

CASE 3359: Appli. of SINCLAIR for
a dual, non-standard location, non-
standard unit and exception to
RULE 104 C I, Eddy County, New
Mexico.

ASE No.

3359

Application,
Transcripts,
Small Exhibits
ETC.

117 R-3028
MAIN OFFICE OCC
Adopted
1-1-65

NEW MEXICO OIL CONSERVATION COMMISSION

PACKER SETTING REPORT JAN 25 AM 8:15

I, C. W. Trainer, being of lawful age and having full
Name of party making report

knowledge of the facts hereinbelow set out do state:

That I ^{was} employed by Fren Oil Company in the capacity of
Consultant, that on June 23, 1965

I personally supervised the setting of a Baker Model N Permanent Type
Make & type of packer
in Fren Oil Company, Max Friess - Federal
Operator of well Lease name

Well no. 21 located in the Undesignated (Morrow Gas) field,
Eddy county, state of New Mexico, at a subsurface depth of
11,020 feet, said depth measurement having been furnished me by

Tubing Talley

That the purpose of setting this packer was to effect a seal in the annular space between two strings of pipe where the packer was set so as to prevent the comingling, in the bore of this well, of fluids produced from a stratum below the packer with fluids produced from a stratum above the packer; that this packer was properly set and that it did, when set, effectively and absolutely seal off the annular space between the two strings of pipe where it was set in such manner as that it prevented any movement of fluids across the packer.

C. W. Trainer

(Signature)

Consultant

(Title)

1-20-66

(Date)

RECEIVED

JAN 21 1966

O. C. C.
ARTESIA, OFFICE

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. 3359
Order No. R-3028

APPLICATION OF SINCLAIR OIL & GAS
COMPANY FOR A DUAL COMPLETION, NON-
STANDARD LOCATION, NON-STANDARD GAS
PROVATION UNIT, AND AN EXCEPTION TO
RULE 104 C 1, SDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
January 3, 1966, at Santa Fe, New Mexico, before Examiner
Daniel S. Nutter.

NOW, on this 13th day of January, 1966, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, 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 complete its Fren Oil Company Well No. 21, located
560 feet from the South line and 1683 feet from the West line of
Section 19, Township 17 South, Range 31 East, BMM, SDDY County,
New Mexico, as a dual completion (conventional) to produce oil
from the Cedar Lake-Abo Pool and gas from an undesignated Morrow
gas pool through parallel strings of 2-inch tubing, with separa-
tion of zones by a packer set at approximately 11,050 feet.

(3) That the applicant also seeks approval of a 305.32-
acre non-standard gas provation unit in the undesignated Morrow
gas pool comprising the S/2 of said Section 19.

-2-

CASE No. 3359
Order No. R-3028

(4) That the applicant also seeks approval of a non-standard wildcat gas well location for the subject well pursuant to Rule 104 B I (b) of the Commission Rules and Regulations.

(5) That the applicant also seeks an exception to Rule 104 C I of the Commission Rules and Regulations to simultaneously dedicate the SE/4 SW/4 of said Section 19 to the subject well and to its Fren Oil Company Well No. 20 located 900 feet from the South line and 1980 feet from the West line of said Section 19, with assignment of a single 40-acre Cedar Lake-Abo allowable to the unit and authority to produce any or all of the allowable from either well.

(6) That the applicant also seeks approval of a non-standard oil well location in the Cedar Lake-Abo Pool as an exception to Rule 104 C I of the Commission Rules and Regulations for its Fren Oil Company Well No. 21 which is located nearer than 660 feet to the nearest well capable of producing from the Cedar Lake-Abo Pool.

(7) That the mechanics of the proposed dual completion are feasible and in accord with good conservation practices.

(8) That the proposed non-standard gas proration unit is necessitated by a variation in the legal subdivision of the U. S. Public Lands Survey and can be efficiently and economically drained and developed by the subject well.

(9) That the subject well was drilled as a wildcat oil well at a standard location to test the Devonian formation but was non-productive in the Devonian formation, and was subsequently completed in the Cedar Lake-Abo Pool and an undesignated Horrow gas pool.

(10) That approval of the subject application will prevent the drilling of unnecessary wells, will avoid the augmentation of risk arising from the drilling of an excessive number of wells, will prevent reduced recovery which might result from the drilling of too few wells, will afford the applicant the opportunity to produce its just and equitable share of the oil and gas in the subject pools, and will otherwise prevent waste and protect correlative rights.

-3-

CASE No. 3359

Order No. R-3029

IT IS THEREFORE ORDERED:

(1) That the applicant, Sinclair Oil & Gas Company, is hereby authorized to complete its Fren Oil Company Well No. 21, located 560 feet from the South line and 1689 feet from the West line of Section 19, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico, as a dual completion (conventional) to produce oil from the Cedar Lake-Abo Pool and gas from an undesignated Morrow gas pool through parallel strings of 2-inch tubing, with separation of zones by a packer set at approximately 11,050 feet,

PROVIDED HOWEVER, that the applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order;

PROVIDED FURTHER, that the applicant shall take packer-leakage tests upon completion and annually thereafter during the Annual Shut-In Pressure Test Period for the Morrow formation.

(2) That a 305.32-acre non-standard gas proration unit comprising the S/2 of Section 19, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico, in an undesignated Morrow gas pool, is hereby created and dedicated to the above-described well.

(3) That a non-standard wildcat gas well location is hereby approved for the above-described well.

