

Case No.

917

Application, Transcript,  
Small Exhibits, Etc.

1968 Application of Gulf Oil Co. for  
renewal of gas production unit in Eumont  
No. 101 (Orange-State NW Well #1)

BEFORE THE  
**Oil Conservation Commission**

SANTA FE, NEW MEXICO  
June 28, 1955

IN THE MATTER OF:

CASE NO. 917

**TRANSCRIPT OF PROCEEDINGS**

**ADA DEARNLEY AND ASSOCIATES**

COURT REPORTERS  
605 SIMMS BUILDING  
TELEPHONE 3-6891  
ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
June 28, 1955

IN THE MATTER OF:

Application of Gulf Oil Corporation for approval  
of a 240-acre non-standard gas proration unit  
in the Eumont Gas Pool, Lea County, New Mexico,  
to consist of the SE/4 of Section 17 and the  
W/2 SW/4 of Section 16, Township 19 South,  
Range 37 East, to be dedicated to applicant's  
Graham State "G" Well No. 1, SW/4 SE/4 of  
Section 17.

Case No. 917

BEFORE:

Honorable John F. Simms  
Mr. E. S. (Johnny) Walker  
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 917.

G U Y S I N C L A I R, J R .,

called as a witness, having been first duly sworn, testified as  
follows:

DIRECT EXAMINATION

By MR. MALONE:

Q Will you state your name?

A Guy Sinclair, Jr.

Q Where do you live, Mr. Sinclair?

A Fort Worth, Texas.

Q By whom employed?

A Gulf Oil Corporation.

Q In what capacity?

A As petroleum engineer.

Q How long have you been employed by Gulf as an engineer?

A For five years.

Q You have testified before the New Mexico Commission on prior occasions, have you not?

A Yes, sir, I have.

MR. MALONE: Are the witness's qualifications acceptable?

MR. MACEY: They are.

Q Are you familiar with the application filed by Gulf Oil Corporation in Case No. 917?

A Yes, sir, I am.

Q What is the purpose of that application?

A This is a request for a 240-acre non-standard gas proration unit comprising the Graham State "G" Lease, which covers the southeast quarter of Section 17, Township 19 South, Range 37 East. That portion of the lease stated is lease covering the west half of the southwest quarter of Section 16, Township 19 South, Range 37 East, Lea County, New Mexico.

(Marked Gulf Oil Corporation's Exhibits Nos. 1, 2, 3 and 4, for identification.)

Q I hand you an instrument that has been identified as Gulf's Exhibit 1, and ask you to state what that is.

A That is a plat which shows the acreage enclosed by the proposed unit, and the offsetting wells in the area, and also ownership in the general vicinity.

Q I hand you an instrument identified as Gulf's Exhibit No. 2 and ask you to state what that is.

A That is a plat which shows, in addition to ownership and wells drilled in the vicinity, all other approved gas proration units in the area.

Q I hand you an instrument which has been identified as Gulf's Exhibit 3 and ask you to state what that is.

A Gulf's Exhibit 3 is a structure map contoured on top of the Yates Horizon, using contour intervals of 25 feet.

Q I hand you an instrument which has been identified as Gulf's Exhibit 4 and ask you to state what that is.

A It is a gamma ray neutron log of the Graham State "G" Well No. 1.

Q Were these exhibits prepared by you, or at your direction?

A Yes, sir, they were.

Q I believe you testified, Mr. Sinclair, that there was acreage included in two State Leases in this proposed unit?

A Yes, sir, that is correct.

Q The State of New Mexico is the only royalty owner then in the unit?

A Yes, sir.

Q Who is the owner of the operating rights on all the proposed acreage in the unit?

A Gulf Oil Corporation.

Q What well is it proposed to assign the unit acreage to?

A Gulf's Graham State "G" Well No. 1.

Q Where is that located?

A That well is located 660 feet from the south line and 1980 feet from the east line of Section 17, Township 19 South, Range 37

East.

