

**KERR-McGEE OIL INDUSTRIES, INC.**

Kerr-McGee Building • Oklahoma City 2, Oklahoma

December 26, 1961

Oil Conservation Commission  
State of New Mexico  
Box 871  
Santa Fe, New Mexico

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

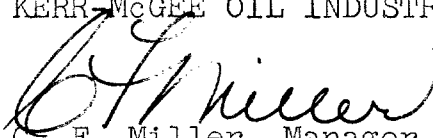
Gentlemen:

Kerr-McGee Oil Industries, Inc., has received a notice of the application of El Paso Natural Gas Company for an order establishing special rules and regulations for the Lusk-Strawn Pool, Lea County, New Mexico. This is styled case 2469, in which applicant seeks among other things 160-acre proration units and a limiting gas-oil ratio of 4000 to 1. This case is scheduled to be heard on January 4, 1962.

The Lusk-Strawn Pool is located essentially within the boundaries of the Lusk Deep Unit which is a Federal type of undivided unit. Kerr-McGee Oil Industries, Inc. is a working interest owner in the Lusk Deep Unit and concurs in the application to establish proration units of 160 acres each with a limiting gas-oil ratio of 4000 to 1, and respectfully requests that the Commission approve the units and establish the rules as requested in the application.

Very truly yours,

KERR-McGEE OIL INDUSTRIES, INC.

  
C. F. Miller, Manager  
Production Department

CFM/r1

GOVERNOR  
EDWIN L. MECHEM  
CHAIRMAN

State of New Mexico  
Oil Conservation Commission

LAND COMMISSIONER  
E. S. JOHNNY WALKER  
MEMBER



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

P. O. BOX 871  
SANTA FE

February 15, 1962

Mr. Garrett Whitworth  
El Paso Natural Gas Company  
P. O. Box 1492  
El Paso, Texas

Re: CASE NO. 2469

ORDER NO. R-2175-A

APPLICANT:

EL PASO NATURAL GAS COMPANY

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC x  
Artesia OCC \_\_\_\_\_  
Aztec OCC \_\_\_\_\_

OTHER Mr. Oliver Seth  
Mr. Bill Kastler

Mr. L. E. Fitzjarrald (Phillips)

SETH, MONTGOMERY, FEDERICI & ANDREWS

ATTORNEYS AND COUNSELORS AT LAW

301 DON GASPAR AVENUE

SANTA FE, NEW MEXICO

December 28, 1961

A. K. MONTGOMERY  
OLIVER SETH  
WM. FEDERICI  
FRANK ANDREWS  
FRED C. HANNAHS  
GEORGE A. GRAHAM, JR.

J. O. SETH  
COUNSEL

POST OFFICE BOX 828  
TELEPHONE YU 3-7315

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

Re: Case No. 2469  
El Paso Natural Gas Company

Gentlemen:

Please consider this letter to be our entry of appearance in Case No. 2469, application of El Paso Natural Gas Company for special rules in the Lusk-Strawn pool. We will have associated with us, Ben Howell and Garrett Whitworth, and other attorneys of the El Paso Natural Gas Company.

Very truly yours,

OS:fa



*El Paso Natural Gas Company*  
MAIN OFFICE OCC

*El Paso, Texas*

1962 JAN 12 AM 8:24

January 10, 1962

Mr. Daniel S. Nutter  
Chief Engineer  
Oil Conservation Commission  
State of New Mexico

7-10-62 2469  
6-2-62

Dear Dan:

I have enclosed the items that you asked for in your letter of January 8, 1962 to supplement the evidence in Case No. 2469. In your absence on Wednesday, January 10, 1962, I discussed item three with Dick Morris and it was agreed that an itemized cost accounting of the estimated well costs in the Lusk Deep Unit Area in lieu of the itemization of the actual cost of Unit Wells Nos. 1, 2 and 3 would probably satisfy your third requirement. As you know, actual costs are far in excess of the estimated costs and we believe the estimated costs to be a conservative figure.

I hope the enclosed supplemental items will be satisfactory.