(4) That the applicant is hereby granted an exception to Rule 104 C I of the Commission Rules and Regulations to simultaneously dedicate the SE/4 SW/4 of Section 19, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico, to its Fren Oil Company Well No. 20 located 900 feet from the South line and 1900 feet from the West line of said Section 19 and to its Fren Oil Company Well No. 21 located 560 feet from the South line and 1689 feet from the West line of said Section 19; that a single 40-acre Cedar Lake-Abo allowable shall be assigned to said 40-acre unit; and that the applicant is hereby authorized to produce any or all of the Cedar Lake-Abo allowable from either well.

(5) That the applicant is hereby granted an exception to Rule 104 C I of the Commission Rules and Regulations to produce

-4-

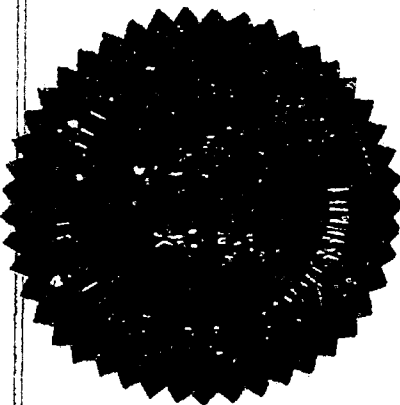
CASE No. 3359
Order No. R-3028

its Fren Oil Company Well No. 21 which is located nearer than 660 feet to the nearest well capable of producing from the Cedar Lake-Abo Pool.

(6) 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

Guyton B. Hays

GUYTON B. HAYS, Member

A. L. Porter, Jr.

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

esr/

STIPULATION

Sinclair Oil and Gas Company withdraws that part of its application which requests a 200-acre non-standard gas proration unit for its Fren Oil Company Well No. 21; and hereby dedicates the S/2 of Section 19, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico, containing 305.32-acres, more or less, as the gas proration unit for said well.

O. H. Randle and Kennedy Oil Company, leasehold owners in the Morrow section underlying a part of the S/2 of Section 19 hereby withdraw any objection to Sinclair's application.

O. H. Randle and Kennedy Oil Company agree that Sinclair Oil and Gas Company shall be entitled to recover from O. H. Randle and Kennedy Oil Company's share of production from the Morrow section of such well, 150% of O. H. Randle and Kennedy Oil Company's share of the reasonable costs properly allocable to the drilling and completing of the well in the Morrow section and 100% of O. H. Randle and Kennedy Oil Company's share of the reasonable costs of operating the well. If the parties are unable to agree upon such costs, the Oil Conservation Commission, pursuant to the forced pooling statute, shall make such determinations.

When O. H. Randle is referred to in this Stipulation, it is intended to mean all the leasehold interest owners in the W/2 SW/4 of Section 19 below the base of the Abo; when Kennedy Oil Company is referred to, it is intended to mean all the leasehold interest owners in the NW/4 SE/4 of Section 19.


A. J. Losee


L. C. White

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

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

P. O. BOX 2088
SANTA FE

January 13, 1966

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

Re: Case No. 3359
Order No. R-3028
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

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC

Other Mr. A. J. Losee - Mr. Bill Brown

BEFORE THE OIL CONSERVATION COMMISSION OF THE
STATE OF NEW MEXICO

DEC 15 1965

IN THE MATTER OF THE APPLICATION OF
SINCLAIR OIL & GAS COMPANY FOR THE
DUAL COMPLETION OF ITS FREN OIL COMPANY
WELL NO. 21 AS AN ABO OIL WELL IN THE
CEDAR LAKE (ABO) POOL, AND AS A MORROW
SAND GAS WELL IN AN UNDESIGNATED POOL,
EDDY COUNTY, NEW MEXICO; FOR EXCEPTION
TO THE LOCATION REQUIREMENTS OF STATE-
WIDE RULE 104, C, I, FOR COMPLETION OF
SAID WELL IN THE CEDAR LAKE (ABO) POOL,
AND FOR APPROVAL OF THE LOCATION AND
ACREAGE REQUIREMENTS OF STATEWIDE RULE
104 FOR COMPLETION OF SAID WELL AS A
MORROW SAND GAS WELL.

CASE NO. 3259
ORDER NO. _____

A P P L I C A T I O N

SINCLAIR OIL & GAS COMPANY, a Maine corporation with an operating office in Midland, Texas, hereby makes application for the dual completion of its Fren Oil Company Well No. 21 and approval of the Commission of the location and acreage to be assigned thereto, and in support thereof shows:

1.

Applicant Sinclair Oil & Gas Company is the owner and operator of its Fren Oil Company Well No. 21 located on a lease consisting of 200 acres and described as the $E\frac{1}{2}SW\frac{1}{4}$, $SW\frac{1}{4}SE\frac{1}{4}$ and $E\frac{1}{2}SE\frac{1}{4}$ of Section 19, Township 17-S, Range 31-E, N.M.P.M., Eddy County, New Mexico, which was acquired from Fren Oil Company effective September 1, 1965. Said Well No. 21 is located in Unit "N", 560 feet from the South line and 610 feet from the West line of the lease. Said well was drilled by Fren Oil Company during its ownership of the lease as a wildcat oil well to test the Devonian Formation and after reaching a total depth of 12,299 feet and testing the Devonian Formation the well was completed in July 1965 as a shut-in oil well in the Abo Formation, Cedar Lake (Abo) Pool, and as a shut-in gas well in the Morrow Sand of the Pennsylvanian Formation in an undesignated pool. Said well is located only 475 feet from applicant's Fren Oil Company Well No. 20, which is also completed as an Abo oil well.

