

Case No.

970

Application, Transcript,
Small Exhibits, Etc.

BEFORE THE

Oil Conservation Commission

~~NEW MEXICO~~

Hobbs, New Mexico

October 17, 1955

Examiner Hearing

IN THE MATTER OF:

CASE NO. 970

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES

COURT REPORTERS

605 SIMMS BUILDING

TELEPHONE 3-6691

ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
October 17, 1955

IN THE MATTER OF:

Application of Gulf Oil Company for approval
of a 320 acre non-standard gas proration unit
in the Eumont Gas Pool, to consist of
NE/4 Section 7, NW/4 Section 8, Township 19
South, Range 37 East, Lea County, New
Mexico, and to be dedicated to applicant's
Shipp "B" Well No. 2, located 1980' FNL and
660' FWL of said Section 8.

Case No. 970

BEFORE:

Warren W. Mankin, Examiner

TRANSCRIPT OF HEARING

HEARING EXAMINER MANKIN: We will proceed with Case 970.

MR. MALONE: Ross Malone, appearing for Gulf Oil Corporation.

D O N W A L K E R ,

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

DIRECT EXAMINATION

By MR. MALONE:

Q Will you state your name, please?

A Don Walker.

Q You live in Fort Worth, Mr. Walker?

A Yes, sir.

Q And are employed by Gulf Oil Corporation?

A That is right, sir.

Q In what capacity?

A I am classified as their Division Proration Engineer.

Q You have testified before the New Mexico Oil Conservation Commission as an expert, on prior occasions, have you not?

A Yes, sir.

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

HEARING EXAMINER MANKIN: Yes, sir.

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

Q Are you familiar with an application of Gulf Oil Corporation in Case Number 970, Mr. Walker?

A Yes, sir.

Q By that application, what action does Gulf seek?

A Gulf is seeking the application for approval of a 320 acre non-standard gas proration unit consisting of the northwest quarter of Section 8 and the northeast quarter of Section 7, in Township 19 South, Range 37 East, Lea County, New Mexico. That is in the Eumont Gas Pool.

Q And, I invite your attention to Gulf's Exhibit Number 1 and ask you to state whether that delineates the proposed unit?

A Yes, sir, it does.

Q What is shown by Gulf's Exhibit Number 2?

A Our Exhibit Number 2 is merely an area plat which shows also the proposed unit as well as other non-standard and standard gas proration units within the immediate area which have previously been approved by the Commission.

Q What well is the unit well of the proposed unit?

A It is Gulf's Elbert Shipp "B" No. 2, located, I believe, 660 feet from the west line of the Section 8 and 1980 feet south

of the north line of Section 8, Township 19 South, Range 37 East.

Q Can you give the Commission a brief history of this well, on its completion?

A Yes, sir. This well was originally completed on June 7, 1951, as an oil well in the Monument Oil Pool. At that time the total depth was 4,031 feet, and it produced oil from the openhole interval 3924 to 4015. The casing was set at 3,850 feet. The well has produced from the Grayburg until the production has declined to three barrels of oil per day and three barrels of water, with the GOR of approximately thirty thousand of gas-oil produced. On August the 18th a plug-back was completed and the well was repotentialized as a gas well in the Eumont Pool, producing through a casing perforation from the interval 3,550 to 3,590, and 3,620 to 3,700 feet which is within the vertical limits of the Eumont Gas Pool, as defined by the New Mexico Oil Conservation Commission Order R-520.

Q Is the well producing any fluid in this well?

A No, sir, the well does not produce any liquid.

Q You have testified that the proposed unit would be composed of the northeast quarter of Section 7 and the northwest quarter of Section 8. By whom are the operating rights in these tracts owned?

A This proposed 320-acre non-standard unit will comprise 40 acres of John Kelly's Lease in the northwest quarter of the northwest quarter of Section 8 and 40 acres of the Texas Company's oil lease in the northeast quarter of the northwest quarter of Section 8, both of which are in Township 19 South, Range 37 East, and also included besides that 80 acres is that portion of the Gulf's Elbert Shipp "B" Lease consisting of the south half of the northwest quarter of Section 8 and the northeast quarter of Section 7, again all in

Township 19 South, Range 37 East.

