

CASE 3662; Application of EL PASO

NATURAL for non-standard gas pro.

unit & unorthodox gas well loc.

Case No.

3662

Application, Transcript,
Small Exhibits, Etc.



JERRY APÖDACA
GOVERNOR
NICK FRANKLIN
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

POST OFFICE BOX 2008
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

January 16, 1979

El Paso Natural Gas Co.
P. O. Box 1492
El Paso, Texas 79978

Attention: H. L. Kendrick

Re: Simultaneous Dedication, Shell
"E" State Com No. 1 and Shell
"F" State Com No. 1, Eumont Gas
Pool

Gentlemen:

Reference is made to your letter dated November 27, 1978, wherein you have requested simultaneous dedication for two wells, namely your Shell "E" State Com Well No. 1, located in Unit J, and your Shell "F" State Com Well No. 1, located in Unit N, Section 6, Township 21 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico. Your proposal is to dedicate these two wells to the 230-acre previously approved non-standard proration unit comprising all of Lots 9, 10, 11, 12, 13, and 14 of said Section 6.

Inasmuch as these two wells are both at standard locations for a unit of this size, your request for simultaneous dedication is hereby approved.

It will be necessary, however, for one or both of the wells to be re-named and renumbered inasmuch as both wells on a simultaneously dedicated unit must bear the same lease name.

Very truly yours,

JOE D. RAMEY
Director

JDR/DSN/og

cc: Oil Conservation Division - Hobbs
Gas Proration Section - Santa Fe

El Paso NATURAL GAS
COMPANY

P. O. BOX 1492
EL PASO, TEXAS 79978
PHONE: 915-543-2600

November 27, 1978

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Dan Nutter

Re: El Paso Natural Gas Company
Shell "F" State Com No. 1
N-6-21S-36E
Eumont Yates Seven Rivers Queen
Lea County, New Mexico

Dear Dan:

The above referenced well is located 3566' from south line and 1980' from west line of section 6. This is in a section that is exceptionally long in the north-south direction. This well is drilled on a 230.32 acre tract comprised of lots 9, 10, 11, 12, 13 and 14 of section 6.

By administrative Order NSP-45, dated December 23, 1954, the Commission established a 230 acre non-standard gas proration unit to be dedicated to the El Paso Natural Gas Company Shell State Well No. 9, located 3622' from the north line and 1980' from the west line of section 6. In Case No. 3622, an Order R-3327 was entered on October 11, 1967, establishing a 230.32 acre non-standard gas proration unit to be dedicated to the El Paso Natural Gas Company Shell "E" State Com No. 1 and administrative Order NSP-45 was superseded. This Order R-3327 was to become effective on the date of disconnection of the El Paso Natural Gas Company Shell State Well No. 9. The Shell "E" State Com No. 1 is located in Unit J being 3300' from north line and 1980' from east line of section 6.

The Shell State Well No. 9 has been disconnected, plugged and abandoned.

The El Paso Natural Gas Company Shell "F" State Com No. 1 has been completed on the same 230.32 acres with the Shell "E" State Com No. 1.

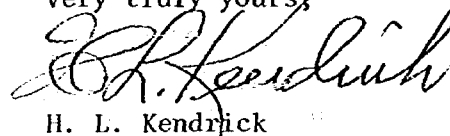
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Dan Nutter
November 27, 1978
Page 2

We respectfully request that administrative approval be given so that one allowable will be assigned this acreage with an acre factor of 1.44 and permission be granted to produce the unit's allowable through either of the two existing wells in any proportion.

If any additional data is needed, please call.

Very truly yours,



H. L. Kendrick

HLK:je

cc: Mr. Jerry Sexton - NMOCD
P. O. Box 1980
Hobbs, New Mexico 88240

dearnley-meier reporting service, inc.

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

1120 SIMAS BLDG. • P. O. BOX 1092 • PHONE 243-4491 • ALBUQUERQUE, NEW MEXICO



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 4, 1967

EXAMINER HEARING

IN THE MATTER OF:

Application of El Paso Natural
Gas Company for a non-standard gas
proration unit and an unorthodox
gas well location, Lea County, New
Mexico.

