

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

New Mexico

OIL CONSERVATION COMMISSION

LAND COMMISSIONER, MURRAY E. MORGAN
MEMBER

STATE GEOLOGIST, A.L. PORTER JR.
SECRETARY DIRECTOR



P. O. BOX 871
SANTA FE, NEW MEXICO

October 16, 1957

MEMORANDUM

TO: Governor Mechem

FROM: A. L. Porter, Jr.

SUBJECT: Order R-1070, Case 1316

This order denies the application of Sun Oil Company for an 80-acre non-standard gas proration unit in the Crosby-Devonian Gas Pool. Commission Order R-859 dated August 30, 1956, granted Sun Oil Company permission to drill a well on an 80-acre tract in the Crosby-Devonian Pool at a 330 foot location because the well was projected as an oil well, a 330 foot location being standard for an oil well and a 660 foot location standard for a gas well. In the order granting the 330 foot location, however, we included a paragraph which said, "In the event the said B. T. Lanehart Well No. 3 is completed as a gas well, the applicant will make every reasonable effort to form a standard gas proration unit of 160-acres, and should such efforts fail, make prompt application to the Commission for forced pooling or a non-standard gas proration unit."

The well was completed as a gas well and application was made for the non-standard unit, but in my opinion and in the opinion of Mr. Nutter, the Examiner, Sun failed to show that a reasonable effort had been made to form a standard gas unit. In fact, there are three owners in the 160-acre unit that could be formed, and the record shows that Sun had contacted only one of these owners concerning formation of a standard unit.

It is believed that our denial of the 80-acre non-standard unit will speed up negotiations between the interested parties and that a standard gas unit will be formed; however, we have indicated in the order that if a subsequent hearing establishes the fact that reasonable efforts have failed, the granting of an 80-acre non-standard unit will be given further consideration.

ALP:bp

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WESTERN UNION

TELEGRAM

W. P. MARSHALL, PRESIDENT

1201

SYMBOLS

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See call 8330

TOWNE HOUSE MOTEL SANTA FE NMEX=

WE WILL APPRECIATE VERY MUCH YOUR APPEARING TOMORROW
BEFORE THE NEW MEXICO CONSERVATION COMMITTEE IN OUR
BEHALF AND INFORMING THEM THAT WE ARE OPPOSED TO SUN
OIL COMPANY'S APPLICATION IN DOCKET NO. 1116 NON-STANDARD
GAS PRODUCING UNIT, CROSBY DEVONIAN POOL, LEA COUNTY,
NEW MEXICO, WHEREIN SUN OIL COMPANY IS ASKING FOR AN
80-ACRE SPACING PATTERN, AND EXPLAINING TO THE COMMITTEE
THAT WE PREFER 160-ACRE SPACING, AND ACCORDINGLY

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

CLASS OF SERVICE

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WESTERN UNION TELEGRAM

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RESPECTFULLY REQUEST THAT THE SOUTHEAST QUARTER OF
SECTION 20, TOWNSHIP 25-SOUTH, RANGE 37-EAST, LEA COUNTY,
N. M. BE MADE INTO A UNIT FOR DEVELOPMENT OF THE 8,000
FOOT GAS HORIZON=

SOUTHLAND ROYALTY CO BY R M COLEMAN==

21943

1116 80 160 20 25 37 8,000:

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

CLASS OF SERVICE

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WESTERN UNION

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MAIN OFFICE OCC

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A L PORTER JR=

NEW MEXICO OIL CONSERVATION COMMISSION SANTA FE NMEX=

R OLSEN AS THE OWNER OF LEASEHOLD INTERESTS UNDER W/2 SE/4 SECTION 20-25S-37E STATES THAT SUN OIL COMPANY HAS MADE NO OFFERS RELATIVE TO FORMATION OF STANDARD GAS PRORATION UNIT OF 160 ACRES. THAT HE IS WILLING TO NEGOTIATE AN AGREEMENT AS SUCH OWNER FOR THE FORMATION OF A STANDARD PRORATION UNIT AND PROTEST THE GRANTING OF AN EXCEPTION AS REQUESTED BY SUN AT THIS TIME=

R OLSEN=

Case 1316

STATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

Case 1316

ANDERSON-PRICHARD OIL CORPORATION

1957 AUG 29 PM 1:34
RECEIVED 900



LIBERTY BANK BUILDING
OKLAHOMA CITY 2, OKLAHOMA

August 29, 1957

New Mexico Oil Conservation Commission
Mabry Hall
Santa Fe, New Mexico

ATTENTION: MR. A. L. PORTER, Jr.

In re: Our File #M-6540-F

Gentlemen:

We have received copy of letter dated August 22, 1957 from Sun Oil Company addressed to the New Mexico Oil Conservation Commission relative to its B. T. Lanehart well #3 and requesting a hearing for the purpose of securing an unorthodox gas proration unit of 80 acres described as the E/2 SE Sec. 20-25S-37E, N.M.P.M., Lea County, New Mexico as an exception to rule #5 of Order R-639A of the commission promulgating gas proration rules in the Crosby Devonian Gas Pool in Lea County, New Mexico.

