

CASE 3679: Appli. of SINCLAIR for  
AMENDMENT OF ORDER NO. R-2854,  
LEA COUNTY, NEW MEXICO

CASE No.  
3679

Application,  
TRANSCRIPTS,  
SMALL Exhibits  
ETC.

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

November 13, 1967

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

Re: Case No. 3679  
Order No. R-2854-A  
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 \_\_\_\_\_  
Aztec 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. 3679  
Order No. R-2854-A

APPLICATION OF SINCLAIR OIL & GAS  
COMPANY FOR THE AMENDMENT OF ORDER  
NO. R-2854, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 25, 1967,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 9th day of November, 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 Order No. R-2854, dated December 28, 1964, amended  
Order No. R-1148, dated April 3, 1958, to establish a 160-acre non-  
standard gas proration unit in the Tubb Gas Pool comprising the  
W/2 SW/4, SE/4 SW/4, and SW/4 SE/4 of Section 26, Township 21  
South, Range 37 East, NMPM, Lea County, New Mexico, to be dedicated  
to the J. R. Cone "A" Well No. 2 located in Unit L of said Section  
26.

(3) That the applicant, Sinclair Oil & Gas Company, seeks  
the amendment of the aforesaid Order No. R-2854 to permit the  
applicant to substitute its J. R. Cone "B" Well No. 1 located in  
Unit N of the aforesaid Section 26 for the aforesaid J. R. Cone  
"A" Well No. 2 as the well to which the aforesaid non-standard  
gas proration unit is to be dedicated.

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CASE No. 3679

Order No. R-2854-A

(4) That due to mechanical difficulties, the aforesaid J. R. Cone "A" Well No. 2 is presently only a marginal producer in the Tubb Gas Pool.

(5) That the aforesaid non-standard gas proration unit in the Tubb Gas Pool can be efficiently and economically drained and developed by the aforesaid J. R. Cone "B" 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 Tubb Gas Pool and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:


(1) That Order No. R-2854, dated December 28, 1964, is hereby amended to establish a 160-acre non-standard gas proration unit in the Tubb Gas Pool comprising the W/2 SW/4, SE/4 SW/4, and SW/4 SE/4 of Section 26, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, to be dedicated to the J. R. Cone "B" Well No. 1 located in Unit N of said Section 26.

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

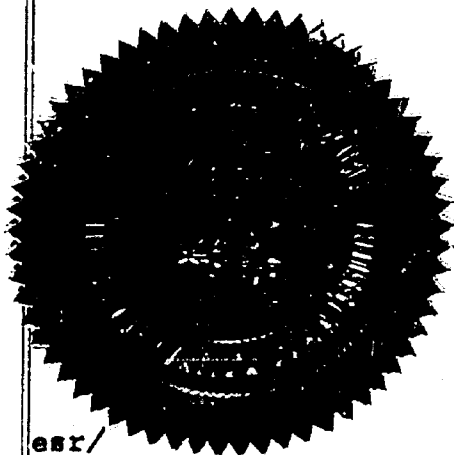
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
DAVID F. CARGO, Chairman

  
GUYTON B. HAYS, Member

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



esr/

3679

Heard. 10-25-67

Rec. 10-27-67

Grant. Sinclair's request to amend.  
Order R. 2854. Changing the dedicated well  
from their J. R. Cone A #2 to operation  
J. R. Cone B #1 N-26-215-37E, (660/S,  
1980/W). No other change in order.  
Same unit.

Shirley V. [Signature]

