

Case No.

975

Application, Transcript,
Small Exhibits, Etc.



PETROLEUM AND ITS PRODUCTS

GULF OIL CORPORATION

P. O. Box 2167
Hobbs, New Mexico

October 21, 1955

FORT WORTH
PRODUCTION DIVISION

Case # 975

*Leadwitness Council
for Hearing on 11/16/55
in papers on 10/28/55
(WMM)*

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

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

Re: Application of Gulf Oil Corporation
for an Exception to Rule 309 to
Apply to their Lea State "DA" Lease,
Eumont Pool, Lea County, New Mexico

Gentlemen:

With reference to our letter dated September 30, 1955 concerning the above subject, this is to advise that the Lea State "DA" Lease is in Section 14-19S-36E rather than Section 14-19S-37E as stated in our letter of September 30, 1955.

Yours very truly,

C. F. Taylor
C. F. Taylor
Area Superintendent of
Production

HKJ:ptg

cc: B. E. Thompson
M. I. Taylor



PETROLEUM AND ITS PRODUCTS

GULF OIL CORPORATION

P. O. Box 2167
Hobbs, New Mexico

September 30, 1955

FORT WORTH
PRODUCTION DIVISION

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

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

Re: Application of Gulf Oil Corporation for an
Exception to Rule 309 to Apply to their Lea
State "DA" Lease, Eumont Pool, Lea County,
New Mexico

Gentlemen:

Gulf Oil Corporation herewith makes application for an exception to Rule 309 of the Rules and Regulations of the New Mexico Oil Conservation Commission requesting permission to produce more than eight wells into the existing tank battery on Gulf's Lea State "DA" Lease in the Eumont Pool, composed of the E/2 of Section 11 and the N/2 of Section 14-19S-3E, Lea County, New Mexico. In support of this request Gulf Oil Corporation states the following:

- (1) That all of the Lea State "DA" Lease described above has the same royalty interest.
- (2) That the existing battery on the Lea State "DA" Lease now handles production from eight Eumont wells. A ninth well will be completed in the near future.
- (3) That the central tank battery will have adequate facilities to permit taking of all required tests.
- (4) That the granting of this application will result in substantial savings in steel, reduce the costs of operation and maintenance, prevent waste, and protect correlative rights.

CASE 975

1/30 PM
on 11/1/55

FA 9221

Talked to Guy Linder
of Gulf @ Fort Worth
on 10/7/55 & they
would like to handle
it @ Hobbs

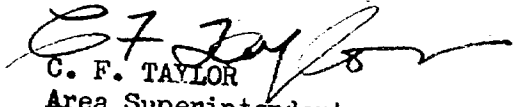
New Mexico Oil Conservation Commission

- 2 -

September 30, 1955

Therefore, Gulf Oil Corporation respectfully requests that the New Mexico Oil Conservation Commission set a certain day upon which this matter may be heard, and after said hearing grant permission for applicant to utilize the existing battery for storage of production from the ninth well to be completed in the near future, and for future Eumont wells which may be drilled on the above mentioned lease, the maximum to be eleven wells.

Yours very truly,


C. F. TAYLOR
Area Superintendent
of Production

HKJ:ptg

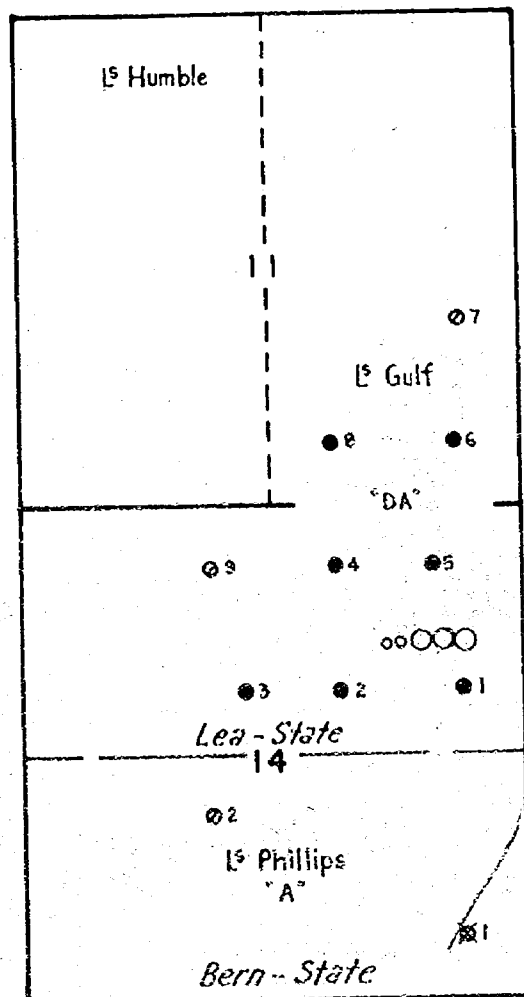
Sworn to and subscribed before me this the 30th day of September, 1955.