Q Can you give me a brief history of the completion of that well?

A This well was completed originally on January 13, 1937. It is producing as an oil well from the open hole interval from 3,808 feet to 3,995 feet in the Monument Oil Pool. The well was dually completed on May 2, 1955 in the Eumont Gas Pool. It is producing through five and a half inch casing, perforated from 3,995 to 3,668 feet, which is within the vertical limits of the Eumont Gas Pool, as defined by the Oil Conservation Commission Order No. R-520.

Q I notice on Gulf's Exhibit No. 1 that two oil wells are shown within the exterior boundaries of the proposed unit. From what pool are they producing?

A From the Monument Oil Pool.

Q Is the gas well, the Graham State "G" Well No. 1 producing any fluid?

A No, sir, this well produces no fluid.

Q Do you have any information as to the present ability of the well to produce the increased allowable which is proposed?

A This well is presently assigned an allowable of 426 MCF per day. That is on the 160-acre basis. If the 240-acre unit is assigned as proposed, the well may be assigned an allowable of approximately 639 MCF per day. The Graham State "G" No. 1 has a deliverability of 3,100 MCF per day at 600 PSIG. The calculated openflow potential is 4,600 MCF per day.

Q Have you studied the information which Gulf has available as to the possible productivity of the acreage included in the proposed unit?

A Yes, sir, I have.

Q In your opinion, could all of the acreage included in the proposed unit reasonably be presumed to be productive of gas?

A In my opinion the entire 240 acres, which would be contained within this unit, can reasonably be assumed to be productive of gas.

Q What do you base that opinion on?

A This opinion is based on the fact that as shown on Gulf's Exhibit No. 2, our proposed unit is completely surrounded by other wells producing from the Eumont Gas Pool. My opinion is based on that fact, in conjunction with the contour map, Gulf's Exhibit No. 3.

Q Do you have any other information which you would like to give the Commission in connection with this application?

A No, sir, I believe not.

Q In your opinion, would the approval of this application prevent waste and protect correlative rights?

A Yes, sir, it would.

MR. MALONE: We offer in evidence, Gulf's Exhibits 1, 2, 3 and 4.

MR. MACEY: Without objection they will be received in evidence.

MR. MALONE: That is all.

MR. MACEY: Any questions of the witness? Mr. Mankin?

CROSS EXAMINATION

By MR. MANKIN:

Q Mr. Sinclair, you indicated that this well was completed within the vertical limits of the Eumont, which would be Yates,



Seven Rivers or Queen. What actual producing interval?

A Yes, it is the Queen.

MR. MANKIN: That is all.

MR. MACEY: Anyone else have a question of the witness? If not the witness may be excused.

(Witness excused.)

MR. MACEY: Do you have anything further?

MR. MALONE: That concludes our evidence in Case 917.

MR. MACEY: Does anyone have anything further in Case 917? If not we will take the case under advisement.

STATE OF NEW MEXICO )  
                          ) SS.  
COUNTY OF BERNALILLO )

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 6th day of July, 1955.

  
Notary Public, Court Reporter

My Commission Expires:  
June 19, 1959



BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF THE STATE OF NEW  
MEXICO FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 917  
Order No. R-671

THE APPLICATION OF GULF OIL CORPORATION  
FOR AN ORDER GRANTING APPROVAL OF AN  
EXCEPTION PURSUANT TO RULE 5 (a) OF THE  
SPECIAL RULES AND REGULATIONS OF THE  
EUMONT GAS POOL OF ORDER NO. R-520 IN  
ESTABLISHMENT OF A NON-STANDARD GAS  
PRORATION UNIT OF 240 CONTIGUOUS ACRES  
CONSISTING OF THE SE/4 SECTION 17, AND THE  
W/2 OF SW/4 OF SECTION 16, TOWNSHIP 19  
SOUTH, RANGE 37 EAST, NMPM, LEA COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m. on June 28,  
1955, at Santa Fe, New Mexico, before the Oil Conservation Commission,  
hereinafter referred to as the "Commission".