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 25, 1967

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

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

- CASE 3668: Application of Mobil Oil Corporation for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the triple completion (conventional) of its Bridges State Well No. 121 located in Unit L of Section 13, Township 17 South, Range 34 East, Lea County, New Mexico, to produce oil from the North Vacuum-Abo, Vacuum-Upper Pennsylvanian, and Vacuum-Middle Pennsylvanian Pools, through parallel strings of tubing.
- CASE 3669: Application of Amerada Petroleum Corporation for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its State "VA" Lease by the injection of water into the Grayburg-San Andres formation through two wells located in Units K and M of Section 23, Township 17 South, Range 34 East, Vacuum Pool, Lea County, New Mexico.
- CASE 3670: Application of Amerada Petroleum Corporation for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (combination) of its State "MA" Well No. 3 located in Unit M of Section 24, Township 11 South, Range 32 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Moore-Wolfcamp Gas Pool and oil from the Moore-Pennsylvanian Pool through tubing installed in parallel strings of 2 7/8 inch and 3 1/2 inch casing, respectively, cemented in a common well bore.
- CASE 3671: Application of Amerada Petroleum Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Pennsylvanian formation, Bagley Field, Lea County, New Mexico, through the following three wells, all located in Township 12 South, Range 33 East:
- L. H. Chambers Well No. 2, Unit C of  
Section 11; Disposal Interval - 9005  
to 9393 feet;
- State BT "D" Well No. 4, Unit N of  
Section 2; Disposal Interval - 8979  
to 9291 feet;
- J. T. Caudle Well No. 1, Unit H of  
Section 10; Disposal Interval - 9001 to  
9326 feet;
- CASE 3672: Application of Charles B. Read and Len Mayer for back allowable, Eddy County, New Mexico. Applicants, in the above-styled cause, see the assignment of back allowable for the period from

April 7, 1967, to August 3, 1967, to their Irene Brainard Well No. 1 located in Unit E of Section 20, Township 18 South, Range 26 East, Atoka-Pennsylvanian Pool, Eddy County, New Mexico, said period being from the date of completion of the well to the date of approval by the Federal Power Commission for the sale of gas from said well.

- CASE 3673: Application of Ralph Lowe for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates formation in the interval 2964 feet to 2982 feet in his Humble State Well No. 1 located in Unit G of Section 36, Township 25 South, Range 36 East, Jalmat Pool, Lea County, New Mexico.
- CASE 3674: Application of Robert N. Enfield for the amendment of Order No. R-3189, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3189 which pooled all mineral interests in the Chaveroo-San Andres Pool underlying the NW/4 NW/4 of Section 11, Township 8 South, Range 33 East, Chaves County, New Mexico. Applicant specifically seeks the amendment of paragraph (9) of Order No. R-3189 to fix \$125.00 per month as a reasonable charge for supervision and operational overhead for the subject well and to authorize the applicant to withhold from production the proportionate share of said \$125.00 and the proportionate share of actual operating costs of said well attributable to each non-consenting working interest.
- CASE 3675: Application of Gulf Oil Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the North Hackberry Yates Unit Area comprising 720 acres, more or less, of Federal Lands in Sections 23 and 24, Township 19 South, Range 30 East, Eddy County, New Mexico.
- CASE 3676: Application of Gulf Oil Corporation for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Yates formation through eight wells in Sections 23 and 24, Township 19 South, Range 30 East, North Hackberry-Yates Pool, Eddy County, New Mexico.
- CASE 3677: Application of Dugan Production Corporation for special pool rules, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Salt Creek-Dakota Oil Pool, San Juan County, New Mexico, to permit the drilling of wells on 2 1/2 acre spacing provided that no well be located nearer than 165 feet to the outer boundary of the quarter-quarter section and no nearer than 200 feet to another well producing from the same pool, and provided further, that a 40-acre proration unit would be subject to a 40-acre allowable regardless of the number of wells on the unit.
- CASE 3678: Application of Ryder Scott Management Company for a waterflood expansion, waterflood buffer zone, and several unorthodox locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the expansion of its Artesia-Nichols Waterflood Project,



Township 18 South, Range 28 East, Artesia Pool, Eddy County, New Mexico, by the conversion of its Western-Yates Collier State Well No. 1 located in Unit F of Section 20 and its Mershon State Well No. 2 located in Unit D of Section 21. Applicant further proposes to drill three additional water injection wells at the following unorthodox locations in Section 20: 2650 feet from the North and West lines; 2650 feet from the North line and 1330 feet from the East line; and 1310 feet from the North line and 1330 feet from the East line. Applicant further seeks the designation of the W/2 NW/4 of Section 21 and the SW/4 NW/4, E/2 NW/4, NE/4, and W/2 SE/4 of Section 20 and the NW/4 NE/4 of Section 29 as a waterflood buffer zone with capacity allowables, or as an area wherein transfer of allowable between leases would be permitted.

CASE 3679:

Application of Sinclair Oil & Gas Company for the amendment of Order No. R-2854, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-2854, which order established a 160-acre non-standard gas proration unit comprising the W/2 SW/4, SE/4 SW/4, and SW/4 SE/4 of Section 26, Township 21 South, Range 37 East, Tubb Gas Pool, Lea County, New Mexico, to be dedicated to applicant's J. R. Cone "A" Well No. 2 located in Unit L of said Section 26. Applicant now seeks the dedication of said unit to its J. R. Cone "B" Well No. 1 located in Unit N of said Section 26.

