Barber Gas Unit Well No. 1 to the pipeline shall be closed and locked prior to the gas-lift operations.

(2) That the authority granted under this order shall terminate when a Notice of Release of Shut-In for the Barber Gas Unit Well No. 1 is issued by the Commission; provided however, that the Secretary-Director of the Commission is hereby authorized to reinstate this order during any subsequent period that the subject well is shut in for overproduction.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

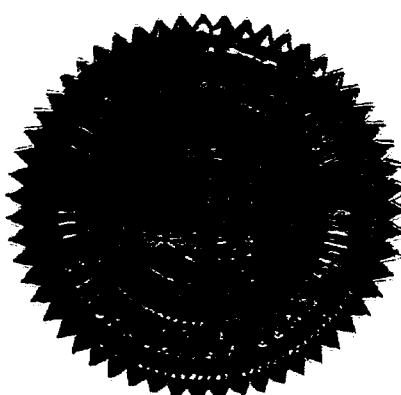
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Jack M. Campbell
JACK M. CAMPBELL, Chairman

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

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



esr/

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 30, 1963

EXAMINER HEARING

IN THE MATTER OF:

Application of Sinclair Oil & Gas Company for
an exception to Order No. R-1670, Lea County,
New Mexico. Applicant, in the above-styled
cause, seeks an order permitting its Barber
Gas Unit Well No. 1, located in Unit E of
Section 8, Township 20 South, Range 37 East,
Eumont Gas Pool, Lea County, New Mexico to
produce 600 MCF of gas per month in exception
to the shut-in provisions of Rule 15(A) of
Order No. R-1670, Southeast New Mexico Gas
Pool Rules, said gas to be utilized in the oil
well gas-lift system on applicant's B. J.
Barber Lease.

Case No. 2926

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

SAN ANTONIO, N. M.
PHONE 325-1182

SAN ANTONIO, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6591

DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691

MR. NUTTER: The hearing will come to order, please.

The next case will be 2926.

MR. DURRETT: Application of Sinclair Oil & Gas Company for an exception to Order No. R-1670, Lea County, New Mexico.

MR. WHITE: Charles White, Santa Fe, New Mexico, appearing on behalf of the applicant, Sinclair. We have one witness to be sworn.

(Witness sworn.)

R. M. ANDERSON,

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

DIRECT EXAMINATION

BY MR. WHITE:

Q Mr. Anderson, will you state your name for the record, please?

A R. M. Anderson.

Q By whom are you employed and in what capacity?

A Sinclair Oil and Gas as a Senior Petroleum Engineer in their Midland Office.

Q Have your qualifications as such been admitted by the Commission?

A They have.

Q Would you briefly state what Sinclair is seeking by the application?

A Sinclair is seeking to obtain approval to produce a



small amount of gas from a shut-in gas well in order to gas-lift an oil well.

Q Is this the same gas well in the former Case 2845?

A Yes, it is. It's the same gas well and the same oil well and the circumstances are identical.

MR. WHITE: If the Examiner please, we would like the Examiner to take administrative notice of the record in Case Number 2845.

MR. NUTTER: We will take note of the record in 2845 in this case.

(Whereupon, Applicant's Exhibit No. 1 marked for identification.)

Q Will you now refer to Exhibit 1 and briefly explain that, please?

A I have prepared ownership maps similar to Exhibit 1 at the previous hearing on June 26, 1963. This map has the Sinclair Barber Lease colored yellow. The Sinclair's gas well has a gas well symbol indicated on it, and the oil well that Sinclair proposes to gas-lift has a square drawn around it, and the oil well is completed in the Eumont Paddock Pool and is Sinclair's Barber No. 18; the gas well is a Eumont Gas Pool well and is Sinclair's Barber Gas Unit Well No. 1.

(Whereupon, Applicant's Exhibit No. 2 marked for identification.)

Q Did you prepare some gas production data?

A I have. I have prepared, which is identified as Exhibit

DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Phone 243-6691

Albuquerque, New Mexico

Suite 1120 Simms Building



2, a tabulation of allowable and production data on the gas well.

This data reflects the allowable each month, commencing with June of 1962 and brings it through the latest month, October, 1963.

It also shows the production from the well each month and it shows the well status, the plus sign meaning the well is overproduced, and the minus sign meaning it is underproduced.

Q In conjunction with that exhibit will you give a chronological summary or history of the well as the same may relate to the hearing?

A Yes. The difficulty that Sinclair is experiencing now, by virtue of a shut-in order on the gas well for being more than six times over produced first commenced in January of '63 when the well produced 101,429,000 cubic feet of gas, when its allowable was 19,983,000 cubic feet.

Subsequently, on May 1, 1963 a shut-in notice was issued as a result of comparing May's allowable, 9,214,000 with April 1st status which was 111,196,000. This was approximately twelve times overproduced. Subsequent to that, on June 26, 1963 a hearing of the identical advertisement and application as this one was heard, and it resulted in an approval for us to produce 600 MCF a month from the well, to be used for gas-lift purpose, effective July 17, 1963.

Q Was there any provision in there as to the release of that?

A Yes. One of the items in the order, which was not re-

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requested by Sinclair was that the authority under this order shall terminate when a notice of release of shut-in for the Barber Gas Unit Well No. 1 is issued by the Commission. That Paragraph 2 in the order was not requested by Sinclair.

Q And the order expired by its own terms?