Q Has Gulf reached an agreement with Mr. Kelly and with the Texas Company for the pooling of these tracts and execution of the unit operating agreement, subject to the approval of the Commission?

A Yes, sir.

Q And such an agreement will be entered into immediately upon the approval of the application?

A Yes, sir.

Q Is the well producing at the present time, Mr. Walker?

A No, sir, it is closed in, awaiting connection with the Permian Basin Pipeline Company.

Q By whom are the royalty interests in the tracts embraced on the unit owned?

A The royalty interest is fee lands, owned by private ownership and --

Q There are no State or Federal lands involved in the unit?

A No, sir.

Q Have you made a study of the information available in an effort to determine whether all of the acreage included in the unit can reasonably be assumed to be productive of gas?

A Yes, sir, we requested and received a structural map covering a portion of all of our lease, the area concerned, and the contour map which we show as Exhibit 3 is a contour on top of the Yates horizon, on 25 foot contour intervals. Based on that information, together with the fact that gas wells are producing from all sides of the proposed unit, we certainly consider that it can all be assumed to be productive, or reasonably assumed to be productive

of gas.

Q That contour map on the top of the Yates is Gulf's Exhibit 3, is it not?

A Yes, sir.

Q Will you refer to Gulf's Exhibit showing the production on all sides of the tracts?

A That is Exhibit Number 2, yes, sir.

Q And the wells are producing gas wells which are shown to the north, south, east and west?

A That is right, sir.

Q In your opinion, Mr. Walker, would the granting of Gulf's application prevent waste and protect correlative rights of interested parties?

A Yes, sir.

Q In your opinion is the well capable of producing the additional allowable which would be granted if the application is approved?

A Yes, sir, the well has a deliverability of approximately 5600 MCF per day, at 750 pounds on a test conducted at the time of completion with the calculated openflow of 9600 MCF, and we felt, of course, that well will be capable of producing 320 acre allowable.

Q Did you have available logs of the wells?

A Yes, sir.

Q Is that identified as Gulf's Exhibit 4?

A Yes, sir, and is a radio-activity log, a small scale log and on this log we have indicated the top of the Yates Formation, with a formation called the top of the Seven Rivers, the Queen, the Penrose and the Grayburg, and also shown there are the perforation

interval, in red, with the interval indicated.

Q They were the perforations after the plug-back in August?

A Yes, sir, that is right.

Q Were all of the exhibits, concerning which you have testified, prepared by you, or at your direction, or the Gulf Oil Corporation?

A They were, sir.

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

HEARING EXAMINER MANKIN: Is there any objection to the entering of Gulf's Exhibits 1 through 4 in this case? If not, they will be so entered.

Q Is there anything further which you would like to state to the Commission concerning Gulf's application, Mr. Walker?

A Well, there is one point. There are no oil wells producing within the 320-acre proposed unit. As I said, Number 2 used to, at one time, produce Grayburg oil, and has been plugged back, and the nearest oil producing well is our Elbert Shipp Well No. 1, 1,320 feet south, which is a Monument oil producer. I believe that is all.

Q Gulf's Exhibit 2 does show the present status in that area, as disclosed by the record, does it not?

A Well, I don't believe -- it just shows oil wells and gas wells, but it wouldn't show what interval oil was being produced.

MR. MALONE: Yes. That is all.

HEARING EXAMINER MANKIN: I thought I understood you to say that this was all fee land that was in this 320-acre unit. Is not the Gulf, is not the Kelly Lease and the Texas Company Lease State acreage?

A I didn't understand it that way. I may be in error.

HEARING EXAMINER MANKIN: It is my impression, from prior knowledge, that these, at least those two were State.

A I stand corrected, and I will check my record.

HEARING EXAMINER MANKIN: If so it will need utilization from the State Commissioner of Lands.

A Yes.

HEARING EXAMINER MANKIN: But, the Gulf Shipp Lease is patented land, not State land?

A That is what I have been advised by division order section.

HEARING EXAMINER MANKIN: I just want to point that thing out.