Yours very truly,

*Garrett C. Whitworth*  
Garrett C. Whitworth

GCW:mr

Enclosures

NEIL B. WATSON  
FRED A. WATSON

LAW OFFICES  
WATSON & WATSON  
CARPER BUILDING - P. O. DRAWER E  
ARTESIA, NEW MEXICO

TELEPHONE  
SHERWOOD 6-4151

April 14, 1966

Oil Conservation Commission,  
Santa Fe, New Mexico.

Attention: Mrs. Ida Rodriguez,  
Secretary to Director.

Dear Mrs. Rodriguez:

I herewith return to you the Transcript of Hearing of January 4, 1962 in Case No. 2469, and the Transcript of Hearing of March 14, 1962 in Case No. 2469, Rehearing, with reference to the Lusk - Strawn Pool in Lea County, New Mexico.

Thank you very much for letting us borrow these.

Yours very truly,



Neil B. Watson.

NBW:lve  
enc.

via Certified Mail, R.R.R.,  
No. 602644

APR 15 1966  
FBI - ALBUQUERQUE

fpm

# Gulf Oil Corporation

ROSWELL PRODUCTION DISTRICT

W. A. Shellshear

DISTRICT MANAGER

F. O. Mortlock

DISTRICT EXPLORATION  
MANAGER

M. I. Taylor

DISTRICT PRODUCTION  
MANAGER

H. C. Vivian

DISTRICT SERVICES MANAGER

March 9, 1962

1962 MAR 10 PM 3:08

Drawer 1938  
Roswell, New Mexico

New Mexico Oil Conservation Commission  
Post Office Box 871  
Santa Fe, New Mexico

Re: Application for Rehearing of  
Case No. 2469 Before the Oil  
Conservation Commission of the  
State of New Mexico, Lusk-Strawn  
Pool, Lea County, New Mexico

Gentlemen:

As a result of the Commission granting a rehearing of the subject case, to be held March 14, 1962, the Gulf Oil Corporation personnel have reviewed the data presented at the original hearing held January 4, 1962, and have also discussed with El Paso Natural Gas Company personnel the data they plan to present at the rehearing.

After reviewing all the data, it is Gulf's opinion that El Paso Natural Gas Company has put a reasonable interpretation on the data furnished at these hearings. With reference to the rehearing, Gulf finds that well costs data and recoverable reserve estimates are realistic for this area.

Therefore, Gulf recommends that the Commission adopt 160-acre proration units for the Lusk-Strawn Unit and that for allowable purposes, three additional normal unit allowables for the three additional 40-acre units contained in a 160-acre proration unit be granted.

Yours very truly,

GULF OIL CORPORATION



W. A. Shellshear

RHF:ers

cc: El Paso Natural Gas Company  
Post Office Box 1492  
El Paso, Texas



PREPARED TESTIMONY OF DAVID T. BURLESON

Question: Mr. Burleson, referring to El Paso's Exhibit No. 12, what does the red line show?

Answer: The red line shows the pool boundaries of the Lusk-Strawn Oil Pool.

Question: What does the yellow line show?

Answer: The yellow line shows the boundaries of the Lusk Deep Unit.

Question: Does this exhibit show the offset operators surrounding the Lusk-Strawn Oil Pool?

Answer: Yes.

Question: To your knowledge, has anyone opposed the granting of El Paso's application in this case.

Answer: No.

Question: Who are the committed working interest owners in the unit.

Answer: El Paso Natural Gas Company, Phillips Petroleum Company, Kerr-McGee Oil Industries, Inc. and Gulf Oil Corporation.

Question: Have they concurred in this application?

Answer: Yes.

Question: Please point out the presently approved participating area for the Strawn formation.

Answer: The presently approved Strawn participating area consists of the NE/4 of Section 19, W/2 NW/4 of Section 20, SE/4 of Section 18, SW/4 SW/4 of Section 17, and the E/2 SW/4 of Section 18, all in Township 19 South, Range 32 East, N.M.P.M., Lea County, New Mexico, containing 520.00 acres, more or less.

PREPARED TESTIMONY

DAVID H. RAINEY FOR EL PASO NATURAL GAS COMPANY

IN CASE NO. 2469

Question: Will you please state the purpose of the rules which you intend to propose?