CASE 3662

BEFORE: DANIEL S. NUTTER, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: Call case 3662.

MR. HATCH: Application of El Paso Natural Gas Company for a non-standard gas proration unit and an unorthodox gas well location, Lea County, New Mexico.

MR. MORRIS: I am Dick Morris of Montgomery, Federici and Andrews, Santa Fe, appearing on behalf of the Applicant. Associated with me in the case will be Mr. Robert A. Meyer, attorney with El Paso Natural Gas Company. Mr. Meyer is admitted to practice law in the States of Wyoming, Ohio, Indiana and Texas, and in the United States Supreme Court. He will handle the presentation of this matter. We will have one witness and I ask that he stand and be sworn first.

(Witness sworn)

MR. MORRIS: May we have a moment to mark our exhibits?

(Whereupon El Paso Natural Gas Company's Exhibits 1 through 5 were marked for identification)

L A R R Y C. Z I N K, called as a witness having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. MEYER:

Q State your name and address, please?

A Larry C. Zink and I live in Midland, Texas.

Q By whom are you employed?

A El Paso Natural Gas Company.

MR. NUTTER: How do you spell your last name, please?

A Z-i-n-k.

MR. NUTTER: Thank you.

Q (By Mr. Meyer) Mr. Zink, how long have you been so employed?

A For eighteen years.

Q Have you been qualified to testify before this Commission on a prior occasion?

A Yes. I have testified before this Commission before, several times.

Q Mr. Examiner, I'd like to move the qualifications of the witness.

MR. NUTTER: Mr. Zink is qualified to testify.

Q (By Mr. Meyer) Mr. Zink, are you familiar here with the request of El Paso Natural Gas Company now before this Commission, regarding a non-standard proration unit in the Eumond Gas Pool, Lea County, New Mexico?

A Yes, sir.

Q What is El Paso seeking by this application?

A El Paso is seeking an authorization to recomplete the El Paso Natural Gas Company Number 1 Shell State E which was formerly the Shell Oil Company, Number 2, State E, located 3300 feet from the North line, and 1980 feet from the East line of

Section 6, Township 21 South, Range 36 East, as a gas producing well from the Eumont Gas Pools. This Well was originally producing oil from the Eunice Grayburg and is now depleted in that zone and had been temporarily abandoned by Shell on May 1, 1965. A standard gas proration unit in the Eumont Gas Pool, according to Order 1670, shall consist of 640 acres and since El Paso owns the gas rights on only 230.32 acres, El Paso requests authorization to recomplete and produce the El Paso Natural Gas Company Number 1, Shell State E as a replacement for the El Paso Natural Gas Company Number 9, Shell State and to produce in its present location which is 660 feet from the Northwest, south and south lines of the Shell E Lease Unit.

Q Now, you have prepared map exhibits numbers 1 and 2 for the Commission's consideration in this case, showing the well location, distance from lines and other details. Will you take these map exhibits and explain in detail what they reflect in support of the application?

A Well, the Exhibit Number 1, we have shown the distance from lease lines in the proposed wells that are involved in this application. Then, in addition, we have shown the offset producing wells and the horizons from which they produce. The colors indicated in green are wells in the surrounding areas that are producing from the Eumont Gas Pool. The wells indicated in orange are wells that are producing from the Eumont Oil Pool,

and the wells located in purple are wells that are producing from the Eunice Grayburg San Andres Oil Pool.

Q Will you explain the distances that are relative to the lines, boundary lines and such in connection with these map exhibits?

A Well the El Paso Natural Gas Company Number 1 Shell State E is located -- it's located 3300 feet from the north line and 1980 from the East line of Section 6, Township 21 South, Range 36 East, Lea County, New Mexico. It is also 660 feet from the north, south and west lines of the E lease block. The location is described as being in the center of Lot ten, Section 6, Township 21 South, Range 36 East, and these relationships are illustrated on this map.

Q Now you have stated that there are 230.32 acres in the unit in which El Paso Natural Gas Company owns the gas rights. Will the well applied for, drain the entire proration unit?

A Yes, it will. Of course, prior rules in making Eumont Pool, established a satisfactory well ⁱⁿ and the Eumont Pool would drain as much as 640 acres.