A I appreciate it.

HEARING EXAMINER MANKIN: Any other questions of the witness? If not the witness may be excused.

(Witness excused.)

HEARING EXAMINER MANKIN: Any statements to be made in this case? If not we will take the case under advisement. Hearing is adjourned.

STATE OF NEW MEXICO)
: SS
COUNTY OF BERNALILLO)

I, AMADO TRUJILLO, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission Examiner, Hobbs, New Mexico, is a true and correct record, to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, this 31st day of October, 1955.

Amado Trujillo
Court Reporter

ADA DEARNLEY & ASSOCIATES
STENOGRAPHIC REPORTERS
ALBUQUERQUE, NEW MEXICO
TELEPHONE 3-6691

Memo

10/19/5

From

W202

Re: Case # 970

To

JWB

OK. to write normal
approval of NSP



PETROLEUM AND ITS PRODUCTS

GULF OIL CORPORATION

P.O. DRAWER 1290 · FORT WORTH 1, TEXAS

B. E. THOMPSON
DIVISION PRODUCTION MANAGER

September 23, 1955

MAIN OFFICE 600

TELEPHONE 8:45

FORT WORTH
PRODUCTION DIVISION

Re: Application for a 320-acre Non-standard Gas
Proration Unit, Eumont Gas Pool, Comprising
NW/4 of Section 8 and the NE/4 of Section 7,
T-19-S, R-37-E, Lea County, New Mexico

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

Gentlemen:

Gulf Oil Corporation respectfully submits application for a 320-acre non-standard gas proration unit comprising the NW/4 of Section 8 and the NE/4 of Section 7, T-19-S, R-37-E, to be assigned to Gulf's Elbert Shipp "B" Well No. 2 recently recompleted as a gas well in the Queen formation of the Eumont Gas Pool. It is 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 proposed 320-acre unit, shown on the attached plat, consists of the following: John Kelly's 40-acre lease in the NW/4 of the NW/4 of Section 8, The Texas Company's lease in the NE/4 of the NW/4 of Section 8, and that portion of Gulf's Elbert Shipp "B" Lease consisting of the S/2 of the NW/4 of Section 8 and the NE/4 of Section 7, all in T-19-S, R-37-E.
- (2) John Kelly, The Texas Company, and Gulf Oil Corporation contemplate entering into gas pooling and unit operating agreements to be consummated as soon as the Commission approves the 320-acre non-standard gas proration unit being requested by this application.
- (3) Gulf Oil Corporation proposes that the above-described acreage be established as a non-standard 320-acre gas proration unit in exception to Rule 5(a) of New Mexico Oil Conservation Commission Order No. R-520.

September 23, 1955

- (4) The proposed unit well, Gulf's Elbert Shipp "B" Well No. 2, located 660 feet from the west line and 1980 feet from the north line of Section 8, T-19-S, R-37-E, Lea County, New Mexico, was completed June 7, 1951, in the Monument Oil Pool. On February 25, 1955, this well was recompleted as a Queen gas producer in the Eumont Gas Pool at a plugged back depth of 3780 feet. The casing perforations are from 3550 - 3590 feet and 3620 - 3700 feet, which is within the vertical limit of the Eumont Gas Pool as defined in Order No. R-52.
- (5) No other Eumont gas well is completed on the 320-acre proration unit proposed under this application.

In connection with the contemplated gas pooling and unit operating agreements, Gulf Oil Corporation will request that the Commission approve the above-described non-standard gas proration unit and assign the 320-acre unit allowable, effective on the date of the approval of this application or on the date of connection to a gas transportation facility, whichever is later.

Respectfully submitted,

GULF OIL CORPORATION

By: 
Division Production Manager

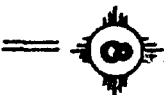
cc: New Mexico Oil Conservation Commission
P. O. Box 2045
Hobbs, New Mexico
Att'n: Mr. A. L. Porter, Jr.

