

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

July 13, 1956

Mr. W. D. Girand, Jr.
P.O. Box 278
Hobbs, New Mexico

Dear Sir:

In behalf of your client, Mr. R. Olsen, we enclose a copy of Order R-829 and Order R-830 issued July 9, 1956, by the Oil Conservation Commission in Cases 1031 and 1032, respectively.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

brp
Encl.

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OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

July 13, 1956

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Shell Oil Company
P.O. Box 1957
Hobbs, New Mexico

Gentlemen:

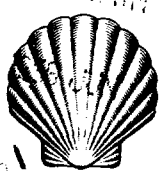
We enclose a copy of Order R-829 and Order R-830 issued July 9, 1956, by the Oil Conservation Commission in Cases 1031 and 1032, respectively.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

brp
Encl.

MAIN OFFICE 000 SHELL OIL COMPANY



Case 1031

AM 8:37

Box 1957
Hobbs, New Mexico

June 6, 1956

Subject: Case 1031 - Non-Standard Gas
Unit Proposal, Jalmat Field,
Lea County, New Mexico

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

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

Since early March 1956, Shell State 1-A, Jalmat Field, has been undergoing an intensive testing program to determine the relative productive capabilities with regard to a possible reclassification as a Jalmat oil well. The testing to date has exhibited a rapid decrease in oil production from the original 100 BOPD to a present negligible amount while the water production has remained in the range of 300 - 400 b/d. The well is now shut in pending remedial operations to exclude water.

Since the status of State 1-A is still questionable because of the excessive water production, we feel that our case (No. 1031) concerning enlargement of the gas unit assigned to this well should be dropped from the current docket until remedial operations are completed. When the proposed workover is evaluated we will then resubmit our gas proration unit proposal to your office for consideration.

Yours very truly,


Frank R. Lovering
Division Manager

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

R. Olsen Oil Company
2805 Liberty Bank Building
Oklahoma City, Oklahoma
Attn: Mr. Philip Randolph

1031
New Mexico

MAIN OFFICE
OIL CONSERVATION COMMISSION



GOVERNOR JOHN F. SIMMS

CHAIRMAN

LAND COMMISSIONER E. S. WALKER

MEMBER

STATE GEOLOGIST W. B. MACEY

SECRETARY & DIRECTOR

Box 2045

HOBBS, NEW MEXICO

April 10, 1956

Mr. A. L. Porter, Jr.
Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Mr. Porter:

Reference is made to Cases 1031 and 1032 on the docket for the regular hearing before the Commission on April 18, 1956.

The subject cases cover the joint applications of the Shell Oil Company and R. Olsen Oil Company for orders approving two non-standard gas proration units in the Jalmat gas pool, Lea County, New Mexico. Each case, although filed separately and independently, depends one upon the other. The purpose of the two applications was to dedicate all of the acreage owned by the applicants in Section 36 of Township 24 South, Range 36 East, to one of the applicants' two gas wells in said section; one well being the Shell Oil Company State A #1 and the other well being the R. Olsen Oil Company McKinney well #1. Neither of the two applicants would be able to form a gas proration unit using all its own acreage in said Section 36 without these joint applications, because some or all of its acreage would not be contiguous to their individual unit wells.

On or about December 14, 1955, the Shell Oil Company was notified by the El Paso Natural Gas Company that their State A #1 was making some considerable volume of fluid, and that it would be necessary to install separation equipment to prevent these fluids from entering the El Paso Natural Gas Company's gas gathering facilities. The State A #1 well was shut in and the separation equipment was installed. On March 10, 1956, the State A #1 was returned to production, at which time it was noted that the well now made an average of 200 bbls. of fluid per day with a 45% water cut and an average gas-oil ratio in excess of 10,000 to 1. As a result of this low ratio and high rate of production, the Shell requested of the Commission a 45 day test period to determine the proper classification of this well; the 45 day testing period was granted and Supplement No. 199 was issued March 26, 1956, granting an advance allowable of 4500 bbls. to cover the fluid produced during this test period.

New Mexico

MAIN OFFICE OIL CONSERVATION COMMISSION

GOVERNOR JOHN F. BYRMS
CHAIRMAN
LAND COMMISSIONER E. S. WALKER
MEMBER
STATE GEOLOGIST W. B. MACEY
SECRETARY & DIRECTOR



Box 2045
HOBBS, NEW MEXICO

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The attached plat shows the distribution of the acreage as to working interest ownership, the Shell acreage being colored in green, and the acreage of the R. Olsen Oil Company being colored in blue. All of the wells in Section 36 are shown with the appropriate symbol for each, and the proration units as requested by Cases 1031 and 1032 are outlined.

CONCLUSIONS:

Case 1031: This case should be continued as requested by the Shell Oil Company until sufficient testing has been done to adequately determine the proper classification for this well, not to exceed 45 days. Following this period, the case should either be heard or withdrawn at the May 16, 1956 regular hearing before the Commission.

Case 1032: This case can be heard and considered by the Commission; however, as can be seen from the attached plat, the R. Olsen Oil Company has nothing to gain by the dedication to its well, McKinney #1, of the additional 160 acres of Shell leases. Further, the NE/4 of the NW/4 of said Section 36 which is part of Case 1032, is presently dedicated as a part of the 160 acre unit assigned to the Shell State A #1. It is my opinion that Case 1032 will and should be continued pending the outcome of Case 1031.