Q Do you have a copy of the logs in connection with the subject well, prepared as Exhibits now, numbered 3, 4 and 5?

A Yes, sir.

Q Would you care to comment in detail in connection with what these locations portray?

A Well, the Exhibit Number 4 is a radioactivity log of the Shell Oil Company State 2 or it is now the El Paso Natural Gas Company State E Number 1 and on that we have indicated the various formation tops of the Eumont Pool, and then also, have shown the top of the Grayburg formation which would include the Eunice Oil Pool and have indicated the proposed perforations in the interval that we hope to propose and complete in the Eumont Gas Pool.

Q How does El Paso propose to complete this well in the Eumont Gas Pool?

A Well, we would propose to selectively perforate the more porous intervals in this well in the Eumont Zone and test the well natural and depending then, upon the results, as to where the well would be fracked, determine what frackment would be necessary to recomplete the well.

Q Would you discuss the possible productivity of the well, from the Eumont interval as reflected by the log that you just looked at and discuss that matter?

A Well, it's shown on these logs and the cross-section which we will enter as an Exhibit. The log would indicate that there are ^{four} ~~four~~ sands present in this well, that are comparative

to the offsetting wells and surrounding wells that are producing from the Eumont Zone and we do not anticipate any difficulty in this well being a producer.

Q Would you comment on the neighboring well, Number 9, that is located in this Section?

A The Shell State Number 9 which is located 3622 feet from the north line and 1980 from the west line of Section 6, was drilled in October 1954 and was drilled to a total depth of 3527 feet in the Queen Sandstone and was completed on November 6, as a Queen producer, or what is now the Eumont Zone, and produced from open hole section, from 3368 to 3527.

MR. NUTTER: As a gas well?

A Yes, sir. Five and a half-inch casing was set at 3368. The initial absolute overflowing potential of this well was 20 million per day, and the well had a shut-in pressure of 923 pounds per square inch absolute. In 1960, this well was reworked in an attempt to shut off a heavy water production. And this workover attempt consisted of plugging back to 3471 feet, with Pea gravel and hydromat, and the well was acidized with two thousand gallons of fifteen per cent acids. The production was very poor after this workover operation and the well has not produced at a steady rate since 1962. This well has accumulative production of 993.6 million cubic foot of gas, since it's original completion. Now, the presence of water in

the Shell State 9 indicated the possibility that there was a poor cement job or other mechanical damage to this well, since the Eumont Pool is normally not a water producing zone. And we feel that this water that has broken through the packer seat on the casing is coming from up the hole and due to the mechanical problems on this well, the original decision was made to drill a new well, to replace the Shell State 9 and then at that time it was determined by our Land Department, that the Shell State 2E was a depleted Grayburg oil producer, and could be purchased, and would thereby save a cost of a new well and results of physical waste and we bought this abandoned -- temporarily abandoned well from Shell Oil Company and we plan to, after the workover is completed on the Shell State E2 to plug and abandon the Shell State 9.

Q So, that as a result of the purchase of Shell State 2 this application is necessarily occasioned?

A Yes, sir.

Q Now, have you any other comments in connection with those wells in the area which are in the vicinity of the well for which the application is made, that is the Shell State 2?

A Well, I think the maps, as you can see, they are surrounded by Eumont Gas producing wells and also, as can be seen in the cross-section, the Eumont unit is relatively

correlative there and we feel that this well will be productive in the Eumont zone and would drain our acreage.

Q Who are the offset operators to the non standard gas proration herein applied for?

A Principally, Atlantic Richfield Company, the Gulf Oil Corporation and Shell Oil Company.

Q Would you be able to point to the wells which you have just described as being the offset operators, for the benefit of the Commission and indicate to the Commission where they are located?

A Well, Gulf Oil Company has a Eumont Gas well producing to the North in Unit B. They also have a well completed in the Eumont Zone in the southeast quarter of the section, as well as the southwest quarter of the section -- pardon me, Atlantic has the well producing in the Southwest quarter of the section. Then Gulf also has three producing Eumont wells located in Section 5 to the east; Shell has two Eumont gas wells offsetting in diagonal, offsetting the tract in Section 1 of Township 21, Range 35, which would offset our acreage to the west.