The Texas Company
P. O. Box 1720
Fort Worth, Texas

John M. Kelly
P. O. Box 5671
Roswell, New Mexico

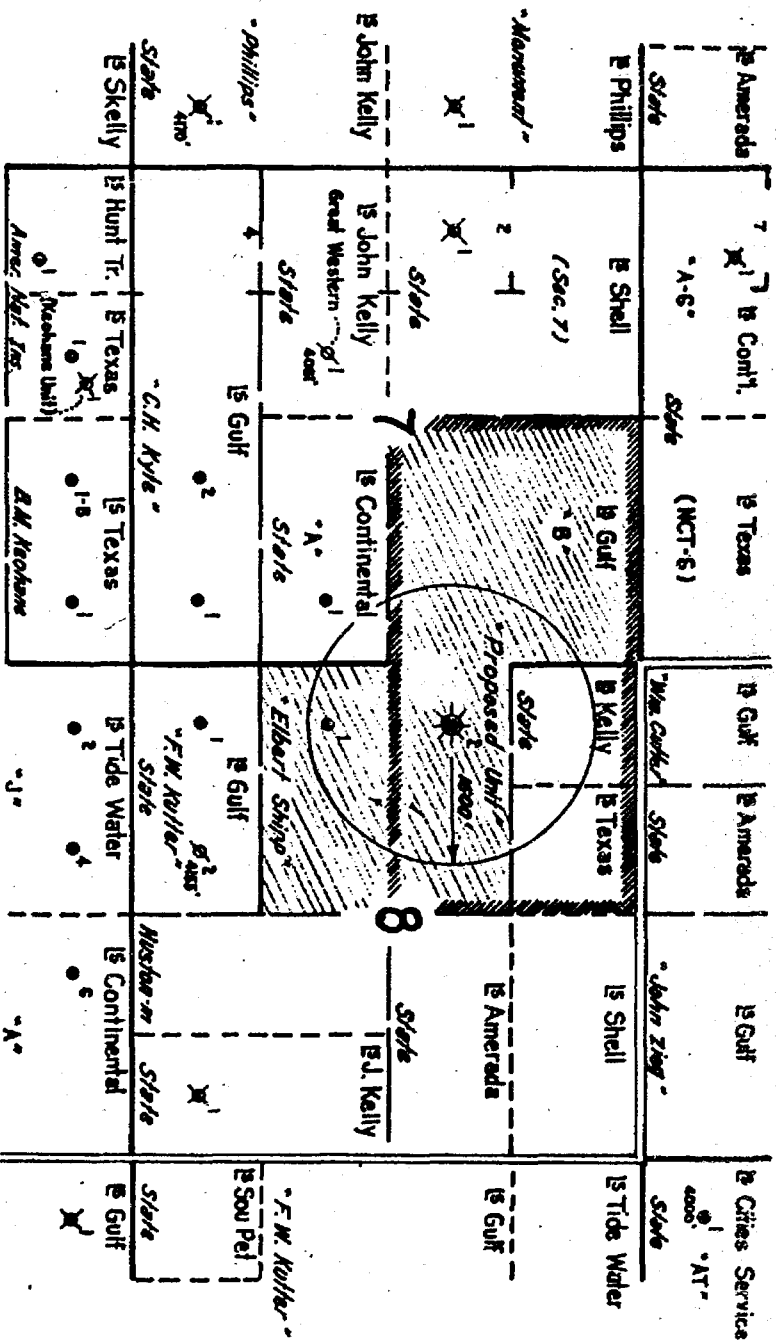
Continental Oil Company
The Fair Building
Fort Worth, Texas

4-65



GULF OIL CORPORATION
FORT WORTH PRODUCTION DIVISION
Scale 1" = 2000'
Gulf - Texas - Kelly 320 Acre Non -
Standard Gas Poration Unit Plat