It is my opinion that no gas proration units of any kind should be considered for Section 36 until such time as the classification of the Shell State A #1 can be properly determined, and all of the operators in said Section 36 have an opportunity to dedicate their acreage to a gas well. It would appear that an additional well will have to be drilled for the production of gas.

Very truly yours,

C. M. Rieder
Engineer

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

April 5, 1956

Mr. W. D. Girand, Jr.
P.O. Box 278
Hobbs, New Mexico

Dear Mr. Girand:

Reference is made to your letter of March 20th, 1956, in which on behalf of Mr. R. Olsen you requested a continuance of Cases Nos. 1031 and 1032.

Since this office has received no objections to your request from the interested parties to which you sent copies of your letter, we will continue the cases to the May 16th hearing.

Yours very truly,

A. L. Porter, Jr.
Acting Secretary - Director

ALP:brp

CC: (See attached list)

C
O
P
Y

Oil Conservation Commission

Box 2045
Hobbs, New Mexico

H. Olsen Oil Company
2805 Liberty Bank Building
Oklahoma City, Oklahoma

Anderson-Prichard Oil Corporation
Liberty Bank Building
Oklahoma City, Oklahoma

Mr. W. H. Black
Box 174
Midland, Texas

Mr. Jack Campbell
J. P. White Building
Roswell, New Mexico

Cities Service Oil Company
Empire-Masonic Building
Bartlesville, Oklahoma

Continental Oil Company
Box 431
Midland, Texas

Gulf Oil Corporation
Box 1667
Hobbs, New Mexico

Humble Oil & Refining Company
Box 1600
Midland, Texas

Mr. John M. Kelly
Box 5671
Roswell, New Mexico

Mr. R. Olsen
2811 Liberty Bank Building
Oklahoma City, Oklahoma

Phillips Petroleum Company
Permian Building
Midland, Texas

Southern California Petroleum Corp.
Suite 905, Petroleum Life Bldg.
Midland, Texas

The Texas Company
P.O. Box 1270
Midland, Texas

Tide Water Associated Oil Co.
P.O. Box 731
Tulsa, Oklahoma

Western Natural Gas Company
823 Midland Tower
Midland, Texas

Shell Oil Company
Box 1957
Hobbs, New Mexico

March 29, 1956

MEMORANDUM

TO: A. L. Porter
FROM: W. B. Macey
SUBJECT: Cases 1031 and 1032

I believe you should write a letter to Girard stating that in view of his request in these cases that the matter will be continued to the May hearing and furnish each of the interested parties (see attached list) with a copy of your letter.

Do not commit the Commission to any definite course of action but indicate that his letter will be given favorable consideration.

WBM:brp

NEAL & GIRAND
LAWYERS
NEAL BUILDING
HOBBS, NEW MEXICO

C. MELVIN NEAL
W. D. GIRAND, JR.
J. W. NEAL

TELEPHONE:
EXPRESS 3-5171
P. O. BOX 278

March 20, 1956.

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

Attention: Mr. W. B. Macey.

In re: Cases Nos. 1031 and 1032 - Shell
Oil Company and R. Olsen Oil Company
Application for non-standard gas
proration unit in Jalmat Pool.

Gentlemen:

On behalf of Mr. R. Olsen, a protestant to the
Applications referred to above, we respectfully request
that these cases be passed to the May term of the Commission.

We regret having to make this request, but due to
prior committments, we will be unable to be present in
Santa Fe on the 18th of April.

By copy of this letter we are advising all interested
parties of our request for continuance.

Very truly yours,

NEAL & GIRAND,

BY: 

G/bc

cc: (See attached sheet)

11 New Mexico Oil Conservation Commission, Mr. John M. Kelly
Box 2045, P.O. Box 5571
Hobbs, New Mexico. Roswell, New Mexico.

R. Olsen Oil Company
2805 Liberty Bank Building
Oklahoma City, Oklahoma.

Mr. R. Olsen
2811 Liberty Bank Building
Oklahoma City, Oklahoma

Anderson-Prichard Oil Corporation
Liberty Bank Building
Oklahoma City, Oklahoma

Phillips Petroleum Company
Permian Building
Midland, Texas

Mr. W. H. Black
P.O. Box 174
Midland, Texas.

Southern California Petroleum Corp.
Suite 905, Petroleum Life Bldg
Midland, Texas.

Mr. Jack Campbell
J. P. White Building
Roswell, New Mexico

The Texas Company,
P.O. Box 1270
Midland, Texas.

Cities Service Oil Company
Empire-Masonic Building
Bartlesville, Oklahoma

Tide Water Associated Oil Co.
P.O. Box 731
Tulsa, Oklahoma.

Continental Oil Company
P.O. Box 431
Midland, Texas.

Western Natural Gas Company
823 Midland Tower
Midland, Texas

Gulf Oil Corporation
P.O. Box 1667
Hobbs, New Mexico.

Shell Oil Company
P.O. Box 1954
Hobbs, New Mexico.

Humble Oil & Refining Company
P.O. Box 1600
Midland, Texas.