NOW, on this 27<sup>th</sup> day of July, 1955, the Commission, a  
quorum being present, having considered the records and testimony adduced,  
and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose  
thereof having been given as required by law, the Commission has jurisdiction  
of this case and the subject matter thereof.

(2) That pursuant to provisions of Rule 5 (a) of the Special Rules  
and Regulations for the Eumont Gas Pool, of Order No. R-520, the Commission  
has power and authority to permit the formation of a gas proration unit consist-  
ing of other than a legal section after notice and hearing by the Commission.

(3) That applicant, Gulf Oil Corporation is the owner of an oil and  
gas lease in Lea County, New Mexico, the land consisting of other than a legal  
section, and described as follows, to-wit:

TOWNSHIP 19 SOUTH, RANGE 37 EAST, NMPM  
SE/4 of Section 17  
W/2 SW/4 of Section 16

containing 240 acres, more or less.

(4) That applicant, Gulf Oil Corporation has a producing well on the aforesaid lease known as Graham-State "G" Well No. 1, located 660 feet from the South line and 1980 feet from the East line of Section 17, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico.

(5) That the aforesaid well was completed as an oil well and in production in the Monument Oil Pool prior to August 12, 1954, the effective date of Order No. R-520, and later dually completed as a gas well in the Eument Gas Pool, and is located within the horizontal limits of the pool heretofore delineated and designated as the Eument Gas Pool.

(6) That it is impractical to pool applicant's said lease with adjoining acreage in the Eument Gas Pool, and that the owners of adjoining acreage in said area have not objected to the formation of the proposed proration unit of 240 acres.

(7) That unless a proration unit consisting of applicant's aforesaid acreage is permitted, applicant will be deprived of the opportunity to recover its just and equitable share of the natural gas in the Eument Gas Pool.

(8) That creation of a proration unit consisting of the aforesaid acreage will not cause but will prevent waste, and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Gulf Oil Corporation, for approval of a non-standard proration unit consisting of the following described acreage:

TOWNSHIP 19 SOUTH, RANGE 37 EAST, NMPM  
SE/4 of Section 17  
W/2 SW/4 of Section 16

be and the same is hereby approved, and a proration unit consisting of aforesaid acreage is hereby created.

(2) That applicant's well, Graham-State "G" Well No. 1, located in the SW/4 SE/4 of Section 17, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico, shall be granted an allowable in the proportion that the above described 240 acre unit bears to the standard proration unit for said pool, all until further order of the Commission.

DONE at Santa Fe, New Mexico, the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*John F. Simms*  
JOHN F. SIMMS, Chairman

*E. S. Walker*  
E. S. WALKER, Member

*W. B. Macey*  
W. B. MACEY, Member and Secretary



OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

August 1, 1955

C  
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Y

Mr. E. E. Thompson  
Division Production Manager  
Gulf Oil Corporation  
P.O. Drawer 1290  
Fort Worth 1, Texas

