

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

February 14, 1955

**Sinclair Oil & Gas Company
Mr. J. T. Reeves
901 Fair Building
Ft. Worth, Texas**

Dear Mr. Reeves:

Enclosed you will find Administrative Order NSP-43, covering the formation of a 160-acre proration unit assigned to your State 176 Well No. 3, NW/4 SE/4 of Section 19, Township 21 South, Range 36 East, in the Eumont Gas Pool.

Your original request for a 280-acre unit to be assigned this well cannot be approved administratively. The acreage limitation for a well that is 660' from the nearest boundary lines is 160 acres.

Please be advised that this Commission has in no way altered its objections to the formation of this unit. Our objections being based on the fact that two allowables are being assigned 40-acre tracts in the same pool. However, after investigating conditions in this area of the Eumont Gas Pool, we find that there are several units producing under conditions similar to that of your State 176 Well No. 3. Therefore we are granting temporary approval of this 160-acre unit, effective the date the application was filed with this office, in order to prevent any inequities in this pool.

It should be clearly understood that the granting of this 160-acre unit is of temporary nature, subject to cancellation pending further action after hearings are held on the Eumont Gas Pool.

Very truly yours,

**W. B. Macey
Secretary - Director**

WBM:jh

**cc: Oil Conservation Commission - Hobbs
N. M. Oil & Gas Engineering Committee - Hobbs**

January 24, 1955

Mr. Charles Reader
Box 871
Santa Fe, N.M.

Dear Charlie,

The following remarks are with respect to our telephone conversation of Jan. 21. In that conversation you requested my recommendations as to the Sinclair Oil & Gas Company's request for a Nonstandard Gas Proration Unit on the State 176 #3 well located in Sec. 19, T21S, R36E.

It is my belief that the interval of perforations which this well has open (3800-3825) reaches the gas-oil contact at about 200 feet below sea level, and that when, structurally, this zone reaches a minus 200 feet it becomes productive of oil, and above that datum productive of gas. The zone of perforations in well No. 3 is about 100 feet above the oil producing zone in well #1 and:

70'	in	#4
48'	in	#2
50'	in	#6

In well #7 the zone is productive of oil, and in well #5 dips into the water table. Thus if one

draws a line on about the -200 foot contour, for the zone that is open in this well, about 160 acres would be gas productive.

It is my understanding that Sinclair stated that the oil was from the Grayburg. It is my interpretation that only well #1 could possibly have obtained any Grayburg. With only a poor sample log available and lack of time at this date for running samples, I will call it Queen. Therefore:

- #1 produces oil from the Penrose
- #2 produces oil from the Middle Queen
- #3 produces gas from the Upper Queen
- #4 produces oil from the Middle Queen
- #5 produces oil from the lowest Seven R. maybe Queen
- #6 produces oil from the Middle Queen
- #7 produces oil from the lowest 7R + Upper Queen

Charlie, I realize it appears superfluous to bother with such pools as the Blinberry with the relative minor gas-cap, and one which is causing no harm whatsoever, at this time, when we ignore such situations as this. Also I want to make it very clear, even at the expense of being redundant, that I respect your opinion; ^{and} ~~and~~ I also feel ~~that~~ something has to be done. It is only ⁱⁿ the manner ~~that~~ of control that I disagree. I feel that we will

discriminate if this well is not handled as the other wells are. True, it is close to the gas-oil contact, but it is only a question of degree.

If you will refer to Amerada's case on the Weir #4, held in Dec., in which Don Walker asked Bob Christie a question on a hypothetical situation. The situation being, a gas well producing from a zone which off structure and one location away was productive of oil. Bob stated that that particular well should not be penalized unless all wells were at the same time.

I recommend that State 176 #3 be given a 160 acre unit until such a time as the Eumant Gas vs Eumant Oil problem is settled, and be handled as all other Eumant wells. I also suggest that the allowable be retroactive to the date of R-520, the date the well became a Eumant well, or the date Sinclair notified the Commission of our oversight, the either or being at the discretion of Mr. Porter.