2.

Applicant hereby seeks approval of the dual completion of said well No. 21 as an Abo oil well and Morrow Sand gas well, after notice and hearing, which is required because the Commission has not previously authorized a similar multiple completion in the same common sources of supply. Applicant proposes to comply with all provisions of Statewide Rule 112-A, II, subparagraphs (b), (c) and (d). Attached and made a part hereof is application for multiple completion on Commission Form C-107, a diagrammatic sketch showing the manner and method of completion proposed, and an exhibit showing the location of all wells on the applicant's lease and all offset wells on offset leases.

3.

Applicant further seeks an exception to Statewide location Rule 104, C, I, for completion of Well No. 21 as an Abo oil well in the Cedar Lake (Abo) Pool on the same unit with Well No. 20. Applicant asks for assignment of a single 40-acre allowable for the two Abo wells.

4.

Applicant further seeks approval of the Commission, after notice and hearing, for the completion of its Fren Oil Company Well No. 21 as a gas well in the Morrow Sand formation pursuant to Statewide Rule 104, B, I(b), for the reason that the well was drilled as a wildcat Devonian oil well and completed in the Morrow Sand formation as a wildcat gas well and is located only 560 feet from the South line of the lease and 610 feet from the West line of the lease. Applicant further seeks approval of the Commission, after notice and hearing, for a non-standard proration unit consisting of the above described 200 acres to be assigned to said Fren Oil Company Well No. 21 for the production of gas from the Morrow Sand.

5.

Applicant would show that the granting of this application

will be in the interest of prevention of waste and will not impair correlative rights.

WHEREFORE, applicant prays that the Commission set this application for hearing before an Examiner in Santa Fe, New Mexico, and that after notice and hearing the application be granted.

WHITE, GILBERT, KOCH & KELLY
Lincoln Building
P. O. Box 787
Santa Fe, New Mexico

HORACE N. BURTON
P. O. Box 1470
Midland, Texas

By Horace N. Burton
Horace N. Burton

ATTORNEYS FOR APPLICANT
SINCLAIR OIL & GAS COMPANY

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
APPLICATION FOR MULTIPLE COMPLETION

Form C-107
5-1-61

Operator Sinclair Oil & Gas Company		County Eddy	Date December 10, 1965
Address Box 1470, Midland, Texas		Lessee Fren Oil Company	Well No. 21
Location of Well N	Unit 19	Section 17-S	Range 31-E

1. Has the New Mexico Oil Conservation Commission heretofore authorized the multiple completion of a well in these same pools or in the same zones within one mile of the subject well? YES _____ NO X
2. If answer is yes, identify one such instance: Order No. _____; Operator Lease, and Well No.: _____

3. The following facts are submitted:	Upper Zone	Intermediate Zone	Lower Zone
a. Name of Pool and Formation	Cedar Lake - ABO		undesignated-Morrow
b. Top and Bottom of Pay Section (Perforations)	6944 - 6996		11142-11218
c. Type of production (Oil or Gas)	Oil		Gas
d. Method of Production (Flowing or Artificial Lift)	Artificial Lift		Flowing

4. The following are attached. (Please check YES or NO)

- | | | |
|-------------------------------------|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Yes | No | |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | a. Diagrammatic Sketch of the Multiple Completion, showing all casing strings, including diameters and setting depths, centralizers and/or turbolizers and location thereof, quantities used and top of cement, perforated intervals, tubing strings, including diameters and setting depth, location and type of packers and side door chokes, and such other information as may be pertinent. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | b. Plat showing the location of all wells on applicant's lease, all offset wells on offset leases, and the names and addresses of operators of all leases offsetting applicant's lease. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | c. Waivers consenting to such multiple completion from each offset operator, or in lieu thereof, evidence that said offset operators have been furnished copies of the application.* |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | d. Electrical log of the well or other acceptable log with tops and bottoms of producing zones and intervals of perforation indicated thereon. (If such log is not available at the time application is filed, it shall be submitted as provided by Rule 112-A.) |

5. List all offset operators to the lease on which this well is located together with their correct mailing address.

R.D. Collier, Box 921, Artesia, New Mexico

Penrock Oil Corp., Box 1004, Midland, Texas

Kennedy Oil Company, Box 151, Artesia, New Mexico

Tenneco Oil Company, 201 Wall Bldg., Midland, Texas

6. Were all operators listed in Item 5 above notified and furnished a copy of this application? YES _____ NO X. If answer is yes, give date of such notification _____.