Q You have prepared a tabulation showing the well designation and total cumulated production to January 1, 1967; would you care to recite that tabulation for the Commission, please, sir?

A All right, sir. The Atlantic Richfield Oil Company, Number 2 State K, as of 1-1-67, all of these production figures are 1-1-67, had produced one billion, 725.7 million. The Gulf Oil Corporation, Number 2 Graham NCT-E had produced one billion 585.4 million. The Gulf Oil Corporation, Number 7, Heasley State had produced two billion, 221.7 million. The Gulf Number 1 Orcutt, NCT-A had produced one billion 345.9 million. The Gulf Oil Corporation Number 8, Orcutt NCTC had produced one billion 809.1 million and the Shell State Oil Company, Number 4 State N had produced two billion 772.0 million.

Q These wells that you have just recited with their production figures, are shown on the map exhibits to be submitted to the Commission?

A Yes, sir.

Q They are readily identifiable?

A Yes, sir.

Q Would you please state the facts of the Oil and Gas lease which supports the land in which El Paso is interested in this case, the lease facts?

A Well, originally, by agreement with Shell Oil Company, which was a blank deal in Lea County, New Mexico, dated June 16th, 1930, between Shell Oil Company and El Paso Natural Gas Company, El Paso purchased the gas rights on certain Shell leases located

in Lea County, New Mexico. These are actually assigned as to three lease numbers, namely; B 1398, B 1399 and B 1400. The B 1398 and B 1400 leases were assigned to El Paso Natural Gas on August 20th, 1954, and the B 1399 lease was assigned on August 31st, 1954. In this, El Paso's interest is one hundred per cent as to gas and Shell's is one hundred per cent as to oil.

Q Now, Mr. Zink, have the offset operators which you mentioned earlier, been notified of this application?

A Yes, sir.

Q How have they been notified?

A They have been notified by a letter, by our Land Department.

Q If this application is granted by this Commission based on the evidence here presented, is it your opinion that correlative rights will be protected and waste prevented?

A Yes, sir.

Q If it please the Commission, Mr. Examiner, I move that El Paso's Exhibits numbers 1 through 5 be admitted in evidence.

MR. NUTTER: El Paso's Exhibits 1 through 5 will be admitted in evidence.

(Whereupon El Paso Natural Gas Exhibits 1 through 5 were admitted in evidence)

Q (By Mr. Meyer) Mr. Zink, is there anything further that you would care to add to your testimony in this case?

A I believe not, sir.

MR. MEYER: That's all the evidence we have, Mr. Examiner. It's your witness.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Zink, would you repeat that cumulative production figure for the Gulf Orcutt, Number 8, please, sir?

A Number 8, Orcutt?

Q That is the one that is north of your well.

A That is one billion 809.1 million.

Q So, it would appear from the cumulative production of wells, north, south, east and west of the number 9 well, that number 9 just hasn't even come close to the cumulative production of these other wells.

A Well, I am sure a lot of this is due to the fact that it has been off production for quite some time.

Q In all probability the mechanical problem has cut down on this production?

A Yes, sir.

Q And you do feel then, that the acreage to the west of your proposed workover is still productive, even though the well won't produce?

A Yes, sir. I feel sure it is. The Shell State N well, located west of the acreage is still producing and, well, it has a higher rate; it's produced more gas than any of the wells listed.

Q Now, it would appear from your Exhibit Number 1 that as you proceed west, the Eumont pool is productive of oil more than gas, with the orange circles being Eumont oil wells. This is on the west side of the structure then.

A You are probably going down-dip a little bit on the structure and you'll probably find an oil ring if you --

Q But your acreage is still high enough that it would be productive of gas rather than oil?

A Yes, sir.

Q Are there any other questions of Mr. Zink? He may be excused. Do you have anything further, Mr. Meyer?

MR. MEYER: No, thank you, sir.

MR. NUTTER: Does anyone have anything they wish to offer in case 3662? We'll take the case under advisement and call a recess.

STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, JIMMIE DON PETTY, 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 26th day of October, 1967.