Enclosed you will find a sketch showing the structural position of the wells in question and their producing horizons.

Hoping this short hasty outline serves your purpose
I remain,

Sincerely yours
Randall

5

24

#6

22

#3

4 #

14

Handwritten signature: *Handwritten signature*

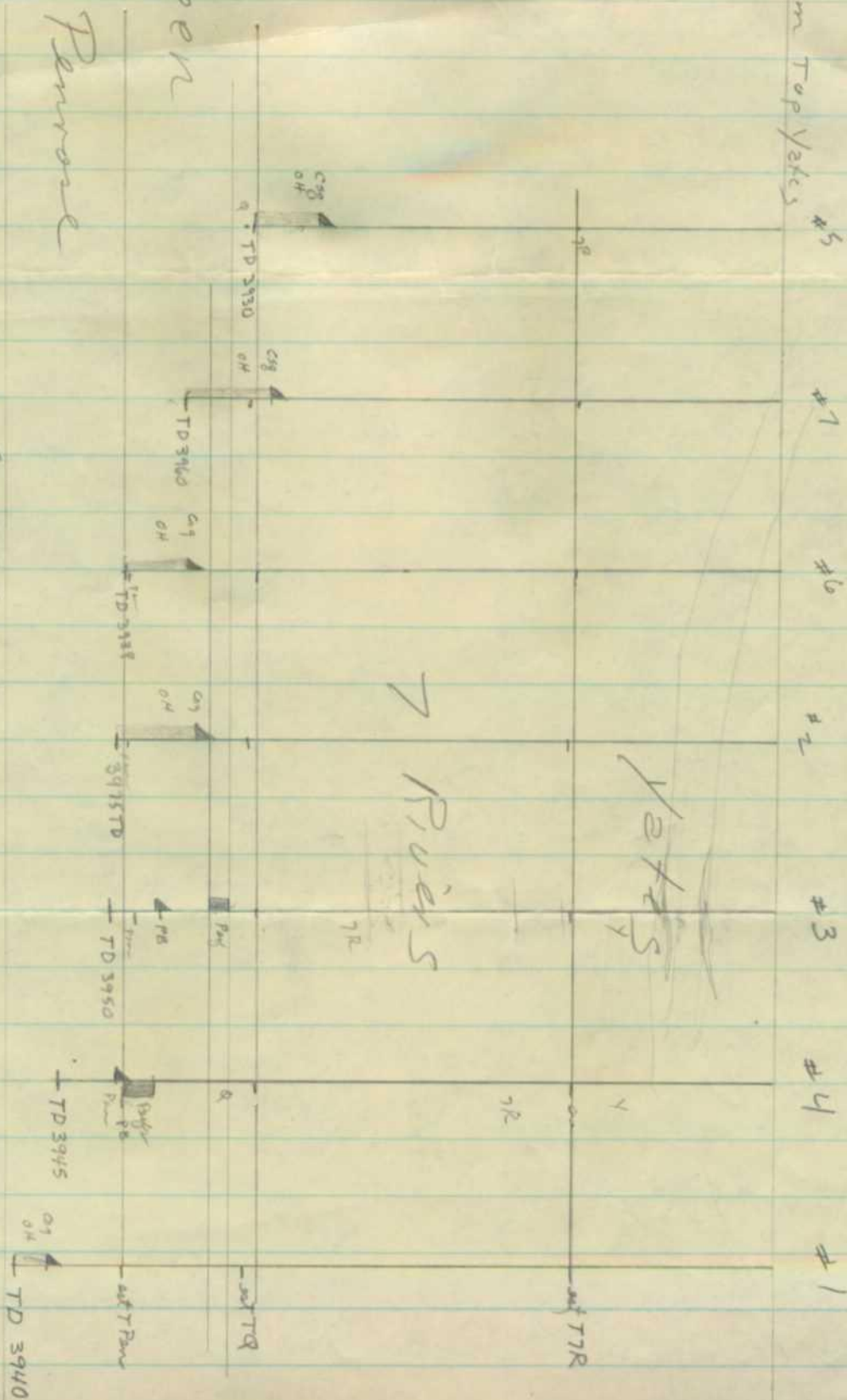
5/2/01

7 Rivers

Queen

Perrowe

25 Highest Possible Strength



OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

January 21, 1955

C
O
P
Y

Sinclair Oil & Gas Company
Fair Building
Fort Worth, Texas

Attention: Mr. J. T. Reeves

Re: Proposed NSP-43

Gentlemen:

We are in receipt of your letter of January 18, 1955, in which you again request a 280-acre non-standard gas proration unit for your State 176 Well No. 3.

You state in the aforementioned letter that the subject well is completed in the Queen formation of the Eumont Gas Pool and further state the other six wells are completed in the Grayburg formation.

Information available at this office indicated to us that all wells are (on your State 176 lease) are completed within the vertical limits of the Eumont Gas Pool. Before any action can be taken on this matter by this Commission it will be necessary for this office to receive validated well information which will bear out the contention of the Sinclair Oil and Gas Company as outlined in your letter of January 18, 1955.

I have contacted Mr. W. J. Parsons and requested that he furnish this office with information to support the classification of these wells.

I would like to advise you further that this office would be unable to grant a non-standard gas proration unit of over 160 acres to your State 176 Well No. 3 by reason of its location to its boundaries. Order R-520, Rule 5 (a) paragraph 3, clearly limits as to the well location the number of acres that can be assigned to a non-standard gas proration unit.

Very truly yours,

C. M. Rieder
Petroleum Engineer

CMR:jh

SINCLAIR OIL & GAS COMPANY

FAIR BUILDING

FORT WORTH, TEXAS

January 18, 1955

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

Attention: Mr. Charles M. Rieder

Re: Establishment of a Nonstandard
Gas Proration Unit in the Eumont
Gas Pool for our State 176 No. 3
