

OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
SANTA FE, NEW MEXICO

Re: IN THE MATTER OF APPLICATION
OF R. OLSEN OIL COMPANY FOR AN
UNORTHODOX GAS UNIT EMBRACING
160 CONTIGUOUS ACRES IN THE
BLINEBRY GAS POOL, LEA COUNTY,
NEW MEXICO.

Gentlemen:

Comes now the R. OLSEN OIL COMPANY hereby petitioning the New Mexico Oil Conservation Commission for approval of an unorthodox gas proration unit lying wholly within the limits of the Blinebry Gas Pool, namely SE/4 NW/4, NE/4 SW/4 and the S/2 SW/4 of Section 25, Township 22 South, Range 37 East, N. M. P. M., Lea County, New Mexico, and in support thereof does state:

1. That the petitioner is the owner of all oil and gas leases on the 320 acres confined by the boundaries of the W/2 of Section 25, Township 22 South, Range 37 East, N.M.P.M.

2. That the petitioner's Sims Well No. 1, is located 1980 feet South of the North and 1980 feet East of West boundary of the section, and is completed within the vertical limits of the Blinebry Gas Pool as defined by the New Mexico Oil Conservation Commission.

3. That the royalty owners of the 160 acre unorthodox unit herein applied for are not the same as the owners of the royalty of the remaining 160 acres in the W/2 of subject section.

4. That the petitioner's lease is capable of producing by virtue of its past production and the fact it is offset by gas wells producing gas from the Blinebry Pool.

5. That a plat showing the above described lands and all offset properties indicating well locations and lease ownership to the best of our knowledge is hereto attached.

Wherefore, the petitioner requests that in the interest of conservation and protection of correlative rights, the Commission grant an exemption to Rule 7 (a) of order R-372-A, as provided therein, by which the petitioner may operate the above described lands as a single unit.

Respectfully submitted,

R. OLSEN OIL COMPANY

Aaron Cummings

AARON CUMMINGS
Gas Engineer

MAIN OFFICE 000

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The Ohio Oil Co.

Legal Department

W. Hume Everett

Thomas H. McElroy

J. O. Terrell Couch

Attorneys

June 18, 1954

P. O. Box 3128

Houston, Texas

Oil Conservation Commission
State of New Mexico
Santa Fe, New Mexico

Gentlemen:

Re: Applications of R. Olsen Oil Company
for Unorthodox Gas Units, Blinbry Gas
Pool, Lea Co., New Mexico in
Case No. 741 and
Case No. 742

Enclosed please find Protest and Objection of The Ohio Oil Company in 3 counterparts, together with an extra copy of this letter. Please file a copy of the Protest and a copy of the letter in each of the above numbered cases.

I also respectfully request that our Protest and Objection be made a part of the record in each numbered case.

I am today mailing by regular mail copies of this letter and Protest to the parties indicated on the letter, such parties being all of the operators adjoining the Ohio-Phillips 80-acre unit embracing the E/2 of the SW/4, Sec. 24, T22S, R37E, Lea County, New Mexico.

Please acknowledge receipt of the Protest and advise me the date same is filed and that it has been made a part of the record in each case.

Very truly yours,

W. H. EVERETT

WHE/1

encls

REGISTERED: RETURN RECEIPT
REQUESTED

Copies to:

Gulf Oil Corporation
P.O. Box 1290
Fort Worth, Texas

#2

Mr. E.H. Foster
c/o Phillips Petroleum Company
Amarillo, Texas

Mr. E.H. Foster
c/o LaFonda Hotel
Santa Fe, New Mexico

R. Olsen Oil Company
P.O. Box 625
Jal New Mexico

Mr. Jason W. Kellahin
Attorney-at-Law
Santa Fe, New Mexico

OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
Santa Fe, New Mexico

IN THE MATTER OF

APPLICATIONS OF R. OLSEN OIL COMPANY
FOR UNORTHODOX GAS UNIT EMBRACING 160
CONTIGUOUS ACRES IN THE BLINEBRY GAS
POOL, LEA COUNTY, NEW MEXICO