Jimmy Don Petty
 Notary Public

My Commission Expires:

September 15, 1971

I do hereby certify that the foregoing is a complete record of the proceedings in the hearing of Case No. 3662, heard by me on 10/4, 1967.

[Signature]
 Notary Public
 New Mexico Oil Conservation Commission

GOVERNOR
DAVID F. CARGO
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

P. O. BOX 2088
SANTA FE

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

October 11, 1967


Mr. Richard S. Morris
Montgomery, Federici & Andrews
Attorneys at Law
Post Office Box 2307
Santa Fe, New Mexico

Re: Case No. 3662
Order No. R-3327
Applicant:
El Paso Natural Gas Co.

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.
Secretary-Director

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

Other Mr. Robert Meyer, El Paso Natural Gas Co.

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. 3662
Order No. R-3327

APPLICATION OF EL PASO NATURAL GAS COMPANY
FOR A NON-STANDARD GAS PRORATION UNIT AND
AN UNORTHODOX GAS WELL LOCATION, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 4, 1967,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 11th day of October, 1967, 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 by Administrative Order NSP-45, dated December 23,
1954, the Commission established a 230-acre non-standard gas
proration unit in the Eumont Gas Pool comprising Lots 9, 10, 11,
12, 13, and 14 of Section 6, Township 21 South, Range 36 East,
NMPM, Lea County, New Mexico, to be dedicated to the El Paso
Natural Gas Company Shell State Well No. 9, located 3622 feet
from the North line and 1980 feet from the West line of said
Section 6.

(3) That the applicant, El Paso Natural Gas Company, now
seeks the establishment of a 230.32-acre non-standard gas prora-
tion unit in the Eumont Gas Pool comprising all of Lots 9, 10,
11, 12, 13, and 14 of Section 6, Township 21 South, Range 36 East,

-2-

CASE No. 3662

Order No. R-3327

NMPM, Lea County, New Mexico, to be dedicated to its Shell State Com "E" Well No. 1 located at an unorthodox location for said pool 3300 feet from the North line and 1980 feet from the East line of said Section 6.

(4) That the applicant proposes to shut in its Shell State Well No. 9 and dedicate the acreage approved by Administrative Order NSP-45 to its Shell State Com "E" Well No. 1.

(5) That the proposed non-standard gas proration unit can be efficiently and economically drained and developed by the Shell State Com "E" Well No. 1.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Eumont Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, will avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

(7) That the subject application should be approved and should become effective the date a notice of disconnection is filed with the Commission for said Shell State Well No. 9.

(8) That Administrative Order NSP-45 should be superseded.

IT IS THEREFORE ORDERED:

(1) That the applicant, El Paso Natural Gas Company, is hereby authorized to complete its Shell State Com "E" Well No. 1 at an unorthodox location in the Eumont Gas Pool 3300 feet from the North line and 1980 feet from the East line of Section 6, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico.

(2) That a 230.32-acre non-standard gas proration unit in the Eumont Gas Pool comprising all of Lots 9, 10, 11, 12, 13, and 14 of Section 6, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to the El Paso Natural Gas Company Shell State Com "E" Well No. 1.

(3) That the allowable assigned to the above-described non-standard gas proration unit shall be based upon the unit size of 230.32 acres.

-3-

CASE No. 3662

Order No. R-3327


- (4) That Administrative Order NSP-45 is hereby superseded.
- (5) That this order shall be effective the date a notice of disconnection is filed with the Commission for the El Paso Natural Gas Company Shell State Well No. 9.
- (6) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

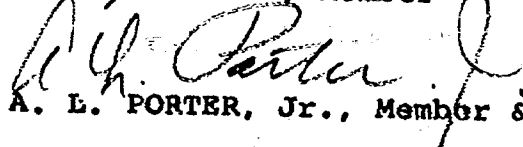
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION




DAVID F. CARGO, Chairman


GUYTON B. HAYS, Member


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

esr/

El Paso Natural Gas Company

El Paso, Texas 79999

September 15, 1967

Oil Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico

Case 3662
Re: Non-Standard Proration Unit
Eumont Gas Pool, T-21-S, R-36-E
Section 6: Lots 9-14, Containing
230.32 acres
Lea County, New Mexico

Gentlemen:

El Paso Natural Gas Company, as owner of the gas rights under the captioned acreage, hereby requests a hearing before an Examiner in order to present testimony for the establishment of a spacing unit in the Eumont Gas Pool.