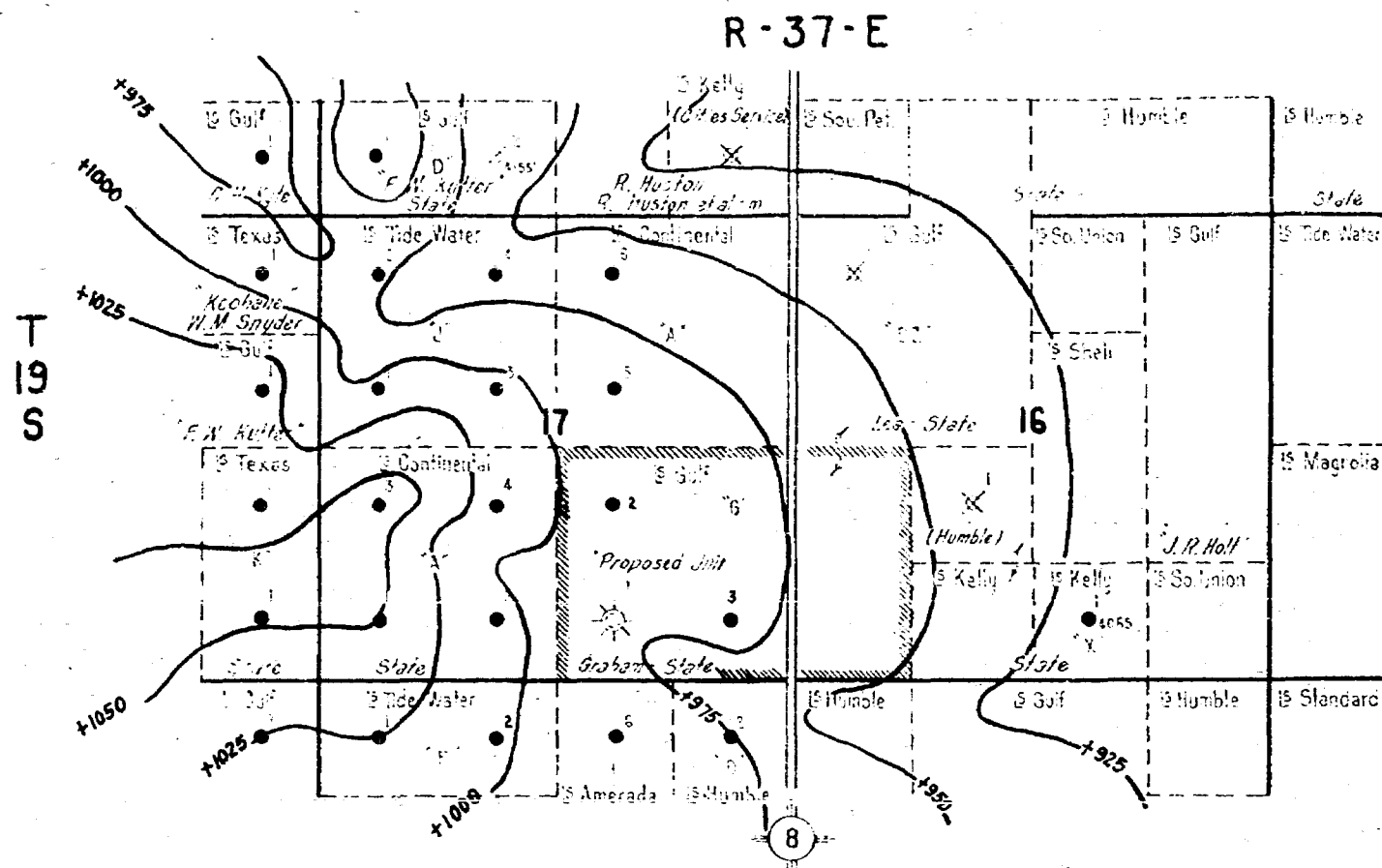
Dear Sir:

We enclose a copy of Order R-671 issued on July 27, 1955,  
by the Oil Conservation Commission in Case 917, which was heard  
at the June 28th hearing upon your company's application.

Very truly yours,

W. B. Macey  
Secretary - Director

WBM:brp  
Enclosure



GULF OIL CORPORATION  
FORT WORTH PRODUCTION DIVISION  
Scale 1"=2,000'

Plat Accompanying Application for  
240-Acre Non-Standard Gas Unit

Gulf - Graham-State "G" Lease

Structure Map Contoured on Top  
of Yates Horizon

Contour Interval - 25'