CASE 3680:

Application of Texaco Inc. for an unorthodox location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to recomplete its State "CT" Well No. 4 at an unorthodox location 660 feet from the North line and 1980 feet from the West line of Section 35, Township 7 South, Range 35 East, in the Todd-Upper San Andres Pool, Roosevelt County, New Mexico, in exception to the pool rules which require wells to be located in the NE/4 or the SW/4 of the Section.

BEFORE THE OIL CONSERVATION COMMISSION OF THE  
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
SINCLAIR OIL & GAS COMPANY FOR AN  
AMENDMENT OF ORDER NO. R-2854 ALLOWING  
A NON-STANDARD GAS UNIT IN THE TUBB  
GAS POOL, LEA COUNTY, NEW MEXICO

CASE NO. 3679

ORDER NO. \_\_\_\_\_

A P P L I C A T I O N

SINCLAIR OIL & GAS COMPANY hereby makes application for an exception to Rule 5(C) of the General Rules and Regulations for Prorated Gas Pools of Southeast New Mexico, and approval of a 160-acre non-standard gas proration unit in the Tubb Gas Pool, Lea County, New Mexico, and in support thereof would show:

1.

On the application of Sinclair Oil & Gas Company, the Commission issued its Order No. R-2854 dated December 28, 1964, amending Order No. R-1148, and established a 160-acre non-standard gas unit in the Tubb Gas Pool comprising the  $W\frac{1}{2}SW\frac{1}{4}$ ,  $SE\frac{1}{4}SW\frac{1}{4}$  and  $SW\frac{1}{4}SE\frac{1}{4}$  of Section 26, Township 21 South, Range 37 East, N.M.P.M., Lea County, New Mexico, to be dedicated to the J. R. Cone "A" Well No. 2 located in Unit L of said Section 26. Sinclair Oil & Gas Company now seeks an amendment of Order R-2854 so as to establish a 160-acre non-standard gas proration unit in the Tubb Gas Pool comprising the above described acreage to be dedicated to its J. R. Cone "B" Well No. 1 located in Unit N of said Section 26, 660 feet from the South line and 1980 feet from the West line of said Section 26.

2.

That the 160-acre non-standard gas proration unit in the Tubb Gas Pool comprising said acreage can be efficiently and economically drained and developed by the J. R. Cone "B" Well No. 1.

3.

That approval of the subject application will afford the applicant an opportunity to produce its just and equitable share of the gas in the Tubb Gas Pool, and will otherwise prevent waste

and protect correlative rights.

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

HORACE N. BURTON  
P. O. Box 1470  
Midland, Texas 79701

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

By WNB KKK

ATTORNEYS FOR APPLICANT  
SINCLAIR OIL & GAS COMPANY



dearnley-meier reporting service, inc.

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

1120 SIMMAS BLDG. • P. O. BOX 1092 • PHONE 243-6491 • ALBUQUERQUE, NEW MEXICO

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
October 25, 1967

IN THE MATTER OF:

Application of Sinclair Oil and  
Gas Company for the Amendment of  
Order No. R-2854, Lea County,  
New Mexico

Case No. 3679

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: The next case will be Case 3679.

MR. HATCH: Application of Sinclair Oil and Gas Company for the Amendment of Order No. R-2854, Lea County, New Mexico.

MR. KELLY: I am Booker Kelly of Gilbert, White, Koch & Kelly, appearing on behalf of the Applicant. I have one witness and ask that he be sworn.

(Witness sworn.)

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

MR. UTZ: Are there any other appearances? You may proceed.

R. M. A N D E R S O N, called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLY:

Q Would you state your name, position and employer, please?

A R. M. Anderson, Region Regulatory Engineer for Sinclair Oil and Gas Company in their West Texas - New Mexico region, located in Midland, Texas.

Q For the record, you have previously qualified as an expert witness before this Commission?

A Yes, I have.

Q Would you state what Sinclair seeks by this application?

A Sinclair seeks to have the 160 acre non-standard gas proration unit that was previously established for it's J. R. Cone "A" Well No. 2, by Order R-2854, amended to assign that same non-standard proration unit to Sinclair's J. R. Cone "B" Well No. 1.

Q Now, referring to the plat which is Exhibit 1 what is the history of this application, the previous wells that were the designated well to the unit?