The unit, if approved, will consist of the acreage outlined on the attached plat. Testimony will be presented to show that this spacing unit will prevent economic waste and allow for orderly spacing, development and drainage of the Eumont Gas Pool within the proposed unit.

Offset operators are being advised, by copy of this letter, of our request for a hearing.

Please advise the undersigned of the time, date and place of the hearing should this request be granted.

Yours very truly,

Robert A. Meyer

Robert A. Meyer
Office of General Counsel

RAM-as

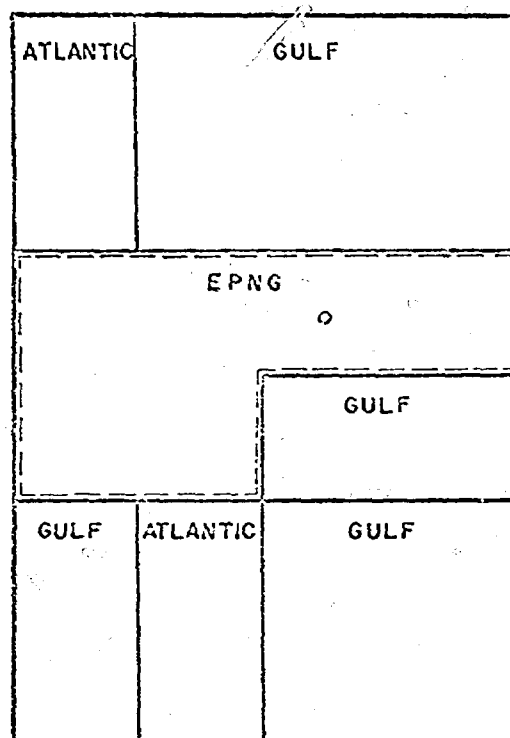
CC: Atlantic Richfield Company
Gulf Oil Corporation
Shell Oil Company

DOCKET MAILED

Date 9/21/67

67 SEP 18 AM 8 57

LOTS 9, 10, 11, 12, 13, and 14
SEC. 6, T-21-S, R-36-E



EL PASO NATURAL GAS COMPANY

Plat Accompanying Application For 230.32
Acre Non-Standard Gas Unit

SHELL STATE COM "E" #1

Queen (Eumont Gas Pool)

SCALE: 1" = 2000'

OIL CONSERVATION COMMISSION

P. O. BOX 2088
SANTA FE, NEW MEXICO

Case 3662

LEGAL DIVISION
PHONE 827-2741

September 11, 1967

C

El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas

DOCKET MAILED

9/21/67
Date

O

Attention: Mr. T. W. Bittick

Gentlemen:

P

Reference is made to your application dated September 8, 1967, for a non-standard proration unit to be dedicated to your Shell State Com "E" Well No. 1 located 3300 feet from the North line and 1980 feet from the East line of Section 6, Township 21 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico.

Y

As your Shell State Com "E" Well No. 1 is located only 660 feet from the nearest boundary lines of the proposed non-standard proration unit, your application for a non-standard proration unit consisting of 230.32 acres is not eligible for administrative approval.

Please notify the Commission if you wish to have your application set for hearing before an examiner.

Very truly yours,

GEORGE M. HATCH
Attorney

GMH/esr

El Paso Natural Gas Company

El Paso, Texas 79999

SEP 8 1967

Handwritten: If applicant is willing to set for hearing

Oil Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

Handwritten: Case 2662
SEP 11 AM 8 40

Re: Application for Exception to
Rule 5(A) of Order No. R-1670
for Non-Standard Proration
Unit, Eumont Gas Pool
Lea County, New Mexico
(Southeastern New Mexico)

Gentlemen:

El Paso Natural Gas Company has purchased Shell Oil Company's Shell State "E" #2-J Well located in Lot 10 of Section 6, Township 21 South, Range 36 East, Lea County, New Mexico and plans to re-enter this well and complete it as a gas well in the Queen Formation. The well will be renamed the Shell State Com "E" #1.