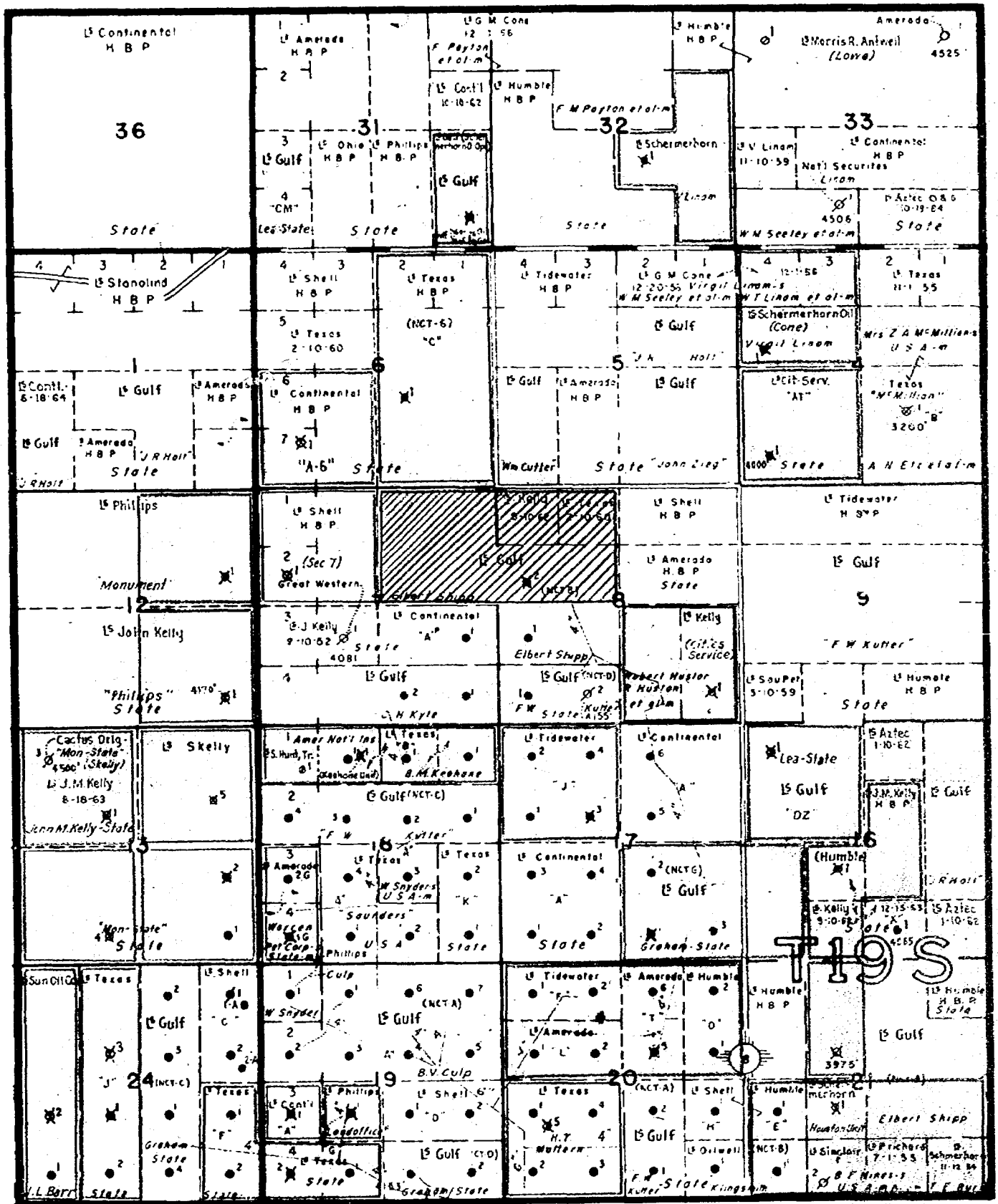
R-37-E



T 19 S

BEFORE THE
OIL COMMISSION
OF THE STATE OF TEXAS
IN NEW MEXICO
Case No. 920
CASH

GULF OIL CORPORATION
FORT WORTH PRODUCTION DIVISION
Scale 1" = 2000'
Gulf - Texas - Kelly 320 Acre Non -
Standard Gas Proration Unit Plat



BEFORE THE
 U.S. COMMISSION
 NEW MEXICO
 Exhibit No. 2
 CASE 970

Re: Application for a 320-acre Non-standard Gas
Proration Unit, Eumont Gas Pool, Comprising
NW/4 of Section 8 and the NE/4 of Section 7,
T-19-S, R-37-E, Lea County, New Mexico