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

EXHIBIT No. 3

CASE \_\_\_\_\_



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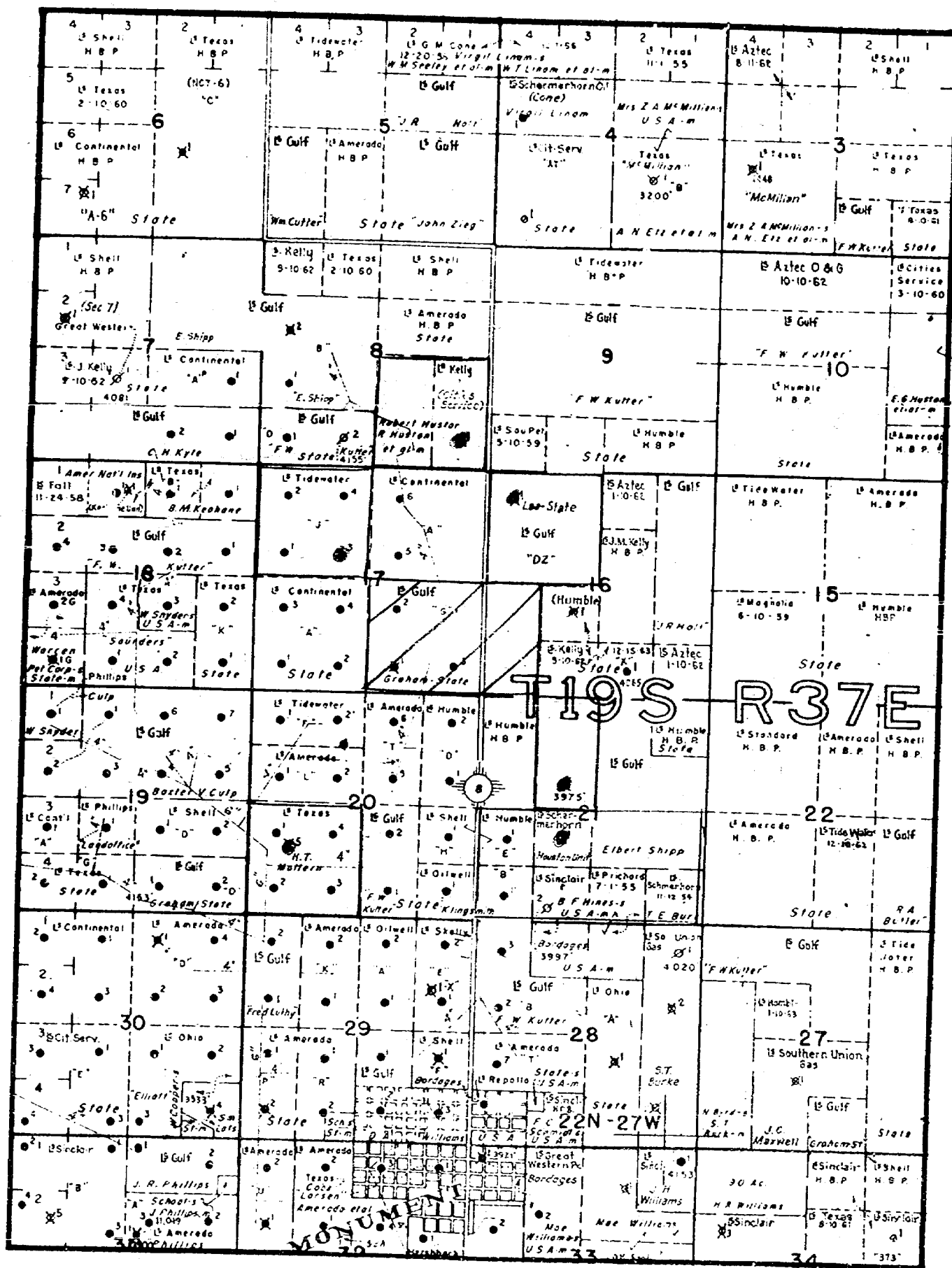