Well, Sec. 19-21S-36E, Lea County,
New Mexico.

Gentlemen:

Please refer to our previous correspondence on subject well, i.e. our application for a Nonstandard Unit and your reply of 12-28-54 denying approval of this request.

We believe your decision in this matter was justified in light of the information available in your files. However, we failed to state, but do believe, that the subject well is completed in the Queen Sand and within the vertical limits of the Eumont Gas zone, and that all of the other wells on this lease are completed in the Grayburg formation. Attached please find a copy of a letter dated 10-25-54 from Mr. W. J. Parsons of our Geological Department, which first called this matter to our attention in the Production Department.

It will be necessary for Sinclair to formally arrange to have the No. 3 well reclassified from a gas well in the Grayburg formation (which it is not) to a gas well in the Eumont Gas Pool, and for Sinclair to re-enter this well, perforate additional intervals in the Yates, Seven Rivers and Queen formations, thus making the well capable of making a 280 acre gas allowable before said well can be produced in the manner indicated in our original application of November 19, 1954. We wished to have your approval of the 280 acre Nonstandard Unit prior to moving a workover rig onto this well.

In view of the additional information, we request that the 280 acre Nonstandard Proration Unit be assigned to the subject well.

Yours very truly,

J. T. Reeves
J. T. Reeves *WJR*

C O P Y

Roswell, New Mexico

October 25, 54

Mr. P. C. Brooke
Fort Worth, Texas

ATTENTION: Mr. W. J. Rogers

Re: SO&G #3 State 176
Lea County, New Mexico

Dear Sir:

Your attention is called to the disposition made on our State 176 #3, 3872' PB gas producer in the Eumont Pool, Lea County, New Mexico. Location is 1650' from the east and 2310' from the south lines of Section 19, T-21-S, R-36-E. This well was recompleted as a gas well on December 14, 1937 and was shut-in until March, 1953. The well potentialized for 760 MCFPD on absolute open flow, through perforations 3800' - 3825', after 1000 gallons of acid. Cumulative production from March, 1953 to December 31, 1953 was 23,173 MCF.