My Commission Expires July 16, 1956
My Commission Expires


Notary Public

cc: B. E. Thompson
Fort Worth, Texas

M. I. Taylor
Roswell, New Mexico



PROPOSED EXCEPTION TO RULE 309
FOR TANK BATTERY INSTALLATION

LEA STATE "DA" LEASE
EUMONT OIL POOL

LOCATION-SECTIONS 11 & 14, T-19-S, R-36-E
SOUTHEASTERN LEA COUNTY, NEW MEXICO

GULF OIL CORP.
FT. WORTH, TEX.

CASE NO. 975
NOV. 1, 1955

SCALE 1" = 1000'

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
EXHIBIT No. 1
CASE 975

TO BE HELD AT 1:30 O'CLOCK P.M. ON NOVEMBER 8, 1955, AT THE AUDITORIUM LOCATED IN THE OFFICE OF THE NEW MEXICO OIL CONSERVATION COMMISSION, HOBBS, NEW MEXICO, BEFORE WARREN W. MAKIN, EXAMINER.

September 30, 1955

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

CASE: 975

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

Re: Application of Gulf Oil Corporation for an Exception to Rule 309 to Apply to their Lea State "DA" Lease, Eumont Pool, Lea County, New Mexico.

Gentlemen:

Gulf Oil Corporation herewith makes application for an exception to Rule 309 of the Rules and Regulations of the New Mexico Oil Conservation Commission requesting permission to produce more than eight wells in the existing tank battery on Gulf's Lea State "DA" Lease in the Eumont Pool, composed of the E/2 of Section 11 and the N/2 of Section 14-19S-30E, Lea County, New Mexico. In support of this request Gulf Oil Corporation states the following:

- (1) That all of the Lea State "DA" Lease described above has the same royalty interest.
- (2) That the existing battery on the Lea State "DA" Lease now handles production from eight Eumont wells. A ninth well will be completed in the near future.
- (3) That the central tank battery will have adequate facilities to permit taking of all required tests.
- (4) That the granting of this application will result in substantial savings in steel, reduce the costs of operation and maintenance, prevent waste, and protect correlative rights.

Therefore, Gulf Oil Corporation respectfully requests that the New Mexico Oil Conservation Commission set a certain day upon which this matter may be heard, and after said hearing grant permission for applicant to utilize the existing battery for storage of production from the ninth well to be completed in the near future, and for future Eumont wells which may be drilled on the above mentioned lease, the maximum to be eleven wells.

Yours very truly,

C. F. TAYLOR
Area Superintendent
of Production

NEW MEXICO OIL & GAS ENGINEERING COMMITTEE
October 14, 1955
Hobbs, New Mexico

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

December 13, 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-725 issued December 9, 1955, by the Oil Conservation Commission in Case 975, which was heard on November 16th.

Very truly yours,

W. B. Macey
Secretary - Director

WBM:brp
Encls.

C
O
P
Y

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. 975
Order No. R-725

THE APPLICATION OF GULF OIL
CORPORATION FOR AN EXCEPTION
TO RULE 309 (a) OF THE STATEWIDE
RULES AND REGULATIONS OF THE
NEW MEXICO OIL CONSERVATION
COMMISSION FOR CENTRALIZATION
OF TANKAGE REQUESTING PERMISSION
TO PRODUCE A MAXIMUM OF ELEVEN
WELLS INTO A COMMON TANK BATTERY
ON THEIR LEA STATE "DA" LEASE
COMPRISING THE E/2 OF SECTION 11 AND
THE N/2 OF SECTION 14, TOWNSHIP 19
SOUTH, RANGE 36 EAST, EUMONT GAS
POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m. on November 16, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 9th day of *December*, 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 the applicant, Gulf Oil Corporation, is the owner and operator of its Lea State "DA" lease in the Eumont Gas Pool comprising the E/2 of Section 11 and the N/2 of Section 14, Township 19 South, Range 36 East, Lea County, New Mexico.

(3) That there are at present eight oil wells producing from the Eumont Pool into an existing battery located on the applicant's Lea State "DA" Lease. A ninth well will be completed in the near future.

(4) That for reasons of efficiency and economy, applicant desires to use the existing tank battery for the storage and measurement of oil produced from a maximum of eleven oil wells in the Eumont Gas Pool underlying the above-described lease.

(5) That the central tank battery will have suitable and adequate facilities for the storage and handling of the production from a maximum of eleven oil wells on the above-described lease, and that suitable equipment will be installed whereby the production from each well on the above-described lands may be adequately determined as prescribed by the rules and regulations of the Commission.

(6) That the above-described acreage is of one common royalty interest, the same being the State of New Mexico.

(7) That by reason of practical convenience and economy and in absence of objection by the Commissioner of Public Lands of New Mexico, exception to Rule 309 (a) should be granted.

(8) That no objection by the Commissioner of Public Lands has been entered.

IT IS THEREFORE ORDERED:

That the application of Gulf Oil Corporation for an exception to Rule 309 (a) be and the same is hereby granted and approved.

That Gulf Oil Corporation be and it is hereby authorized to maintain and operate its existing central tank battery located on its Lea State "DA" Lease; said lease consisting of the E/2 of Section 11 and the N/2 Section 14, Township 19 South, Range 36 East, Lea County, New Mexico, said battery to receive production from a maximum of eleven oil wells in the Eumont Gas Pool, eight of which are presently in production, the remainder to be completed on the above described lease.