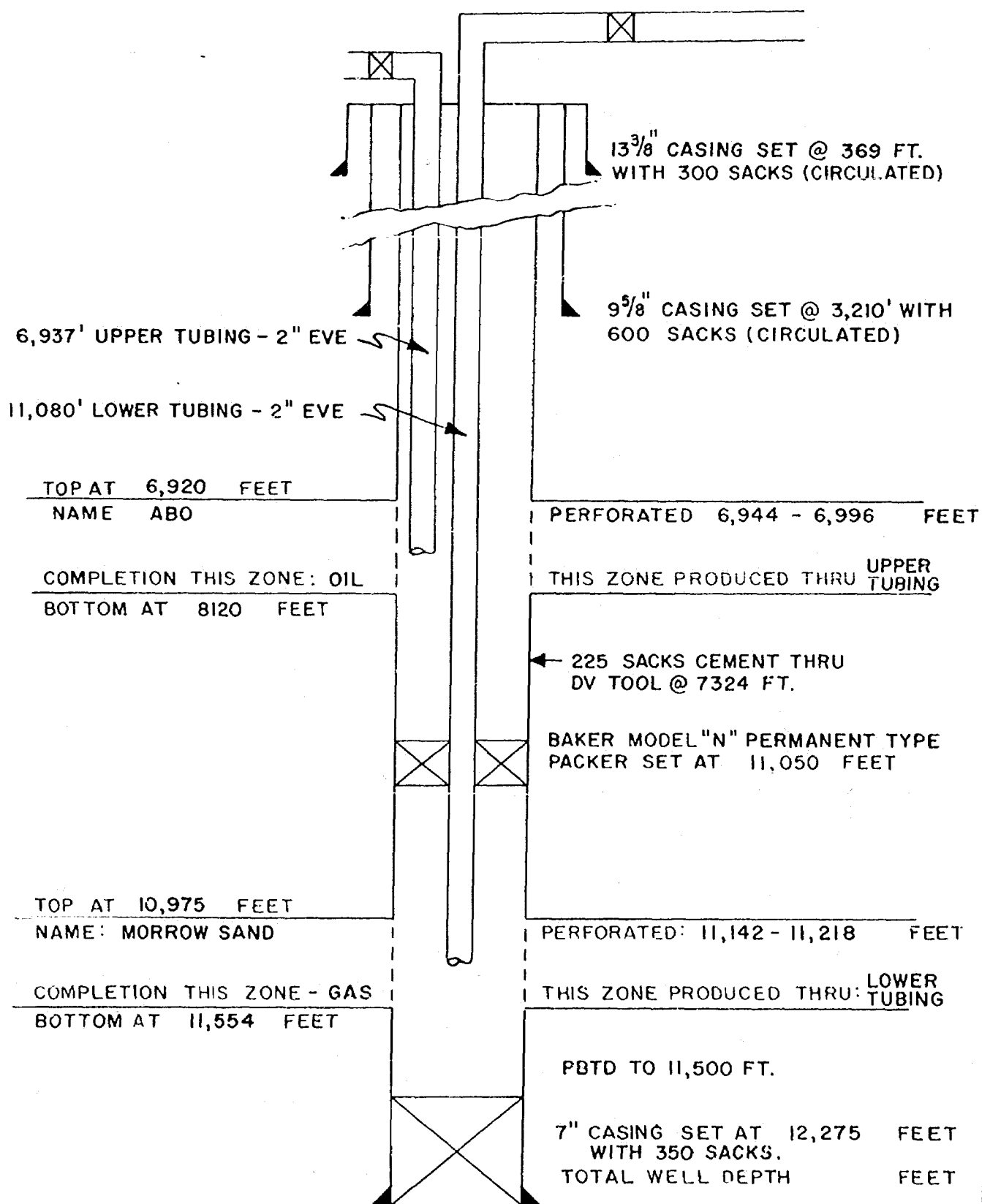
CERTIFICATE: I, the undersigned, state that I am the Engineering Supervisor of the Sinclair Oil & Gas Company (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

R.E. Povera
Signature

*Should waivers from all offset operators not accompany an application for administrative approval, the New Mexico Oil Conservation Commission will hold the application for a period of twenty (20) days from date of receipt by the Commission's Santa Fe office. If, after said twenty-day period, no protest nor request for hearing is received by the Santa Fe office, the application will then be processed.

NOTE: If the proposed multiple completion will result in an unorthodox well location and/or a non-standard production unit in one or more of the producing zones, then separate application for each of the zones should be filed simultaneously with this application.

DIAGRAMMATIC SKETCH SHOWING
DUAL COMPLETION INSTALLATION



COMPANY	SINCLAIR OIL & GAS CO.
LEASE	FREN OIL CO. WELL No. 21
FIELD	CEDAR LAKE - ABO & UNDESIGNATED MORROW SAND.
DATE	DECEMBER 10, 1965

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 5, 1966

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or
Elvis A. Utz, Alternate Examiner:

CASE 3358: Application of General American Oil Company of Texas for a
waterflood expansion, Eddy County, New Mexico. Applicant, in
the above-styled cause, seeks authority to expand its Burch-
Keely Waterflood Project, authorized by Order No. R-2327 in the
Grayburg-Jackson Pool, by the conversion to water injection,
in stages, of from 10 to 15 wells in Sections 23 and 26, Town-
ship 17 South, Range 29 East, Eddy County, New Mexico.

CASE 3359: Application of Sinclair Oil & Gas Company for a dual completion,
non-standard location, non-standard gas proration unit, and an
exception to Rule 104 C I, Eddy County, New Mexico. Applicant,
in the above-styled cause, seeks approval of the dual completion
(conventional) of its Fren Oil Company Well No. 21 to produce
oil from the Cedar Lake-Abo Pool and to produce gas from an
undesignated Morrow gas pool through parallel strings of tubing.
Applicant further seeks approval of a 200-acre non-standard
gas proration unit for said well comprising the E/2 SW/4, SW/4
SE/4, and E/2 SE/4 of Section 19, Township 17 South, Range 31
East, for said well which is located at an unorthodox gas well
location 560 feet from the South line and 3350 feet from the
East line of said Section 19. Applicant further seeks an
exception to Commission Rule 104 C I for said well which is
located closer than 660 feet to another well producing from
the Abo formation on the same 40-acre tract.