Although the well is not currently listed by the Commission as producing gas, we have been informed by our Hobbs Production office that the well was penalized for producing from illegal vertical limits, presumably the Grayburg, and as of January 1, 1954, was assigned the allowable of a gas well producing from an oil zone. The Production Department has informed us that under these restrictions we have been producing an average of 6000 MCF per month.

Our investigation shows that this penalty is unjustified and that, in reality, we are producing exclusively from the Queen formation authorized under the rules of the Eumont Gas Pool in which this well is located. Correlation of our State #176 #4, on which we have a radioactive survey, shows the following formation markers: Yates 3065' (+580'), Seven Rivers 3310' (+335'), Queen 3711' (-66'), Grayburg 3950' (-305'). Although the sample logs on our #3 and #4 State 176 are relatively poor, correlation of these two logs shows that the wells are relatively flat, with our #3 well being perhaps 15' to 20' lower. The Grayburg section would therefore not be encountered on our State 176 #3 until 3925'. Mr. Randall Montgomery, Geologist, with the Hobbs office of the Oil Conservation Commission concurs with this correlation and suggests that we submit a new C-104 form.

The present potential of the well does not justify reclassification nor, in our opinion, does it reflect the true capacity of this gas section. The interval 3800' - 3825' represents only a small portion of the total net pay available. Therefore, we recommend that additional perforations be made in our #3 State 176 in the zones equivalent to the following ones which were encountered in our State 176 #4 and which are here listed: 3080' - 3120', 3135' - 3150', 3200' - 3250', 3280' - 3310', 3470' - 3520', 3540' - 3580', 3710' - 3750'. It is our belief that these perforations should not be made until after we have received a reclassification on this well.

Page 2

Re: SO&G #3 State 176
Lea County, New Mexico
October 25, 1954

We also suggest that should the well potential for as much as 2500 MCFPD, which we believe it will, we request a hearing to discuss the possibility of assigning our entire 280 acre gas right in this section to the well.

Yours very truly,

(signed)
W.J. PARSONS

WJP:ahw

cc: E. G. Cole
J. T. Reeves
C. C. Salter

115P-43

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

December 28, 1954

**Sinclair Oil & Gas Co.
Mr. J. T. Reeves
901 Fair Building
Ft. Worth, Texas**

Dear Sir:

Reference is made to your application for a non-standard gas proration unit in the Eumont Gas Pool, comprising 280 acres in Section 19, Township 21 South, Range 36 East, to be assigned to your State 176 Well # 3.

Information available at our Hobbs office indicates that the other wells within the acreage you propose to dedicate to this gas unit are completed as oil wells in the same zone as your State 176 Well #3, and these oil wells are receiving their allowables as such. The granting of the unit you propose would in effect provide an additional allowable for the oil wells contained in this unit and cause an unequitable withdrawal of the reservoir energy, contrary to the best interests of conservation.

We are unable to grant administrative approval to your application for a 280-acre unit on the above described acreage, and on the basis of the above facts we would not consider a unit size for this well of over 40 acres.

If you have any information which we have not considered or if you should desire a hearing on this matter, please notify the Commission at your earliest convenience.