A Originally this same 160 acre unit which consists of the west half of the southwest quarter of Section 26, Township 21 South, Range 37 East, Lea County, and the southeast quarter of the southwest quarter and the southwest quarter of the southeast quarter of said section 26, was assigned to Sinclair's J. R. Cone "A" Well No. 1, which was located in Unit M of said Section 26. Subsequently that Order which was R-1148, was amended by Order R-2854, assigning that same non-standard proration unit to the "A" No. 2 well, where currently it is assigned and that well is located in Unit L of Section 26. We now desire that the order be amended assigning that same 160 acre non-standard proration unit to the

"B" Well No. 1 which is located in Unit N of said Section 26.

Q What is the present status of the designated well?

A Present status of our "A" No. 2 well is that it is a triply completed well, with the Blinbery-Tubb and Drinkard zones, I should say in those zones. As far as the Tubb zone is concerned, the well will not produce through the mechanical installation that we have in the well and therefore it has been a marginal producer. It is now off the schedule.

Q How long has it been off the schedule?

A It's been off several months.

Q So it's a mechanical problem rather than not being able to get gas from that well?

A Mechanical in that the well has, the Tubb zone has difficulty flowing through the flow tube that was necessary to install in the well. It's an undue bottom hole restriction and the pressure of the Tubb zone is not sufficient to flow the well through that bottomhole restriction and then produce against the line pressure.

Q What is the present status of the Sinclair "B", or No. 1, the well you plan to go to?

A This well is a dually completed well in the Blinberry and Drinkard. The Drinkard zone is depleted and below it's

economic limit at the present time, and we propose to move in on that well and squeeze the Drinkard and shut off those perforations and dually complete the "B" No. 1 well in the Tubb and Blinberry zone, as a Tubb gas well and a Blinberry oil well. And approval to dually complete this well will be an administrative matter and the subject of another application.

Q Do you feel that you will be able to efficiently drain 160 acres from that well?

A Yes, sir, I do.

MR. KELLY: That's all we have on direct. Was Exhibit No. 1, prepared by you or under your supervision?

THE WITNESS: Yes, it was.

MR. KELLY: I move the introduction of Exhibit No. 1.

MR. UTZ: Without objection, Exhibit No. 1 will be entered into the record in this case.

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

CROSS EXAMINATION

BY MR. UTZ:

Q The 256 "D" No. 1, you intend to squeeze off the Drinkard and do what?

A To dually complete in the Blinberry oil well which it presently is and a Tubb gas well.

Q You don't have any idea whether this rework will



will cause this well to produce it's 160 acre allowable or not, do you?

A We hope that it will. We believe that it might. The designation No. 256 is not an official designation of the well. It is the J. R. Cone "B" Well No. 1.

The 256 has to do with the Sinclair leasing system and should have been deleted from the exhibit.

Q So at the present time, the well is not producing from the Tubb zone at all, or the unit is not producing from the Tubb?

A No, sir. The "A" No. 2 well is completed and is open in the Tubb and is connected in the Tubb, but it will not produce against the line pressure.

MR. UTZ: Any questions of the witness?

MR. NUTTER: Yes, sir.

CROSS EXAMINATION

BY MR. NUTTER:

Q What is the production status of the proration unit, Mr. Anderson? Is it underproduced, overproduced, or has no status?

A Prior to the well ceasing to produce at all, the well was carried as a marginal well and had no status.

Q Had no status. So this new well will go in with

no status, too, then?

A Yes.

MR. UTZ: Any other questions? The witness may  
be excused.

(Witness excused.)

MR. UTZ: Any statements? The case will be taken  
under advisement.

I N D E X

<u>WITNESS</u>	<u>PAGE</u>
R. M. ANDERSON	
Direct Examination by Mr. Kelly	2
Cross Examination by Mr. Utz	5
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<u>EXHIBITS</u>	<u>MARKED</u>	<u>OFFERED AND ENTERED</u>
Applicant's Exhibit 1	2	5

STATE OF NEW MEXICO     )  
                                       ) ss  
 COUNTY OF BERNALILLO    )

I, ADA DEARNLEY, Court Reporter in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my hand this 28th day of November, 1967.

Ada Dearnley  
 Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Promisor Hearing of Case No. 2667 heard by me on 11/23/67.  
 \_\_\_\_\_, Secretary  
 New Mexico Oil Conservation Commission