

CHARM OIL COMPANY

CARPER BUILDING

ARTESIA, NEW MEXICO

MAIN OFFICE OCC

1955 JUN 22 AM 11:43

June 22, 1955

New Mexico Oil Conservation Commission
P.O. Box 871
Santa Fe, New Mexico

Attention: Mr. W. B. Macey

Gentlemen:

Reference is made to the application of J. Don Hudgens for a non-standard gas unit consisting of 240 acres in Section 36 of Township 21 South, Range 35 East.

The well being drilled by Hudgens is 660' from the east line of the unit and is also 660' from one of the south lines. Thus, the well violates Rule 2 of Order R-520. The well does not come under the provisions of Rule 3 of Order R-520, thus, the matter must be considered at a hearing after proper notice.

Rule 5 of Order R-520 provides that the Commission may assign, for the purposes of gas proration, acreage as set out in Rule 5. The Hudgens' well is 660 feet from two lease boundaries, and thus can be allowed only 160 acres. Rule 5 (b), parts 1 through 6, gives the Secretary of the Commission certain authorities, however, in this case, part 3 is not at all proven in that the entire 240 acres cannot be presumed to contain gas. It may be so productive, however, we would like to have testimony presented. Also, Hudgens cannot present written consent in the form of waivers from all offset operators. By the time the Commission can hold a hearing, the evidence will be available as to whether or not the acreage is gas productive, as current drilling wells will reveal this.

By quoting provisions of Rules 2 and 5 of Order R-520, it is the contention of Charm Oil Company that a properly advertised hearing is necessary to create this non-standard gas unit.

It is also called to your attention that the NE/4 NE/4 of Section 36 already has an oil well thereon, said well producing from the Seven Rivers, thus, according to the definition of the Jalmat Field, the oil well and the proposed gas well would have allowables from the identical acreage. Charm Oil Company does not object to that, however, we want to bring the fact out as that issue is presently being considered by the Commission.

→ Freedom State #1

MAIN OFFICE OCC

Page 2


New Mexico Oil Conservation Commission
June 22, 1955 11:43

The reason for intervention by means of this letter is that Charm Oil Company wishes to be protected in the matter of allowables. Charm is at this time drilling on its 80 acre tract (E/2 SE/4 Section 36). An attempt will be made to develop a Yates Sand oil well. We shall want an oil allowable if oil can be developed, also if the offset operators are going to produce gas from the Yates, we shall want to dual complete so as to produce our share of the gas. It is somewhat doubtful if the gas reservoir covers the entire E/2 of Section 36, and since the matter of simultaneous gas and oil allowables is already under question, Charm Oil Company would not look with favor on allowing this rather unorthodox non-standard gas unit.

in this tract Barnett & Keaton drilled their State #1 that has been P&A

Yours very truly,

CHARM OIL COMPANY



Vilas P. Sheldon
Manager and Agent

VPS/mlw

@cc. OCC. Hobbs
6/24/55

MAIN OFFICE OCC

J. DON HUDGENS, INC.
BOX 1898
HOBBS, NEW MEXICO

300 WEST TAYLOR

1955 JUN 16 AM 9:42 June 16, 1955

oil productive ?

NSP-166
done 7/20/55
cancelled.
TELEPHONE: 2-3144

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Re: Request for Non-standard
Proration Gas Unit

Attention: Mr. W. B. Macey

Gentlemen:

In accordance with order R-520 the undersigned hereby requests a non-standard unit consisting of 240 acres in Lea County, New Mexico as follows:

1. The complete legal description of acreage included in the proposed unit is: NE/4 and W/2 of SE/4 Section 36, T. 21S, R. 35E, Lea County, New Mexico, containing 240 acres.
2. J. Don Hudgens, Inc. State #1 proposed gas well is located 1980' from the north line and 660' from the east line of Section 36.
3. Plat is attached showing acreage to be included in the unit and all offset lease ownership.
4. It is the intention of the operator to produce the gas well from the Yates formation as a non-standard gas unit comprising 240 acres in the Jalmat Gas Pool. Dry ?
5. According to structural contours on top of Yates gas zone it is expected that all of the acreage in the unit is gas productive.
6. Copies of this request for a non-standard proration gas unit have been mailed to all of the offset operators as listed below.