Very truly yours,

Oil Conservation Commission

Charles M. Rieder
Petroleum Engineer

CMR:jh

C
O
P
Y

MAIN OFFICE OCC
1954 DEC 27 AM 9:00

OIL CONSERVATION COMMISSION

BOX 2045

HOBBS, NEW MEXICO

DATE Dec. 22, 1954

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

RE:
PROPOSED NSP 43
PROPOSED NSL

Dear Mr. Macey:

I have examined the application dated November 19, 1954
for the Sinclair Oil & Gas Co. State #176 #3 - J 19-21-36
Operator Lease and Well No. S-T-R

and my recommendations are as follows:

Only 160 acres -Easterly half of section only productive of gas

Yours very truly,

OIL CONSERVATION COMMISSION

Stanley J. Stanley
Stanley J. Stanley
Engineer

hs

SINCLAIR OIL & GAS COMPANY
901 Fair Building
Fort Worth, Texas

November 19, 1954

NSP-43
Dne 12-22-54
MAIN OFFICE OCC

New Mexico Oil Conservation Commission (3)
Santa Fe, New Mexico

1954 NOV 22 AM 8:54

cc: OCC - Hobbs
12/8/54

Re: Establishment of a Nonstandard
Gas Proration Unit in the Eumont
Gas Pool.

Gentlemen:

Sinclair Oil & Gas Company wishes to submit this application for the establishment of a Nonstandard Gas Proration Unit in the Eumont Gas Pool under Order No. R-520 consisting of 280 acres in Section 19 - 21S - 36E which is to be assigned to our State 176 No. 3 Well.

In this regard Sinclair wishes to state:

1. Desired Nonstandard Proration Unit consists of contiguous quarter-quarter sections, to wit,
Township 21 South, Range 36 East, NMPM
W/2 E/2 and E/2 NW/4 and NW/4 NW/4 of Section 19
2. Desired Unit lies wholly within Section 19.
3. We believe that the entire proposed Nonstandard Unit is productive of gas.
4. The length or width of this proposed Unit does not exceed 5280 feet.

All offset operators as defined in paragraph 5 of said Order R-520 are hereby notified by copy of this application via registered mail this date.

Yours very truly,


J. T. Reeves

JTR:js

Att: Gas Well Plat

cc: Via Registered Mail

Drilling and Exploration Co., Inc.
930 Fidelity United Life Bldg.
Dallas, Texas

Pacific Western Oil Corporation
Box 38
Hobbs, New Mexico

Standard Oil Company of Texas
Box 1660
Midland, Texas

NEW MEXICO
OIL CONSERVATION COMMISSION

Gas Well Plat

Date November 19, 1954

Sinclair Oil & Gas Company State 176 3
Operator Lease Well No.

Name of Producing Formation Queen Pool Eumont Gas

No. Acres Dedicated to the Well 280

SECTION 19 TOWNSHIP 21-S RANGE 36-E

330 ● 5 330 20' above oil 383 ✓ 390 ✓ Sinclair Oil & Gas Company	386 5 390 5 330 ● 6 330	330 330 390 390 390	Pacific Western 1 ●
Drlg. & Expl. Co. 330 ● 7 330 385 6 396 0	330 330 330 3830 3864	330 330 330 3830 3864	State "A" Standard of Texas 1 ●
● 2	● 3	3800 3825 330 ● 4 330	● 3
State "F"	State "176" 3970 3975 330 ● 2 330	330 330 330 3970 3975 330 ● 2 330	● 2 Meredith

I hereby certify that the information given above is true and complete to the best of my knowledge.

Name J. M. Anderson
Position Petroleum Engineer
Representing Sinclair Oil & Gas Company
Address Fort Worth, Texas

1. Is this gas well a dual completion?

YES NO X

(over)

SINCLAIR OIL & GAS COMPANY

FAIR BUILDING

FORT WORTH, TEXAS

December 3, 1954

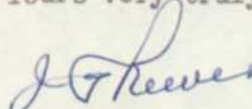
NSP-43
1954 DEC 6 AM 9:25
MAIN OFFICE OCC

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Gentlemen:

For your information, we are enclosing letter sent to Drilling and Exploration Company, Inc., Dallas, Texas, regarding the "Establishment of a Nonstandard Gas Proration Unit in the Eumont Gas Pool". This letter has been returned to us by the post office marked "Unknown".