For these reasons and in accordance with Rule 5(C) of Order R-1670 (Southeastern New Mexico), El Paso Natural Gas Company hereby submits its application for administrative approval of a non-standard gas proration unit consisting of Lots 9, 10, 11, 12, 13 and 14 of Section 6, Township 21 South, Range 36 East, Lea County, New Mexico and in support thereof states the following facts:

1. That the proposed non-standard proration unit consists of 230.32 acres which is less than a standard proration unit.
2. That the proposed non-standard proration unit consists of contiguous lots.
3. That the proposed non-standard proration unit lies wholly within a single governmental section.
4. That the proposed Shell State Com "E" #1 well to be located 3,300 feet from the North line and 1980 feet from the East line of Section 6, Township 21 South, Range 36 East is to be completed as a gas well in the Queen Formation and that the entire non-standard gas proration unit may reasonably be presumed to be productive of gas from the Eumont Gas Pool.
5. That the length or width of the non-standard gas proration unit does not exceed 5,280 feet.

6. That by copies of this letter of application all operators owning interests (a) in the section in which any part of the non-standard gas proration unit is situated and which acreage is not included within said non-standard gas proration unit and (b) all operators owning interests with 1,500 feet of the well to which such non-standard gas proration unit is proposed to be dedicated, are notified by registered mail of this non-standard proration unit.

7. Therefore, El Paso Natural Gas Company requests that under the provisions of Rule 5(C) of Order No. R-1670, the Secretary of the Commission grant exception to Rule 5(A) without Notice and Hearing and approve the subject non-standard gas proration unit.

Respectfully submitted,

EL PASO NATURAL GAS COMPANY

By T. W. Bittick
T. W. Bittick
Manager
Land Department

PROTN. <u>RAM</u>
RES. ENG. <u>RAM</u>
LEGAL <u>RAM</u>

TWB:JRP:sb

NM 11-A, 12, 13

cc: Atlantic Richfield Company
Box 634
Midland, Texas 79704

Gulf Oil Corporation
P. O. Box 1150
Midland, Texas 79701

Shell Oil Company
P. O. Box 1509
Midland, Texas 79701

SUBSCRIBED AND SWORN TO before me this 8 day of September, 1967, by the said T. W. BITTICK, to certify which witness my hand and seal of office.

My Commission Expires:

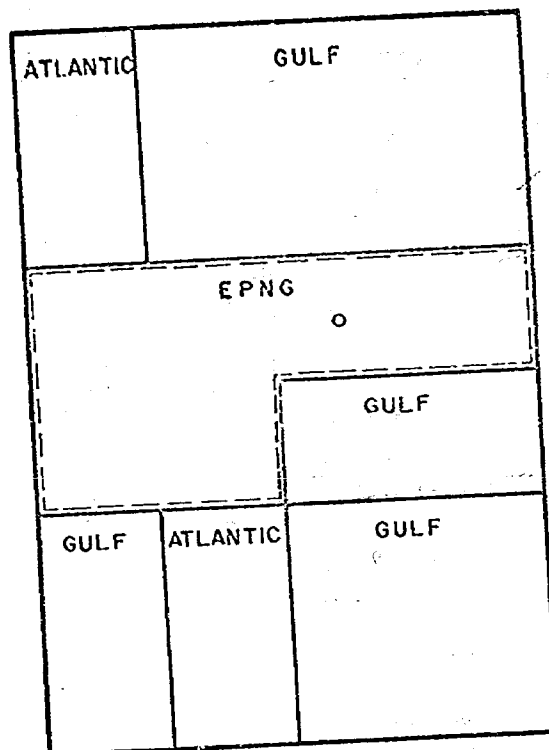
MARIAN DAVIS

Notary Public in and for El Paso County, Texas
My Commission Expires June 1, 1969

Marian Davis
Notary Public

Case 3662

LOTS 9, 10, 11, 12, 13, and 14
SEC. 6, T-21-S, R-36-E



EL PASO NATURAL GAS COMPANY

Plat Accompanying Application For 230.32
Acre Non-Standard Gas Unit

SHELL STATE COM "E" #1

Queen (Eumont Gas Pool)

SCALE: 1" = 2000'