



SKELLY OIL COMPANY

TULSA 2, OKLAHOMA

PRODUCTION DEPARTMENT
J. S. FREEMAN, VICE PRESIDENT

November 26, 1954

Sinclair Oil & Gas Company
901 Fair Building
Fort Worth, Texas

Attention: Mr. J. T. Reeves

Gentlemen:

We are in receipt of a copy of your application requesting the establishment of a nonstandard gas proration unit in the Durant Gas Pool under Order No. R-320, consisting of the 4/2 of Section 21-20S-37A, known as your W. C. Coach No. 1 well.

As offset operator we cannot agree with the assignment of 320 acres to your No. 1 well, which is located 330' out of the Northwest Corner of such 320 acre unit, for two reasons: First, the well is quite obviously located in one corner of the unit, and secondly we are not thoroughly satisfied as to the productiveness of the entire 320 acres.

Yours very truly,

(Signed) GEORGE W. SELINGER

GWS:dd

George W. Selinger

cc: Stanolind Oil & Gas Co.
Box 899, Roswell, New Mexico

The Texas Company
Box 1270
Midland, Texas

Shell Oil Company
Box 1937
Hobbs, New Mexico

Tide Water Associated Oil Company
Box 1404
Houston, Texas

✓ New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Mr. J. M. Dunlavey

OIL CONSERVATION COMMISSION

BOX 2045

HOBBS, NEW MEXICO

DATE December 15, 1954

MR. W. B. MACEY
OIL CONSERVATION COMMISSION
BOX 871
SANTA FE, NEW MEXICO

RE:
PROPOSED NSP 46
PROPOSED NSL

Dear Mr. Macey:


I have examined the application dated November 22, 1954
for the Sinclair Oil & Gas Co. W. C. Roach #1 (Dual) 21-20-37 Eumont
Operator Lease and Well No. S-T-R

and my recommendations are as follows:

Approved 320 acres- W/2 of Section 21-20-37

Yours very truly,

OIL CONSERVATION COMMISSION


Stanley J. Stanley
Engineer

hs

Linclair Oil & Gas Co.
901 Fair Bldg
Ft. Worth, Texas

Dec 20, 1954

Attention: Mr. J. T. Reeves

Gentlemen:

Administrative Order NSP- 46

Reference is made to your application for approval of a 320 -acre non-standard gas proration unit in the Eumout Gas Pool consisting of the following acreage:

Twp 20 South, Rge 37-East, NM PM
W/2 of Section 21

It is understood that this unit is to be ascribed to your W. C. Roach Well #1, located 330' from the North line, and 330' from the west line of Section 21, Township 20 South, Range 37 East, NM PM, Lea County, New Mexico

By authority granted me under provisions of Rule 5, Section (b)-6 of the Special Rules and Regulations for the Eumout Gas Pool, as set forth in Order R- 570, you are hereby authorized to operate the above described acreage as a non-standard gas proration unit, with allowable to be assigned thereto in accordance with pool rules, based upon the unit size of 320 acres.

Very truly yours,

W. B. MACEY,
Secretary-Director

ILLEGIBLE

(7 copies)

Orig & 1 cc - Operator
cc - Hobbs OCC, NM Oil & Gas Comm., JH
cc - NSP file, date file, book file

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

April 22, 1955

Sinclair Oil and Gas Company
901 Fair Building
FORT WORTH, TEXAS

Attention: Mr. C. D. Gaines

Gentlemen:

We enclose copies of the following Oil Conservation Commission orders, which were signed April 20, 1955:

Order R-612 in Case 825
Order R-613 in Case 826

Very truly yours,

W. B. Macey
Secretary - Director

WBM:nr

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

January 21, 1955

Sinclair Oil & Gas Company
901 Fair Building
Fort Worth, Texas

Re: Administrative Order NSP-46

Attention: Mr. J. T. Reeves

Gentlemen:

On December 24, 1954, by virtue of the provisions of Administrative Order NSP-46, I approved the formation of a non-standard gas proration unit consisting of the following described acreage in the Eumont Gas Pool:

Section 21, Township 20 South, Range 37 East
W/2

Information available to me at this time indicates that I exceeded the authority granted to me by the provisions of Rule 5-b of Order R-520 (Eumont Pool Rules) due to the fact that the third paragraph of Rule 5-a specifically limits the maximum amount of acreage that may be assigned to a gas well, the amount being governed by the well location.