Answer: I believe that the evidence has clearly shown that 160 acre spacing is not only justified but necessary for the development of the Lusk Strawn Pool. We, therefore, intend to propose field rules which will provide for 160 acre spacing. Because of the high solution gas-oil ratio and the high producing gas-oil ratio in this under-saturated reservoir, which, according to the evidence, is still producing at pressures substantially in excess of the bubble point, we believe that the evidence shows that a gas-oil ratio limit of 4,000 cubic feet of gas per barrel of oil is reasonable and equitable.

Question: Do you have proposed special rules and regulations for the Lusk Strawn Pool?

Answer: Yes. I have seven Special Rules which I would recommend that the Commission adopt for this Pool. They are contained as follows in El Paso's Exhibit No. 11.



SPECIAL RULES AND REGULATIONS FOR THE LUSK STRAWN OIL POOL

- Rule 1. Each well completed or recompleted in the Lusk-Strawn Pool or in the Strawn Formation within one mile of said Pool, and not nearer to nor within the limits of another designated Strawn Pool, shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereafter set forth.
- Rule 2. Each well completed or recompleted in the Lusk-Strawn Pool or in the Strawn Formation within one mile of said Pool, shall be located on a designated drilling tract consisting of 160 contiguous acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Lands Survey.
- Rule 3. Each well completed or recompleted in the Lusk Strawn Pool or in the Strawn Formation within one mile of said pool shall not be drilled closer than 660 feet to any quarter section line of the tract or closer than 330 feet to any quarter quarter section line, or subdivision inner-boundary, nor closer than 1,320 feet to a well drilled to or capable of producing from the same pool.
- Rule 4a. For good cause shown, the Secretary-Director of the Commission may grant an exception to the requirement of Special Rule 2, without notice and hearing where an application has been filed in due form and where the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey or where the following facts exist and the following provisions are complied with:

- (1) The non-standard unit consists of less than a standard unit and lies wholly within a single governmental quarter section.
- (2) The entire non-standard unit may reasonably be presumed to be productive of oil from said pool.
- (3) The applicant presents written consent in the form of waivers from all offset operators.
- (4) In lieu of Paragraph 3 of this Rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if, after a period of 30 days, no operator has entered an objection to the formation of the non-standard unit.

Rule 4b. The allowable assigned to such non-standard unit shall bear the same ratio to a standard allowable in the Lusk Strawn Pool as the acreage in such non-standard unit bears to 160 acres.

Rule 5. A 160 acre proration unit in the Lusk Strawn Oil Pool shall be assigned a 160 acre proportional factor of 8.67 for allowable purposes. For purposes of computing allowables a unit of not less than 158 acres nor more than 162 acres shall be considered to contain the number of acres in a standard unit. In the event there is more than one well on a 160 acre proration unit, the operator may produce the allowable assigned to the unit from the wells on that unit in any proportion.

Rule 6. The gas-oil ratio limitation for all wells in the Lusk Strawn Pool shall be four thousand (4,000) cubic feet of gas per barrel for oil produced. Any oil well in the Lusk Strawn Oil Pool producing with a gas-oil ratio in excess of four thousand (4,000) cubic feet per barrel of oil shall be allowed to produce daily only that volume of gas obtained by multiplying the top unit allowable for the pool as determined by the applicable rules of the Commission and, as proposed herein, times the limiting gas-oil ratio (four thousand (4,000) cubic feet). The gas volume thus obtained shall be known as the daily gas limit of such well. The daily oil allowable therefore shall then be determined and assigned by dividing the daily gas limit by its producing gas ratio.

Rule 7. The vertical limits of the Lusk-Strawn Oil Pool shall be the Strawn Formation.

Question: How did you arrive at the figure of 8.67 as the proportional factor for a 160 acre oil well in Rule 5?

Answer: The proportional factor of 8.67 is arrived at by using the proportional factor for a 40 acre unit with a depth range of 11,000 feet to 12,000 feet and adding three normal unit allowables for the three additional 40 acre units. That is, we have followed the procedure which the Commission used in going from a 40 acre unit to an 80 acre unit.