CASE 970

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

Gentlemen:

Gulf Oil Corporation respectfully submits application for a 320-acre non-standard gas proration unit comprising the NW/4 of Section 8 and the NE/4 of Section 7, T-19-S, R-37-E, to be assigned to Gulf's Elbert Shipp "B" Well No. 2 recently recompleted as a gas well in the Queen formation of the Eumont Gas Pool. It is 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 proposed 320-acre unit, shown on the attached plat, consists of the following: John Kelly's 40-acre lease in the NW/4 of the NW/4 of Section 8, The Texas Company's lease in the NE/4 of the NW/4 of Section 8, and that portion of Gulf's Elbert Shipp "B" Lease consisting of the S/2 of the NW/4 of Section 8 and the NE/4 of Section 7, all in T-19-S, R-37-E.
2. John Kelly, The Texas Company, and Gulf Oil Corporation contemplate entering into gas pooling and unit operating agreements to be consummated as soon as the Commission approves the 320-acre non-standard gas proration unit being requested by this application.
3. Gulf Oil Corporation proposes that the above-described acreage be established as a non-standard 320-acre gas proration unit in exception to Rule 5 (a) of New Mexico Oil Conservation Commission Order No. R-520.
4. The proposed unit well, Gulf's Elbert Shipp "B" Well No. 2, located 660 feet from the west line and 1980 feet from the north line of Section 8, T-19-S, R-37-E, Lea County, New Mexico, was completed June 7, 1951, in the Monument Oil Pool. On February 25, 1955, this well was recompleted as a Queen gas producer in the Eumont Gas Pool at a plugged back depth of 3780 feet. The casing perforations are from 3550-3590 feet and 3620-3700 feet, which is within the vertical limit of the Eumont Gas Pool as defined in Order No. R-520.
5. No other Eumont gas well is completed on the 320-acre proration unit proposed under this application.

In connection with the contemplated gas pooling and unit operating agreements, Gulf Oil Corporation will request that the Commission approve the above-described non-standard gas proration unit and assign the 320-acre unit allowable, effective on the date of the approval of this application or on the date of connection to a gas transportation facility, whichever is later.

NEW MEXICO O. & G. ENGR. COMMITTEE
HOBBS, NEW MEXICO
October 10, 1955

Respectfully submitted,
GULF OIL CORPORATION
By: B. E. Thompson
Division Production Manager

Rough
Draft
JWG/ir
10-25-55

Ans. 10/26/55
WWM 10/27/55
WBM

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:

WBM
CASE NO. 970
Order No. R- 7/7

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 ESTABLISH-
MENT OF A NON-STANDARD GAS PRORATION
UNIT OF 320 CONTIGUOUS ACRES CONSISTING
OF NW/4 SECTION 8 AND THE NE/4 SECTION
7, 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 ^{1:30} 1 o'clock ~~p.~~ m. on October
17, 1955, at Hobbs, New Mexico, before Warren W. Mankin, Examiner *July*
appointed by the Oil Conservation Commission of New Mexico, in accordance
with Rule 1214 of Order R-681.

NOW, on this _____ day of ~~October~~, 1955, the Oil Conservation
Commission of New Mexico, hereinafter referred to as the "Commission",
a quorum being present, having considered said application and the recom-
mendations of the Examiner, Warren W. Mankin, 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 Com-
mission has power and authority to permit the formation of a gas proration
unit consisting of other than a legal section after notice and hearing by the
Commission.

(3) That applicant, Gulf Oil Corporation; John Kelly and the Texas
Company, are the owners of ^{parties & state} oil and gas leases 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, ~~LEA COUNTY, N.M.~~
NW/4 Section 8
NE/4 Section 7

containing 320 acres more or less.

Case No. 970

(4) Said Gulf Oil Corporation, Texas Company and John Kelly contemplate entering into a gas pooling and unit operating agreement upon approval of this application by the Commission.