We will appreciate it very much if we may receive a copy of the notice setting this Application for hearing in order that we may be present. You are advised that Anderson-Prichard Oil Corporation is the owner of certain oil and gas leasehold interests in the W/2 SE Sec. 20-25N-37E, such lands being within a standard gas proration unit for the subject well under Order R-639A. We desire to be in attendance at the hearing as requested by Sun Oil Company inasmuch as our position relative to the Application will no doubt be determined by the testimony adduced at such hearing.

Yours very truly,

GENERAL ATTORNEY
Legal Department

CTMcCLURE:lj

cc:Sun Oil Company
P.O. Box 998
Roswell, New Mexico

(cont. page #2)

Page 2
New Mexico Oil Conservation Commission
August 29, 1957

Sinclair Oil Company
Sinclair Bldg.
Tulsa, Oklahoma

Leonard Oil Company
Roswell, New Mexico

Mr. M. W. Coll
P.O. Box 919
Roswell, New Mexico

ANDERSON-PRICHARD OIL CORPORATION



BOX 1859
MIDLAND, TEXAS

GENERAL OFFICE
LIBERTY BANK BLDG.
OKLAHOMA CITY, OKLAHOMA

May 23, 1957

Re: APOC File M-6540-F
W/2 SE/4 Sec. 20, T-25-S, R-37-E
Lea County, New Mexico

Sun Oil Company
P. O. Box 2880
Dallas, Texas

ATTENTION: A. J. Viets

Gentlemen:

This refers to your recent request for a dry hole contribution in support of a Devonian test well your company proposed to drill at a location in the SE/4 SE/4 Section 20, T-25-S, R-37-E, Lea County, New Mexico.

We have discussed this with our management and regret to advise we have no authority to make such a contribution. We feel this is a field or development well, therefore, a dry hole contribution could not be considered. For example, we are commencing operations for an extension well to the field with location in the NW/4 SW/4 Section 34 which offsets El Paso, Gulf and Western Natural none of whom are supporting the test well.

I am sorry we could not get together on this one but perhaps on some future deal we can lend you some support.

Very truly yours,

J. Don Wiet
District Landman

JDW/pag

INTER-OFFICE CORRESPONDENCE SHEET
SUN OIL COMPANYSUBJECT: Information, Lanehart Lease
Lea County, New Mexico

DATE: April 17, 1957

FROM: S. B. Christy, Jr.

OFFICE: Roswell, New Mexico

TO: Mr. A. J. Viets
Dallas Office

Dear Sir:

Please refer to our previous correspondence under the above subject and Mr. Buckley's conversation with Anderson and Pritchard.

Today Mr. J. Don Wiet of the Midland office of Anderson and Pritchard called on me regarding a proposed well and their interest in the event of a gas well.

He stated that they were willing to go along with us on all of the conditions except that they were unwilling to pay their part of the cost of a well in the event of a dry hole since they would not participate in an oil well. In brief he stated the conditions as follows:

1. In the event of a gas well they would join a gas unit and pay their proportionate cost.
2. In the event of an oil well they would have no interest and pay no cost.
3. In the event of a dry hole they would be obligated to pay no cost.
4. In the event of a marginal gas well they would have the option of contributing no cost of drilling the well and reserve no returns from the sale of the gas until the well had paid out.

I told Mr. Wiet I would pass this information along to you and Mr. Buckley but I made no comment nor commitment since the proposed agreement has already been started in your office.

Very truly yours,


S. B. Christy, Jr.

SBC:fs

cc: Mr. J. E. Buckley
Mr. Rex Aleorh

ok Vito

ANDERSON-PRICHARD OIL CORPORATION

PRODUCERS  REFINERS

LIBERTY BANK BUILDING

OKLAHOMA CITY 2, OKLAHOMA

March 19, 1957

R. W. BRAUCHLI
VICE-PRESIDENT
EXPLORATION DEPARTMENT

B. F. MURPHY
ASST. TO VICE-PRESIDENT

J. H. DALTON
LAND DIVISION

Mr. James E. Buckley,
Division Manager, Land Department
Sun Oil Company
Box 2880
Dallas 21, Texas

Re: APOC #M-6540-F
W/2 SE/4 Sec. 20-258-37E,
80 acres, Lea County,
New Mexico

Dear Jim:

We are awaiting recommendation to our March 14 memorandum to our Midland, Texas District Office, to your proposal over long distance telephone a week ago this afternoon with respect to ^{your and} our forming a 160 acre unit embracing your leasehold, E/2 SE/4, and ours, W/2 SE/4, of captioned Section 20 for the purpose of drilling a Devonian test, 8,800 to 9,000 feet, provided if it is a gas or gas distillate producer or is a dry hole, the cost thereof would be borne jointly, but if an oil well, the well shall be owned and paid for 100% by your company. In due course, I hope to have an answer.

It was sure nice to hear your voice; brought back memories, which I cherish, of your and my associations commencing in the Spring of 1916. With good wishes and warm regards, I am.

Sincerely yours,

ANDERSON-PRICHARD OIL CORPORATION



J. H. Dalton

JHD:lt