Case No. 741

Case No. 742

PROTEST AND OBJECTION OF THE OHIO OIL COMPANY

Now comes The Ohio Oil Company (hereinafter called OHIO) and moves that Cases Nos. 741 and 742 be consolidated, and hereby protests and objects to the approval of the unorthodox gas proration units applied for in the above numbered cases by R. Olsen Oil Company (hereinafter called OLSEN), and states:

1.

That Ohio and Phillips Petroleum Company (hereinafter called PHILLIPS) are the owners of an oil and gas lease covering the East 1/2 of the Southwest 1/4 of Section 24, Township 22 South, Range 37 East, which adjoins and is contiguous to the East 1/2 of the Northwest 1/4 of Section 25, Township 22 South, Range 37 East, embraced with other lands in Applications Nos. 741 and 742, for all of which said Olsen makes application for unorthodox gas proration units in said cases.

2.

That Ohio is the Operator of the Ohio-Phillips lease, and that heretofore by order dated April 16, 1954 an unorthodox gas proration unit was established by this Commission as to the 80 acres embraced in the Ohio-Phillips lease, all as appears in Case No. 654 (Order R-446), herein referred to for all purposes.

3.

That the wells referred to in Cases Nos. 741 and 742 are located on the East 1/2 of the Northwest 1/4 of said Section 25, being the 80 acre tract adjoining the Ohio-Phillips unorthodox gas proration unit to the south, all as shown by the plats attached to Olsen's applications herein.

4.

That, as shown by the New Mexico Oil and Gas Engineering Committee Report for the month of April, 1954, Applicant Olsen is apparently assigning and now claiming a 120 acre allowable for its Drinkard Well No. 1, referred to at page 4 in the Report, and located as described in its Application in Case No. 742; and that Applicant Olsen is apparently assigning and now claiming a 40 acre allowable for its Sims Well No. 1, referred to at page 4 in the Report, and located as described in its Application in Case No. 741. In effect, Applicant is now unjustly receiving the equivalent of a 160 acre allowable for the two wells which are located on the 80 acres immediately south of the Ohio-Phillips unorthodox unit above described. The allowable as set forth in said Committee Report for April, 1954, for the Drinkard well is 7113 m.c.f., and for the Sims well is 2371 m.c.f., or a total of 9484 m.c.f. as compared with an allowable of 4742 m.c.f. for the Ohio-Phillips J.L. Muncy Well No. 3, located on said unorthodox unit.

5.

That under the present proration, the allowable for Olsen's 80 acres is twice that for the Ohio-Phillips 80 acres adjoining to the north; that regardless of Olsen's applications, the allowables for Olsen's 80 acres on which the Drinkard and Sims wells are located should not be more than the allowable for the Ohio-Phillips well No. 3, on said unorthodox unit.

6.

That the granting of the applications in Cases Nos. 741 and 742 is not in the interest of conservation and would not protect correlative rights, but would legalize and sanction the manifestly unfair withdrawals of gas in disregard of the correlative rights of Ohio and Phillips and should, therefore, be in all things denied.

WHEREFORE, The Ohio Oil Company asks that Cases Nos. 741 and 742 be consolidated, and protests and objects to the granting of said applications in Cases Nos. 741 and 742, and requests that the Commission, in the interest of conservation and the protection of correlative rights, in all things deny said applications of Olsen in said cases, and respectfully requests that an order be entered

fixing the same total allowable for the Ohio-Phillips well on said 80 acre unit as for the two wells on the Olsen 80 acre tract described as the East 1/2 of the Northwest 1/4 of Section 25, Township 22 South, Range 37 East.

Respectfully submitted,

THE OHIO OIL COMPANY,

By W. J. Everett
Attorney