Yours very truly,



J. T. Reeves

JTR:ew

*Copy of application w/registered letter "address unknown"
returned to - to be resent.*

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

December 8, 1954

C
O
P
Y

Sinclair Oil & Gas Company
Fair Building
Fort Worth, Texas

Attention: Mr. J T. Reeves

Re: NSP-43-State 176 Well No. 3
Non-Standard Gas Proration Unit
Eumont Gas Pool

Dear Mr. Reeves:

We are in receipt of your letter of December 3, 1954,
demonstrating your inability to reach the Drilling and Exploration Co.,
Inc.

We suggest that you contact the Drilling and Exploration Co.,
Inc. at the following address, which is the district office for the area
affected:

306 E. Main Street
P. O. Box 2035
Hobbs, New Mexico

For your information, our records indicate that the drilling
and Exploration Co., Inc. have offices at the following addresses:

Head Office
800 San Jacinto Building
Houston, Texas

First National Bank Building
Dallas, Texas

In accordance with Rule 5, (b) 6, special field rules for the
Eumont Gas Pool, all offset operators must be duly notified of your

- 2 -

intention to create a non-standard gas proration unit; and this must be performed before this matter can be considered for executive approval.

I enclose the copy of your application for a non-standard proration unit so that you may forward it to the Drilling and Exploration Company, Inc.

Very truly yours,

W. B. Macey
Secretary - Director

WBM:jh

enclosure

MAIN OFFICE 800
SINGLAI OIL & GAS COMPANY

1954 DEC 17 PM 1:11

FAIR BUILDING

FORT WORTH, TEXAS

December 14, 1954

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

Attention: Mr. W. B. Macey, Secretary-Director

Re: NSP-43-State 176 Well No. 3
Non-Standard Gas Proration Unit
Eumont Gas Pool

Gentlemen:

Please refer to your letter of December 8, 1954, concerning our inability to reach the Drilling and Exploration Company, Inc. with a copy of our application for subject Non-Standard Gas Proration Unit.

This is to advise that we have forwarded a copy of subject application via registered mail on December 13, 1954, to the Drilling and Exploration Co., Inc., at the following address:

306 E. Main Street
P. O. Box 2075
Hobbs, New Mexico

We hope that this will now allow you to proceed with the further consideration of our application.

Very truly yours,

J. T. Reeves

J. T. Reeves

JTR:js

#1)
$$\begin{array}{r} 3925 \text{ to } 3940 \\ 3640 - 3640 \\ \hline -185 \text{ to } -300 \end{array}$$
 Perf

$$\begin{array}{r} 3820 \\ 3640 \\ \hline -180 \end{array}$$

#2)
$$\begin{array}{r} 3880 \text{ to } 3975 \\ 3660 \text{ flow } 3660 \\ \hline -220 \text{ to } -315 \end{array}$$
 014

#3)
$$\begin{array}{r} 3800 \text{ to } 3825 \\ 3662 \quad 3662 \\ \hline -138 \quad -163 \end{array}$$
 Perf

$$\begin{array}{r} PB 3872 \\ 3662 \\ \hline 210 \end{array}$$

#4)
$$\begin{array}{r} 3830 \text{ to } 3864 \\ 3645 \quad 3645 \\ \hline -185 \text{ to } -219 \end{array}$$
 Perf

$$\begin{array}{rcl}
 \#5) & 3832 & \text{to } 390 \checkmark \text{ OH} \\
 & \underline{3629} & \checkmark \quad \underline{3629} \\
 & -203 & \text{to } -273
 \end{array}$$

$$\begin{array}{rcl}
 \#6) & 3865 & \text{to } 3938 \\
 & \underline{3638} & \checkmark \quad \underline{3638} \text{ OH} \\
 & -227 & \checkmark \quad -300
 \end{array}$$

$$\begin{array}{rcl}
 \#7) & 3856 & \text{to } 3960 \\
 & \underline{3644} & \underline{3644} \\
 & -212 & \checkmark \text{ to } -316
 \end{array}$$