The formation of a 320-acre non-standard proration unit with your W. C. Roach Lease, Well No. 1, located 330 feet from the North line and 330 feet from the West line is contrary to the provisions of this rule.

On February 16, 1955, this Commission will hold hearings directed to you as operator for you to show cause why the acreage assigned your W. C. Roach, Well No. 1, NW/4 NW/4 Section 21, Township 20 South, Range 37 East, NMPM, Eumont Gas Pool, should not be reduced to 160 acres in accordance with the provisions of Paragraph 3 of Rule 5-a of Order R-520. The description of this 160-acre unit is as follows:

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

-2-

Section 21, Township 20 South, Range 37 East
NW/4

This proposed reduction would be effective March 1, 1955. You will of course be afforded the opportunity to present any testimony or evidence to support the formation of the proration unit as it now exists.

This letter is being directed to you so that you can prepare your case, if you so desire. A copy of the advertisement will be mailed to you when available.

Very truly yours,

W. B. MACEY,
Secretary-Director

WBM/lr

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

December 24, 1954

C
O
P
Y

Sinclair Oil & Gas Company
901 Fair Building
Fort Worth, Texas

Attention: Mr. J. T. Reeves

Administrative Order NSP-46

Gentlemen:

Reference is made to your application for approval of a 320-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the following acreage:

Twp 20 South, Rge 37 East, NMPM
W/2 of Section 21

It is understood that this unit is to be ascribed to your W. C. Reach Well No. 1, located 330' from the North line and 330' from the West line of Section 21, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

By authority granted me under provisions of Rule 5, Section (b)-6 of the Special Rules and Regulations for the Eumont Gas Pool, as set forth in Order R-520, you are hereby authorized to operate the above described acreage as a non-standard gas proration unit, with allowable to be assigned thereto in accordance with pool rules, based upon the unit size of 320 acres.

Very truly yours,

W. B. Macey
Secretary - Director

WBM:jh

cc: Oil Conservation Commission, Hobbs

N. M. Oil & Gas Engineering Comm., Hobbs

NEW MEXICO OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

Statement of Policy on the Formation of Non-Standard Gas Proration Units
(Presented at February 16 Hearing by W. F. Kitts, Attorney)

Considerable confusion has developed in recent weeks regarding the formation of non-standard gas proration units in Lea County gas pools, and the following statement is presented in an effort to eliminate this confusion and to clarify the requirements in filing applications for approval of non-standard gas proration units in the Southeast gas pools.

The basic considerations for approval of all applications will be that the formation of such unit will:

1. Prevent Waste
2. Protect Correlative Rights
3. Serve the Best Interests of Conservation

For an application to receive consideration for administrative approval, the unit for which the exception is requested must in all respects meet the requirements of Rule 5 (a) paragraph 3 and Rule 5 (b) of the various pool rules contained in Order R-520. Any application which does not meet these requirements for administrative approval must be heard after notice at a hearing of the Commission at which time the merits of the application can be considered.

Further, the Commission Staff feels that Order R-520 clearly implies the radius of influence for one well in the various Southeast gas pools, covered by Order R-520, to be 3735'--that is, the radius of a circle which will totally enclose a 640-acre section. And that such radius should be applied to all applications for exception to the provisions of Order R-520. Quite naturally, this radius of influence cannot be the only consideration and factors of economics, offset counter-drainage, and good operating practice must be considered. The Commission Staff is aware that each request for approval of a non-standard gas proration unit must stand on its own merits, and be treated individually - and we take note of this fact.

We have briefly outlined our position in an effort to assist the operators in making application for and securing non-standard proration units, and with the hope that the operators can assist the Commission Staff by keeping their units within the limits as set out in this statement, in so far as economics and good operating practice will permit.

We are certain that we can count on the full support of all of the operators.