Gulf - Graham-State "G" Lease

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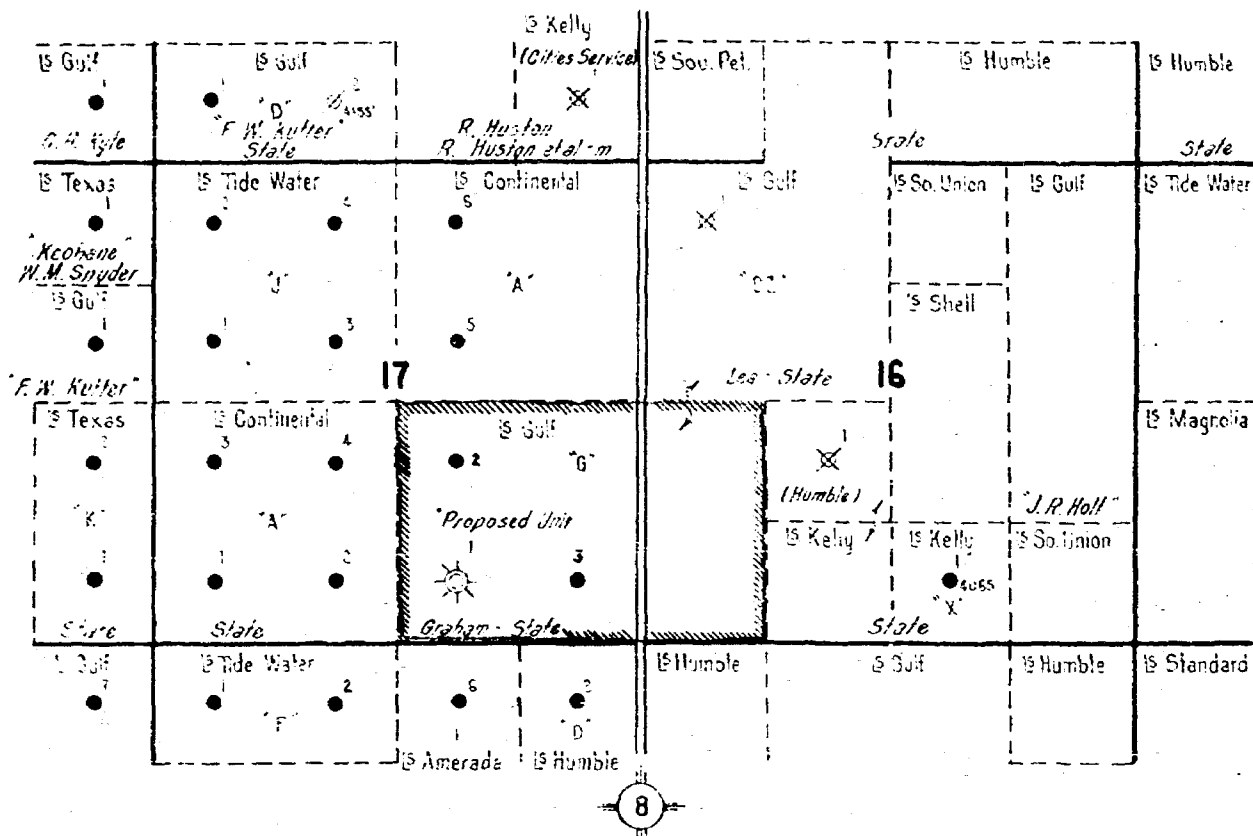
EXHIBIT No. 1





R-37-E

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GULF OIL CORPORATION  
 FORT WORTH PRODUCTION DIVISION  
 Scale 1" = 2,000'

Plat Accompanying Application for  
 240-Acre Non-Standard Gas Unit

Gulf - Graham-State "G" Lease

Case 917



PETROLEUM AND ITS PRODUCTS

MAIN OFFICE 000  
**GULF OIL CORPORATION**

P.O. DRAWER 1220 FORT WORTH 1, TEXAS

B. E. THOMPSON  
DIVISION PRODUCTION MANAGER

May 20, 1955

FORT WORTH  
PRODUCTION DIVISION

Re: Application for 240-acre Non-Standard Gas  
Proration Unit, Eumont Gas Pool, Comprising  
SE/4 of Section 17, and W/2 of SW/4 of  
Section 16, T-19-S, R-37-E, Lea County,  
New Mexico

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

Gentlemen:

Gulf Oil Corporation respectfully submits application for a 240-acre non-standard gas proration unit, comprising the SE/4 of Section 17, and the W/2 of SW/4 of Section 16, T-19-S, R-37-E, Lea County, New Mexico, to be assigned to its Graham-State "G" Well No. 1 in the Eumont Gas Pool. It is respectfully requested that the Commission place this matter on its Docket for the next regular Statewide Hearing.