CASE 3360: Application of L. R. French, Jr. for a dual completion, Lea
County, New Mexico. Applicant, in the above-styled cause, seeks
authority to dually complete his Aztec Uncle Well No. 1 located
in Unit C of Section 28, Township 18 South, Range 33 East, Lea
County, New Mexico, to produce oil from the Strawn formation
through the casing-tubing annulus and to produce gas from the
Morrow formation through tubing. In the alternative, applicant
seeks authority to dually complete the well with a single string
of tubing and to commingle the Strawn oil and Morrow gas in the
wellbore by means of a dual-flow choke-assembly.

CASE 3152 (Reopened)

In the matter of Case No. 3152 being reopened pursuant to the
provisions of Order No. R-2821, which order established 80-acre
spacing units for the Osudo-Wolfcamp 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
spacing units.

CASE 3153 (Reopened)

In the matter of Case No. 3153 being reopened pursuant to the
provisions of Order No. R-2822, which order established 80-acre
spacing units for the Osudo-Strawn Pool, Lea County, New Mexico,

January 5, 1966 Examiner Hearing

for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 3246 (Reopened)

In the matter of Case No. 3246 being reopened pursuant to the provisions of Order No. R-2935, which order established special rules for the Mesa-Queen Pool, Lea County, New Mexico, for production of oil and gas wells in said pool, including classification of oil wells and gas wells, spacing units for oil wells and gas wells, and the establishment of a gas-liquid ratio limitation of 5,000 cubic feet of gas per barrel of oil. All interested parties may appear and show cause why the special rules should be continued in effect.

CASE 2720 (Reopened)

In the matter of Case No. 2720 being reopened pursuant to the provisions of Order No. R-2397-B which continued the original order for an additional year, establishing special rules governing the production of oil and gas wells in the Double-X Delaware Pool, Lea County, New Mexico, including classification of wells as gas wells when the gas-liquid hydrocarbon ratio exceeds 30,000 to one.

CASE 3361: Application of Tidewater Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in its A. B. Coates "C" Well No. 15 located in Unit O of Section 24, Township 25 South, Range 37 East, Justis Field, Lea County, New Mexico, through a perforated interval below 8,000 feet.

CASE 3353: Application of Tesoro Petroleum Corporation to amend Order No. R-2807, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks an amendment to Order No. R-2807, which authorized a waterflood project in the Hospah Unit Area, to permit the production of oil from previously designated water injection wells, to approve unorthodox locations for additional producing wells, and to authorize additional injection wells, all in Section 36, Township 18 North, Range 9 West, McKinley County, New Mexico.

CASE 2945 (Reopened)

In the matter of Case No. 2945 being reopened pursuant to the provisions of Order No. R-2623, which order established 640-acre spacing units for the Antelope Ridge-Devonian Gas Pool, Lea County, New Mexico, for a period of two years. All interested parties may appear and show cause why said pool should not be developed on 160-acre or 320-acre spacing units.

January 5, 1966 Examiner Hearing

CASE 3350 (Continued and readjusted)

Application of International Oil & Gas Corporation for the creation of two new oil pools and for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Bone Spring production and a new oil pool for Wolfcamp production in Section 21, Township 18 South, Range 32 East, Lea County, New Mexico, and for the establishment of special rules for each of said pools including provision for 80-acre proration units.

CASE 3362: Application of Carter Foundation Production Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Queen formation through five wells located at unorthodox locations in Sections 34 and 35, Township 23 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico.



SINCLAIR OIL & GAS COMPANY

P. O. Box 1470

MIDLAND, TEXAS

December 13, 1965

DEC 15 1965
Cid 2359

LEGAL DEPARTMENT

Mr. A. L. Porter, Jr.
Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Re: Application of Sinclair Oil & Gas Company for the dual completion of its Fren Oil Company Well No. 21 as an Abo oil well in the Cedar Lake (Abo) Pool, and as a Morrow Sand gas well in an undesignated pool, Eddy County, New Mexico, for exception to the location requirements of Statewide Rule 104, C, I, for completion of said well in the Cedar Lake (Abo) pool, and for approval of the location and acreage requirements of Statewide Rule 104 for completion of said well as a Morrow Sand Gas Well.

Dear Sir:

Enclosed in triplicate is the subject application, which we request to be placed on the earliest docket. We understand that if this application reaches you by next Wednesday, December 15, it can be docketed for hearing on January 5.

With thanks for your courtesy in this matter, we are

Very truly yours,

Horace N. Burton
Horace N. Burton
General Attorney

HNB/ld
Encls.

cc: Mr. L. C. White
White, Gilbert, Koch & Kelly
P. O. Box 787
Santa Fe, New Mexico

DOCKET MAILED

Date 12-23-65

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMAS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 5, 1966

EXAMINER HEARING

IN THE MATTER OF:

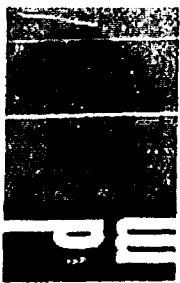
Application of Sinclair Oil and Gas Company
for a dual completion, non-standard location,
non-standard gas proration unit, and an
exception to Rule 104 C I, Eddy County, New
Mexico.