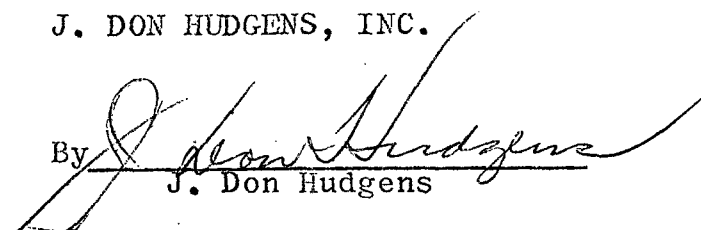
Page 2
New Mexico Oil Conservation Commission
June 16, 1955

This request for a 240 acre gas unit is in accordance with the Commission's rules and regulations and it is requested that this gas unit be granted.

Yours very truly,

J. DON HUDGENS, INC.

By


J. Don Hudgens

cj

Encl

cc: Continental Oil Company
323 Petroleum Building
Roswell, New Mexico

Carper Drilling Company
Carper Building
Artesia, New Mexico

Two States Drilling Co.
P. O. Box 667
Hobbs, New Mexico

Charm Oil Company
Carper Building
Artesia, New Mexico

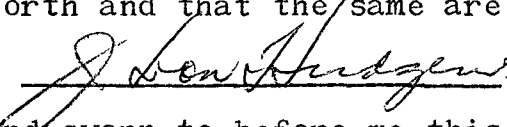
Amerada Petroleum Corp.
P. O. Box 591
Midland, Texas

Gulf Oil Company
P. O. Box 787
Roswell, New Mexico

The Atlantic Refining Co.
P. O. Box 6640
Roswell, New Mexico

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

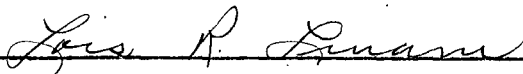
I, J. Don Hudgens, being first duly sworn on oath, state that I have knowledge of the facts and matter herein set forth and that the same are true and correct.

 Title Operator

Subscribed and sworn to before me this 16th day of June, 1955.

Notary Public Lea County, New Mexico.

~~MY COMMISSION EXPIRES SEPTEMBER 10, 1958~~



INSTRUCTIONS

1. Is this gas well a dual completion? Yes _____ No _____
2. If the answer to Question 1 is Yes, are there any other
dually completed wells within the dedicated acreage?
Yes _____ No _____

A separate plat must be filed for each gas well, outlining the area dedicated to such well and showing the location of all other wells (oil and gas) within the outlined area.

Mail in duplicate to the district office for the district in which the well is located.

NEW MEXICO
OIL CONSERVATION COMMISSION

Gas Well Plat

Date June 16, 1955

J. Don Hudgens, Inc. State 1
Operator Lease Well No.

Name of Producing Formation Yates Pool Jalmat

No. Acres Dedicated to the Well 240

SECTION <u>36</u>	TOWNSHIP <u>21S</u>		RANGE <u>35E</u>
Amerada	Gulf	<div style="text-align: center;">Z</div>	
Sec. 25		Sec. 30	
Superior ^{o1}	Atlantic	<div style="text-align: center;">A-30</div> <div style="text-align: center;">Conoco</div>	Texas Co.
State		U. S.	
Charm Oil Co.	<div style="text-align: center;">Freedman^{State} 1980' Hudgens State^{o1} - 660'</div>	<div style="text-align: center;">o1 K 425711 Jalmat oil Conoco "lockhart" B-31</div>	
Sec. 36		Sec. 31	
Gulf	Charm Oil Co.	<div style="text-align: center;">Carper o1 Jalmat oil lockhart</div> <div style="text-align: center;">Two States 23,000' o1 Athol Jalmat oil</div>	<div style="text-align: center;">Conoco</div> <div style="text-align: center;">CONOCO WSP-162 B-31 lockhart U. S.</div>
State			U. S.

I hereby certify that the information given above is true and complete to the best of my knowledge.

Name J. Don Hudgens
Position Pres
Representing J. Don Hudgens, Inc.
Address Box 1898, Hobbs, New Mex.

(over)