(5) That applicant, Gulf Oil Corporation, has a producing well on the aforesaid lease known as Elbert Shipp "B" Well No. 2, located 660 feet from the West line and 1980 feet from the North line of Section 8, Township 19 South, Range 37 East, NMPM, *Lea County, New Mexico.*

(6) That the aforesaid well was ~~completed and in production~~ ^{on} ~~February 25, 1955, which is after August 12, 1954, the effective date of Order No. R-520,~~ *is* located within the horizontal limits of the pool heretofore delineated and designated as the Eumont Gas Pool.

(7) That it is impractical to pool applicant's said lease with adjoining acreage in the Eumont Gas Pool and that the owners of adjoining acreage in said area have not objected to the formation of the proposed proration unit of 320 acres.

(8) That unless a proration unit consisting of ~~applicant's and~~ *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 Eumont Gas Pool.

(9) 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 ^{*in the Eumont Gas Pool of Lea County, New Mexico,*} consisting of the following described acreage:

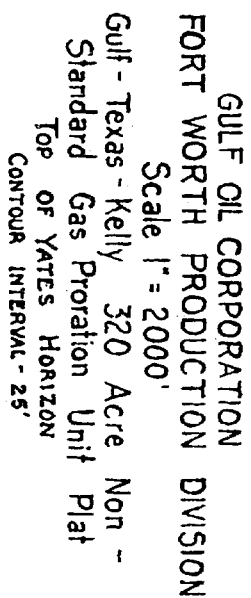
TOWNSHIP 19 SOUTH, RANGE 37 EAST, NMPM, LEA COUNTY, NM
NW/4 Section 8
NE/4 Section 7

containing 320 acres more or less, be and the same is hereby approved,
and a proration unit consisting of aforesaid acreage is hereby created.

(2) That applicant's well, Elbert Shipp "B" Well No. 2, located in
the SW/4 NW/4 of Section 8, Township 19 South, Range 37 East, NMPM,
Lea County, New Mexico, ^{be the same & hereby} ~~shall be~~ granted an allowable in the proportion
that the above described 320 acre unit bears to the standard or orthodox
proration unit for said pool, all until further order of the Commission.

DONE at etc.

BEFORE THE
ON CONSERVATION COMMISSION
SANTA FE, NEW MEXICO.
Holt No. 3
CASE 970



OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

November 15, 1955

Mr. Ross Malone
200 West First St.
Roswell, New Mexico

Dear Sir:

In behalf of your client, Gulf Oil Corporation, we enclose two copies of Order R-717 issued November 10, 1955, by the Oil Conservation Commission in Case 970, which was heard on October 17th.

Very truly yours,

W. B. Macey
Secretary - Director

WBM:brp
Encls.

C
O
P
Y

December 7, 1955

Gulf Oil Corporation
P. O. Drawer 1290
Fort Worth, Texas

Attention: Mr. B. E. Thompson

In Re: Oil Conservation
Commission Case No. 970
Order No. R-717

Gentlemen:

On the 10th day of November, 1955, the Oil Conservation Commission approved the above order for your E. Shipp "B" Well, No. 2 located in the SW/4 NW/4 of Section 8, Township 19 South, Range 37 East, NMPL, Lea County, New Mexico, in the Eumont Gas Pool.

In view of the above order, it will be necessary for you to submit an application to communitize the following State acreage consisting of the Texas Company's lease #E-3289 and John Kelly lease #R-6506, which is included in the above order, with your Elbert Shipp "B" lease and which must be submitted to the Commissioner of Public Lands for approval within 60 days.

Your cooperation in this regard will be appreciated.

Very truly yours,

E. S. WALKER
Commissioner of Public Lands

ESW:nc
cc: OCG, Hobbs
The Texas Co., Ft. Worth, Texas
John Kelly, Roswell, N. M.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

January 29, 1955

C
O
P
Y

Gulf Oil Corporation
P. O. Drawer 1290
Fort Worth 1, Texas

Attention: Mr. B. E. Thompson

Re: Cancellation of Order R-717

Gentlemen:

Reference is made to your letter dated December 21, 1955, in which you requested cancellation of a 320-acre non-standard proration unit consisting of the NW/4 of Section 6 and the NE/4 of Section 7, Township 19 South, Range 37 East, as granted by Order R-717 on November 10, 1955, for your E. Shipp "B" Well No. 2 in the Eumant Gas Pool.