Case No. 3359

BEFORE:

Daniel S. Nutter, Chief Engineer
J. D. Ramey, Supervisor and Oil and Gas Inspector

TRANSCRIPT OF HEARING



dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO
1213 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO

MR. DURRETT: Application of Sinclair Oil and Gas Company for a dual completion, non-standard location, non-standard gas proration unit, and an exception to Rule 104 C I, Eddy County, New Mexico.

MR. WHITE: If the Examiner, please, Charles White, of White, Gilbert, Koch and Keely, appearing on behalf of Sinclair.

MR. NUTTER: Are there any other appearances in Case 3359?

MR. LOSEE: A. J. Losee appearing on behalf of Kennedy Oil Company, and O. H. Randle of Carlsbad, New Mexico.

MR. WHITE: On behalf of all interested parties I wish to take this opportunity to thank the Examiner for continuing this case to this time. The continuance has enabled Sinclair to meet with various leasehold owners, Mr. Brown, attorney for the State Land Office, and Mrs. Rhea, all of whom were either while protestants. We have settled our differences and reduced them to a form of a stipulation. Mr. Losee would like to read the stipulation.

MR. LOSEE: Sinclair Oil and Gas Company withdraws that part of its application which requests a 200-acre non-standard gas proration unit for its Fren Oil Company Well No. 21; and hereby dedicates the South half of Section 19, Township

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO
1213 FIRST NATIONAL BANK BLDG. • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO

17 South, Range 31 East, NMPM, Eddy County, New Mexico, containing 305.32-acres, more or less, as the gas proration unit for said well.

O.H. Randle and Kennedy Oil Company, leasehold owners in the Morrow section underlying a part of the South half of Section 19 hereby withdraw any objection to Sinclair's application.

O.H. Randle and Kennedy Oil Company agree that Sinclair Oil and Gas Company shall be entitled to recover from O.H. Randle and Kennedy Oil Company's share of production from the Morrow section of such well, 150 percent of O.H. Randle and Kennedy Oil Company's share of the reasonable costs properly allocable to the drilling and completing of the well in the Morrow section and 100 percent of O.H. Randle and Kennedy Oil Company's share of the reasonable costs of operating the well. If the parties are unable to agree upon such costs, the Oil Conservation Commission, pursuant to the forced pooling statute, shall make such determinations.

When O.H. Randle is referred to in this Stipulation, it is intended to mean all the leasehold interest owners in the West half, Southwest quarter of Section 19 below the base of the Abo; when Kennedy Oil Company is referred to, it is intended to mean all the leasehold interest owners in the Northwest quarter, Southeast quarter of Section 19.

MR. NUTTER: You're stipulating that on behalf of Randle, and Kennedy Oil Company?

MR. LOSEE: Yes, sir.

MR. NUTTER: And you stipulate that on behalf of Sinclair Oil Company?

MR. WHITE: Yes. In keeping with the stipulation, I at this time would like to amend our application to the dedication of 305.32 acres. This comprises the entire South half of the Section. It's a non-standard section to survey correction, I presume.

MR. LOSEE: That is correct.

MR. WHITE: Actually what we're doing, we're amending a 305 standard unit instead of a 200 standard unit.

MR. LOSEE: That's correct as far as the Commission is concerned.

MR. WHITE: We have one witness to be examined, to be sworn at this time, Mr. Anderson.

(Witness sworn.)

R. M. ANDERSON, a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. WHITE:

Q Mr. Anderson, state your full name?

A R. M. Anderson.

Q By whom are you employed?

A Sinclair Oil and Gas Company; Senior Petroleum Engineer in the Midland, Texas office.

Q Have you testified before this Commission before?

A I have.

Q Will you state briefly what Sinclair seeks by the subject application?

A We seek approval of a 305.32-acre non-standard gas proration unit for the Morrow Zone of an undesignated pool. We seek approval of a non-standard unorthodox location for this well in that it is only 560 feet from the South line of the proposed unit, and it is less than 1980 feet from the West line of the proposed unit.

Q Do you also seek dual completion and exception on Statewide Rule 104 B, I(b)?

A We seek completion between the Morrow Gas Zone and Cedar Lake (Abo) Oil Reservoir, and we seek exception with regard to the Abo Zone for a second well on the same proration unit. That is closer than 660 feet, the well being 475 feet from well Number 20 which is completed in the Abo.

Q Would you refer to your ownership plat, Exhibit Number 1, and explain that exhibit, please?

A Exhibit 1 is--reflects the ownership and the location of the wells in the area of this non-standard proration unit,

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the Sinclair acreage, comprising two hundred acres colored yellow. The ownership--the designation of the wells on the Sinclair acreage is shown with the color code. There are two Grayburg San Andres wells on each 40 acre unit. There is six Cedar Lake Abo wells counting the subject well. There is one Morrow gas well, Sinclair Spring Oil Company Number 21, colored top half red, indicating completion with the Abo, and there is 3 Spring Pool Wells on this acreage.

Q Mr. Anderson, when was the subject well drilled and by whom?

A Well Number 21 was drilled by the Fren Oil Company under the lease name Max Friez Well Number 21. Its drilling was commenced in March of '65. The well was completed in June of '65.

Q Was it projected to be an oil well?

A It was projected to be a wildcat oil well in the Devonian formation and was drilled to a total depth of 12,299 feet. The Devonian casing was set in this well at 12,275 feet, and the Devonian Zone was tested and found to be water productive. The well was subsequently plugged back and recompleted in the Morrow Sand, which is a section of the Atoka in the bottom portion of the Pennsylvania Atoka. We can get into the details in the next exhibit.