The following facts are offered in support of this application:

- (1) The above-described 240 acres, shown on the attached plat, comprise the Graham-State "G" Lease covering the SE/4 of Section 17, T-19-S, R-37-E, and that portion of the Lea-State "LZ" Lease covering the W/2 of the SW/4 of Section 16, T-19-S, R-37-E, Lea County, New Mexico. Gulf Oil Corporation is the owner and operator of these two oil and gas leases.
- (2) Gulf Oil Corporation proposes that the above-described acreage be established as a non-standard 240-acre gas unit in exception to Rule 5(a) of New Mexico Oil Conservation Commission Order No. R-520.
- (3) The Graham-State "G" Well No. 1, located 660 feet from the south line and 1980 feet from the east line of Section 17, T-19-S, R-37-E, Lea County, New Mexico, was originally completed

Oil Conservation Commission

-2-

May 20, 1955

January 13, 1937, at a depth of 3995 feet, as a producer in the Monument Oil Pool. This well was dually completed on May 2, 1955, in the Eumont Gas Pool and is producing through casing perforations from 3495 feet to 3668 feet which are within the vertical limits of said gas pool as defined in New Mexico Oil Conservation Commission's Order No. R-520. The applicant proposes to use this well as the unit well.

- (4) No other Eumont gas well is completed on the 240-acre proration unit proposed under this application.

Respectfully submitted,

GULF OIL CORPORATION

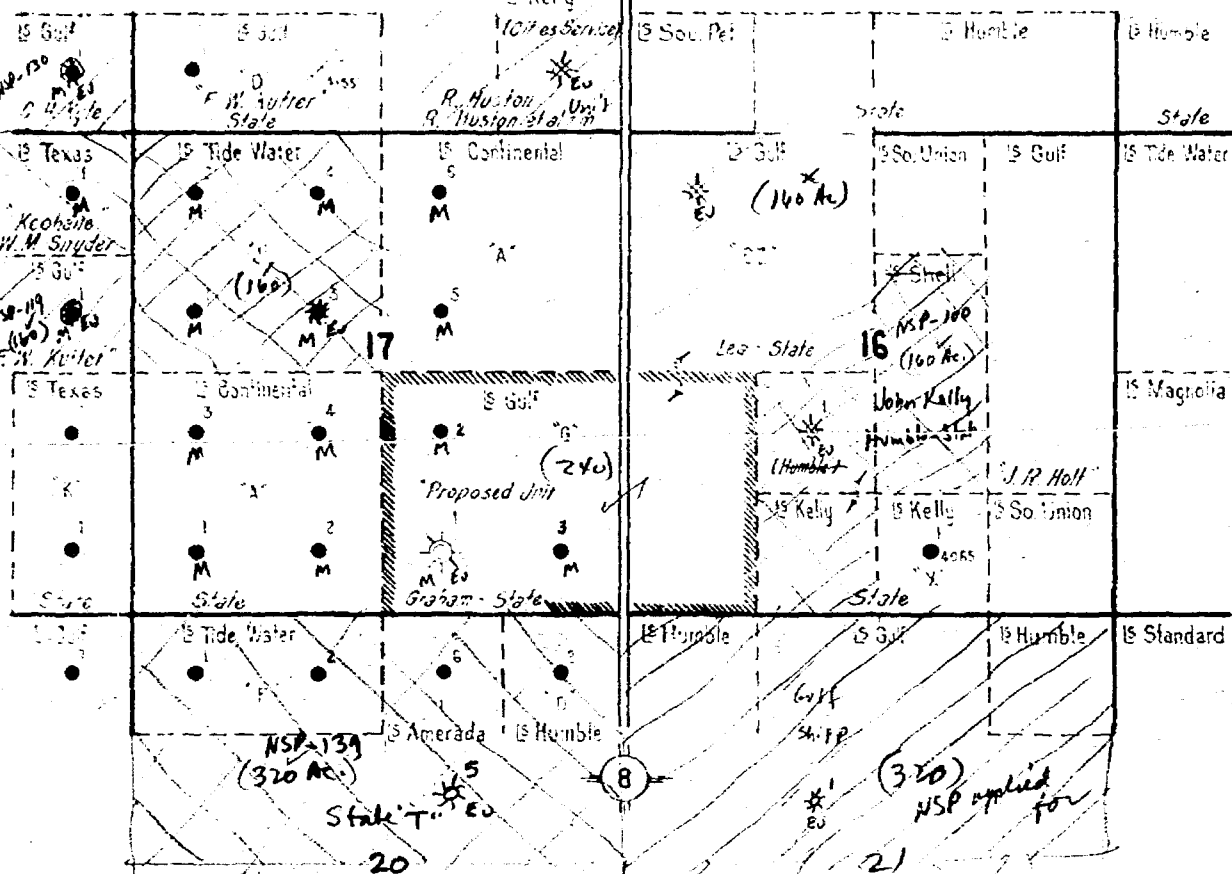
By: 