Administrative Order MSP-226, dated January 29, 1956 for 320 acres was granted for the above well consisting of the W/2 of Section 6, Township 19 South, Range 37 East, in the Eumant Gas Pool.

Effective this date Order R-717 is cancelled as it is superseded by Administrative Order MSP-226 issued this date.

Very truly yours,

W. B. Macey
Secretary-Director

WBM:jh

cc: Oil Conservation Commission, Hobbs
The Texas Company, Fort Worth, Texas
Mr. John Kelly, Roswell
N. M. State Land Office, Santa Fe

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. 970
Order No. R-717

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 FUMONT GAS POOL OF ORDER NO.
R-520 IN ESTABLISHMENT OF A NON-STANDARD
GAS PRORATION UNIT OF 320 CONTIGUOUS
ACRES CONSISTING OF NW/4 SECTION 8 AND
THE NE/4 SECTION 7, 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 1:30 o'clock p. m. on October 17, 1955, at Hobbs, New Mexico, before Warren W. Mankin, Examiner duly appointed by the Oil Conservation Commission of New Mexico, in accordance with Rule 1214 of Order R-681.

NOW, on this 10th day of *November*, 1955, the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission", a quorum being present, having considered said application and the recommendations of the Examiner, Warren W. Mankin, 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 Fumont Gas Pool of Order No. R-520, the Commission has power and authority to permit the formation of a gas proration unit consisting of other than a legal section after notice and hearing by the Commission.

(3) That applicant, Gulf Oil Corporation; John Kelly and the Texas Company, are the owners of patented and state oil and gas leases 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

NW/4 Section 8

NE/4 Section 7

containing 320 acres more or less.

(4) Said Gulf Oil Corporation, Texas Company and John Kelly contemplate entering into a gas pooling and unit operating agreement upon approval of this application by the Commission.

(5) That applicant, Gulf Oil Corporation, has a producing well on the aforesaid lease known as Elbert Shipp "B" Well No. 2, located 660 feet from the West line and 1980 feet from the North line of Section 8, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico.

(6) That the aforesaid well is located within the horizontal limits of the pool heretofore delineated and designated as the Eumont Gas Pool.

(7) That it is impractical to pool applicant's said lease with adjoining acreage in the Eumont Gas Pool and that the owners of adjoining acreage in said area have not objected to the formation of the proposed proration unit of 320 acres.

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

(9) 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 in the Eumont Gas Pool of Lea County, New Mexico, consisting of the following described acreage:

TOWNSHIP 19 SOUTH, RANGE 37 EAST, NMPM

NW/4 Section 8

NE/4 Section 7

containing 320 acres more or less, be and the same is hereby approved, and a proration unit consisting of aforesaid acreage is hereby created.

(2) That applicant's well, Elbert Shipp "B" Well No. 2, located in the SW/4 NW/4 of Section 8, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico, be and the same is hereby granted an allowable in

-3-

Order No. R-717

the proportion that the above described 320 acre unit bears to the standard or orthodox proration unit for said pool, all until further order of the Commission.

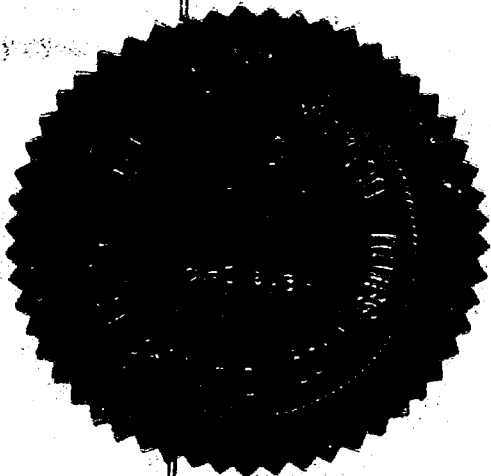
DONE at Santa Fe, New Mexico on the day and year hereinabove designated.

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



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