Q Is this well shut-in at the present time?

A I might say it was completed in the Cedar Lake Abo Zone. Yes, both zones were shut-in at that time. The Cedar Lake Abo Zone, they were unable to establish production. They had no gas production in the Morrow Zone. Both zones were shut-in in June on completion of the well.

Q And they're shut-in at the present time?

A Sinclair purchased the assets with regard to this acreage as leased, and acquired subject well 21 and all the other wells on the lease colored yellow on Exhibit 1, and took over the operation on October the 4th. The transfer was affected retroactive September 1, 1965.

Q Have you negotiated gas contracts?

A During October we negotiated a gas contract with Skelly and executed a gas contract with them on October 28th. Skelly laid a line over and connected the Morrow Gas Zone up on December the 1st of '65.

Q Has it been connected to the well?

A The well is connected.

Q What exception and approval do you need from the Commission in reference to the Abo Zone?

A Outside of the dual completion which involves both zones, we also need an exception to the Commission's Statewide Rule 104, which requires that no two wells be closer than 660 feet.

Q How close is this well to the Fren Oil Well Number 20?

A Four hundred and seventy-five feet.

Q And what approvals and exceptions do you desire in reference to the Morrow Zone?

A Reference to the Morrow Zone, we need the dual completion application approved; we need the 305 acre non-standard proration unit approved, and we need approval of the location.

Q I believe you testified that this is projected to be an oil well, was on proper location for the drilling of an oil well?

A Yes, the well conformed with the Commission's Rules for drilling a wildcat oil well in Eddy County at the time the Devonian well was drilled. Exhibit 2 is a diagrammatic sketch, and also attached to our application for this hearing is the Commission's form, Dual Completion Form C-107.

Q You're offering that for an explanation of Exhibit 2?

A I don't believe that I'll go into that. I believe it's self explanatory; shows the various casings that are set in the well and the cement that was used, and the size tubing and the packer setting, and the perforation of the various zones. All of the pertinent data, I believe, is shown on Exhibit 2, which is also attached to your application.

Q Now, will you refer to what's been marked Exhibit 3 and state what that is?

A A sonic log of the subject well. This is presented in conformance with the requirements of the dual completion form. The various producing zones are marked on the exhibit, as well as the perforated intervals are marked on the log as shown on the diagrammatic sketch.

Q Now, explain Exhibit 4?

A Exhibit 4 is the Commission's Form C 102, and was prepared with regard to the Abo Zone. It reflects the location of the two Abo wells on this 40 acre tract showing the exact footages as they were staked, and as the wells were drilled. It does not reflect the distance between well 20 and 21, but I calculated that from these numbers to be 475 feet.

Q In your opinion will the granting of this application be in the interest of Correlative Rights and preventing waste?

A Yes, sir.

Q Is there any further testimony you want to offer?

A No.

Q Were these Exhibits prepared by you or under your supervision?

A Yes, sir.

MR. WHITE: At this time we offer Exhibit 1 through

4.

(Whereupon, Applicant's Exhibits
1 through 4 offered into evidence.)

MR. NUTTER: If there are no objections the exhibits
will be admitted into evidence.

(Whereupon, Applicant's Exhibits
1 through 4 admitted into
evidence.)

CROSS-EXAMINATION

BY MR. NUTTER:

Q Mr. Anderson, do you happen to know what the distance
of the Number 21 from the West line of the section is?

A I can calculate that for you in just one minute. Well
21 is located 1689 feet from the West section line, and 560
feet from the South section line.

Q Another thing, Mr. Anderson, what was the top of
the cement on that 7" pipe?

A The 7" pipe was staged with the schematic diagram:
shows the 7" at the bottom of the diagram, shows 7" casing
set at 12,275 with 350 sacks and 100 sacks, so it should be
a total of 450 sacks. I have no report of any temperature
surveys being run on the well by the Fren Oil Company in my
files. I have calculated that the cement from this bottom,
that the cement would come to a point 7,775 feet from the
surface, and then additional 225 sacks of cement were
squeezed behind the pipe through a DV tool set at 224 feet,
and this calculated to be 5,394 feet.

Q What I was wondering, if there was sufficient cement with 350 sacks to come up over the Morrow from the depth of 12,275 feet. Evidently it would if it plays out at 7,775.

A Well, above the Morrow, and then again it's well above the Abo for the DV tool.

Q What is the potential on the two zones here in this well, Mr. Anderson?

A Special permission was obtained from the Commission to test the Morrow Gas Zone and it was tested on June 26, and 27, '65 by Fren Oil Company, and it had an absolute potential of 8,762,000 cubic feet per day as a result of four point back pressure tests. The Abo Zone was swabbed and tested but would not produce and is non productive at present; has a large percentage of water, I don't know how much, the figures are not available.

Some small amount of oil was swabbed, a discouraging amount, in attempting to bring in the Abo Zone, so the effort was abandoned at that time, and Sinclair since then has acquired the well and we have that under advisement, what to do with the Abo Zone. We have not determined or studied it as yet.

Q What about well Number 20 on this same 40?

A Well Number 20 is a very poor Abo Zone producer. The

last month of production I have a record of was for November '65. It produced 35 barrels of oil the entire month, with aid of a pumping unit; was down part of the time; averaged a little over a barrel of oil a day, is all that Number 5 made in November.