A Yes. So, on September 5, 1963 a cancellation of the shut-in order was issued as a result of comparing September's allowable, 15,271,000 with August 1st status, 75,596,000. That was about five times overproduced. Now, the issuance of this cancellation order terminated the order that we had received from the Commission on July 17th -- That's Order No. R-2520 -- Then on October 4, 1963, one month later, a new shut-in order, No. SF-2243 was issued as a result of comparing October's allowable, which was 8,907,000 cubic feet with September 1st status, which was 62,374,000 cubic feet over produced. So that was about 6.1 times overproduced, and thus warranted the new order.

Q Now, if you compared it with the October allowable as to the status of the well in September, would it be overproduced?

A Not six times, no, sir.

Q It wouldn't be six times?

A No, sir. I would like to point out that during this entire time that the well was not produced into El Paso's line, the only production from the well was gas-lift gas as reflected by my Exhibit 2.

Now, I have continued in this respect to extrapolate the

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allowables for November and December by assuming the same allowable that the well had last year in November and December, and I find that as of January 1st, if that holds true and there is no production from the well other than a nominal gas-lift gas, that the well will be about 8,000,000 feet over-produced January 1st.

Now, this 8,000,000 is part of the over production that the well went into the six months balancing period with July 1st of '63. The figure opposite June in the status column of Exhibit 2 is 88,291,000. This is the over production that we went into the last six months of '63 balancing period with, so this well under Order R-1620 will have to be shut in January 1st, whether it's six times over produced or not, because it did not make up over-production that it carried into the balancing period with prior. So, it is necessary that we get an exception to the shut-in order, not only to take care of the current situation, but to take care of January 1st.

Q For the sake of the record, what use do you intend to make of the 600 MCF if it is allowed?

A This gas is used to gas-lift our well Number 18. We discussed the well, I believe, in detail in the first hearing.

Q Does that conclude your testimony?

A I have one other thing I would like to mention. We would like to request at this hearing, I believe the advertisement and application was sufficiently broad for us to do this. We would like to request that we permanently be granted this 600 MCF



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allowable so that at any time in the future, like in January, that the well is shut in for over-production, that we still will be able to continue to produce this nominal amount of gas for gas lift purpose..

MR. NUTTER: In other words, you would like the same order, R-2520 with the omission of Paragraph No. 2?

A Yes, sir, I would like to point out that since 1957 when this gas unit was formed, we have had two other occasions when the well was shut in for over-production, one in August of 1960 and another time in August of 1961.

MR. NUTTER: Mr. Anderson, you wouldn't have any objection to a provision in the order, if such is granted, that would permit the Secretary-Director to release the well from shut in, would you, without a hearing?

A No, sir, I would have no objection.

MR. NUTTER: Upon administrative application?

A We would certainly have no objection to that, that would work fine.

Q (By Mr. White) Were these exhibits prepared by you or under your direction?

A They were.

MR. WHITE: At this time we offer Exhibits 1 and 2; and this concludes our direct examination.

MR. NUTTER: Applicant's Exhibits 1 and 2 will be admitted in evidence.



(Whereupon, Applicant's Exhibit Nos. 1 and 2 were admitted in evidence.)

MR. NUTTER: Does anyone have any questions of Mr. Anderson?

MR. DURRETT: Yes, sir, I have one question.

CROSS EXAMINATION

BY MR. DURRETT:

Q Mr. Anderson, my recollection that really what caused you to be in this situation at this time was the drop in allowables that was not contemplated, in all probability. In other words, the allowable keeps going down, that's why you got into a six times over status again and not shut-in, isn't that correct?

A Yes, examination of Exhibit 2 reflects that for July, August and September, the allowables have been running around 12 to 15 million a month and October the allowable dropped down to nine million, which was an abnormally low allowable and resulted in the well again being six times over produced. It strictly, it's a mathematical thing keyed to the allowable situation.

Q Correct, of course, what I am speaking of is if the allowables get back up to where they would ordinarily be contemplated that they would be, then you should be able to regulate the production from the well so that you don't get six times over produced as a normal matter, wouldn't you think so?

A No, sir, I wouldn't think so, based on experience.

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Sinclair, of course, is the operator and is responsible for the production from the well. However, Sinclair does not produce the well. The well is produced by the gauger or switcher for the

pipeline company that takes the gas from the well, and at periods of larger demand the pipeline company goes around and opens up gas wells to supply the demand. Periods of low demand they go around and shut them in. Of course, that sort of operation is, in my opinion, why there is a six-month balancing period instead of a monthly balancing period.

It is recognized that it is not practical to try to produce a gas well's allowable each month. You must have some leeway, and six months has been provided, and generally it works fine; but we have been over-produced several times. This is a very productive well and I believe that it probably will happen again. We have had frequent conversations with El Paso; we feel they are doing a wonderful job, a good job, but this is, I believe, is something that is inherent and unavoidable in the operation of these gas wells.

Q If the Commission does see fit to grant your request here today, you would have no objection to the provision that would terminate possibly just like it did in Order No. R-2520, as long as the Secretary-Director could authorize the continuance of the order upon administrative procedure?

A No, sir, I have no objection to that whatsoever.

MR. DURRETT: Thank you.



MR. NUTTER: Are there any other questions of the witness? He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. White?

MR. WHITE: No, sir, Mr. Nutter.

MR. NUTTER: Does anyone have anything they wish to offer in Case 2926? We'll take the case under advisement.

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss.

I, ADA DEARNLEY, 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 15th day of November, 1963.

Ada Dearnley
Notary Public - Court Reporter

My Commission Expires:
June 19, 1967

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2926, heard by me on 10/30, 1963.

Stanton, Examiner
New Mexico Oil Conservation Commission

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