Division Production Manager

cc: New Mexico Oil Conservation Commission  
P. O. Box 2045  
Hobbs, New Mexico  
Att'ns Mr. A. L. Porter, Jr.

R-37-E

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PLS OIL CORPORATION  
FORT WORTH PRODUCTION DIV.  
Scale 1" = 2,000'

Plat Accompanying Application for  
240-Acre Non-Standard Gas Unit

Gulf - Graham-State "G" Lease  
Huston Unit

NSP-7

(320)

|  |   |   |   |
|--|---|---|---|
| <p>Gulf<br/>Kotter<br/>"D"</p> <p>1<br/>M</p>  | <p>John Kelly<br/>Houston Unit<br/>(160) *</p>  | <p>S.U.</p>   | <p>Gulf<br/>Humble<br/>stake</p>                    |
| <p>2<br/>M</p> <p>4<br/>M</p> <p>Tidewater<br/>State "J"</p> <p>1 (160) *</p> <p>3<br/>M</p> | <p>6<br/>M</p> <p>Conoco<br/>State "A-17"</p> <p>5<br/>M</p>  | <p>1<br/>*</p> <p>Gulf<br/>Humble State<br/>"DZ"</p> <p>(160)</p> | <p>NSP-100</p> <p>Gulf<br/>Humble</p>               |
| <p>3<br/>M</p> <p>4</p> <p>Conoco<br/>State "A-17"</p> <p>1<br/>M</p> <p>2<br/>A</p>         | <p>Car 3501<br/>2<br/>MOM 3745</p> <p>Gulf<br/>Graham State<br/>"G"</p> <p>(240)</p> <p>Car 3700<br/>3<br/>M</p> <p>4<br/>M</p> | <p>1<br/>*</p> <p>John Kelly<br/>Humble State</p>                 | <p>(160)</p> <p>Kelly<br/>"X" State</p> <p>S.U.</p> |
| <p>Amerada<br/>State<br/>"T"</p> <p>NSP-139</p>  | <p>(320)</p> <p>5<br/>*</p>   | <p>Gulf<br/>SHIPP</p> <p>1<br/>*</p>                              | <p>due 7/15/48<br/>NSP-167<br/>(320)</p>            |
| <p>(20)</p>  | <p>(320)</p> <p>NSP-7</p> <p>Schwarhorn<br/>Houston Unit</p>  | <p>1<br/>*</p>  | <p>(320)</p>  |

This Plot Report is to mark