Q How many days was that on production?

A Approximately 5.

Q So there's no problem right now that these two wells are completing a 40 acre allowable?

A And we would be willing to be restricted to a 40 acre allowable for the two wells.

MR. NUTTER: Are there any other questions of Mr. Anderson. He may be excused. Do you have anything further, Mr. White?

MR. WHITE: No, sir.

MR. NUTTER: Does anyone have anything else they wish to offer in Case 3359? The Commission will take the Case under advisement and the hearing is adjourned.

(Whereupon, the Hearing was adjourned at 3:00 o'clock P.M.)

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I N D E X

WITNESS	PAGE
R. M. ANDERSON	
Direct Examination by Mr. White	4
Cross-Examination by Mr. Nutter	10

E X H I B I T S

<u>NUMBER</u>	<u>OFFERED</u>	<u>ADMITTED</u>
Applt's 1	10	10
Applt's 2	10	10
Applt's 3	10	10
Applt's 4	10	10

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STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, BOBBY J. DAVIS, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me: and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Witness my Hand and Seal this 10th day of January, 1966.

B. J. Davis
NOTARY PUBLIC

My Commission Expires:

March 13, 1969

I do hereby certify that the foregoing is a true and correct copy of the transcript of the hearing held at the proceedings in the Bernalillo hearing of Case No. 3359, heard by me on 1/5, 1966.

[Signature] Examiner
New Mexico Oil Conservation Commission

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

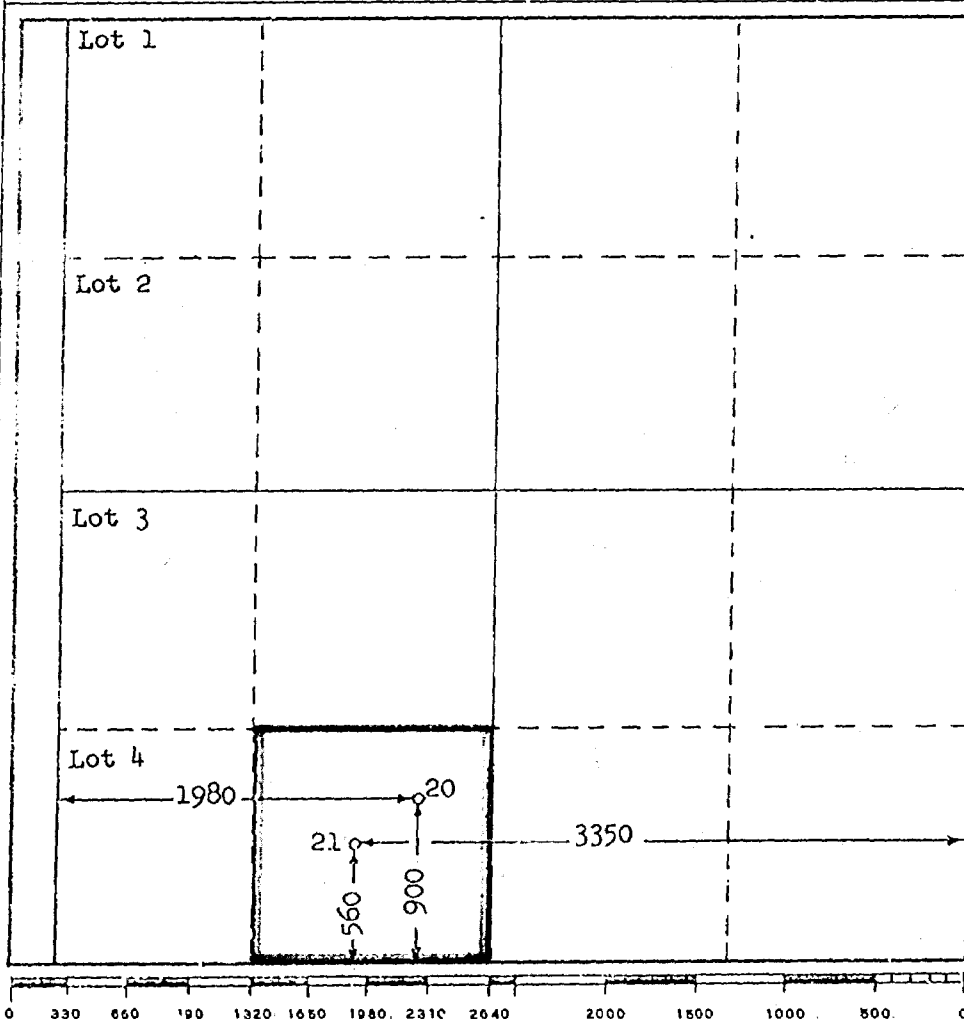
Operator Sinclair Oil & Gas Company		Lease Fren Oil Company		Well No. 20 & 21
Unit Letter N	Section 19	Township 17-S	Range 31-E	County Eddy
Actual Footage Location of Well: South 1980 West				
#20 900 feet from the South line and 3350 feet from the East line				
#21 560 feet from the South line and 3350 feet from the East line				
Ground Level Elev: 3579	Producing Formation Abo	Pool Cedar Lake - Abo	Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name

R. E. Cross, Jr.

Position

Administrative Clerk

Company

Sinclair Oil & Gas Company

Date

December 15, 1965

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

Registered Professional Engineer and/or Land Surveyor

Certificate No.