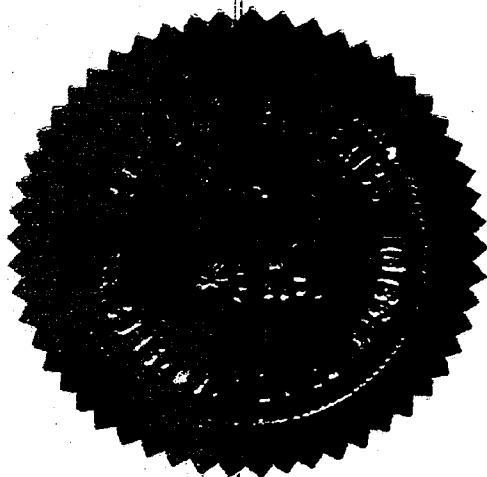
DONE at Santa Fe, New Mexico on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JOHN F. SIMMS, Chairman


E. S. WALKER, Member


W. B. MACEY, Member and Secretary



BEFORE THE
Oil Conservation Commission

SANTA FE, NEW MEXICO

November 16, 1955

IN THE MATTER OF:

CASE NO. 975

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES

COURT REPORTERS

605 SIMMS BUILDING

TELEPHONE 3-6691

ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 16, 1955

IN THE MATTER OF:

Application of Gulf Oil Corporation for
an exception to Rule 309 granting permission
to produce a total of eleven wells into a
common tank battery on their Lea State "DA"
Lease, comprising the E/2 of Section 11 and
the N/2 of Section 4, Township 19 South,
Range 36 East, Eumont Pool, Lea County, New
Mexico.

Case 975

BEFORE:

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

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 975.

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 and residence, please?

A Don Walker, Fort Worth, Texas.

Q You are employed by Gulf Oil Corporation?

A Yes, sir.

Q In what capacity, Mr. Walker?

A Division proration engineer.

Q You have previously testified as an expert before the New
Mexico Commission, have you not?

A I have.

Q Are you familiar with Gulf's application in Case No. 975?

A Yes, sir.

Q What is sought by that application?

A Gulf is asking an exception to New Mexico Statewide Rule 309, which limits or prescribes that no more than eight wells will be connected to a common tank battery on the same lease.

Q What lease is involved in this application?

A Gulf's State "DA" Lease, located in the East half of Section 11, North half of Section 14, all in Township 19 South, Range 36 East, Lea County, New Mexico.

Q Is the royalty ownership in that lease common?

A Yes, sir.

Q By whom is the royalty owned?

A State of New Mexico.

(Gulf's Exhibit No. 1 marked for identification.)

Q I invite your attention to an exhibit which has been identified as Gulf's Exhibit 1 and ask you to state what that shows.

A That merely outlines the lease, State "DA" Lease, and also shows the number of wells which are presently producing from that lease, and two drilling wells, as well as our tank battery.

Q The location of the tank battery is indicated on the exhibit, is it not?

A Yes, sir.

Q Was that exhibit prepared by you or under your direction?

A Yes, sir.

Q How many producing wells are there on this lease at the present time, producing into that tank battery?

A Well, now, you asked me two different questions.

Q You divide them and answer them as one.

A There are now seven wells producing on this property, five of which are producing into this tank battery.

Q Are there additional wells drilling at the present time?

A Yes, sir.

Q How many?

A Two.

Q Does Gulf contemplate further development of this lease?

A We plan to drill two more wells this year, and then we can determine whether or not we will drill the maximum of sixteen which could be located in 40-acre spacing on this property.

Q What storage facilities are available on the lease at the present time?

A We have three 500 barrel stock tanks located on the property, which for the present wells is capable of about, I believe, six and a half days' storage. If this approval is granted to produce all the oil produced from this property into this tank battery, the maximum of eleven wells would give us in excess of three days' storage.

Q You would still have in excess of three days' storage if the application for eleven wells is approved?

A Yes, sir.

Q What facilities are available on the lease for testing the well?

A We have two separators, one which, of course, is tied in for a test separator, so that we can adequately determine the producing capacity of the wells and also show on the C-115 monthly.

Q What is the pipeline connection on this lease?

A Gulf is our pipeline connection.

Q Can you give the Commission any information as to the wells which are now completed on this lease? Are they top allowable wells?

A All the wells, the seven wells producing are top allowable except Well No. 1, which is a high gas-oil ratio well. I believe on the October proration schedule it shows the ratio of 55,555. However, all the other wells with the exception of Well No. 5 produce at less than a thousand ratio; Well No. 5 as 1,089.

Q In the event that Gulf's application for an exception was not granted, what expense would be required, insofar as providing storage is concerned?

A It would be necessary to install an additional tank battery of an expense of ten to twelve thousand dollars. We don't believe it should be necessary, since the royalty ownership is the same, and we have sufficient storage facilities as well as testing to take care of all the wells on the property.

Q In your opinion, if this application is granted would it have any effect on correlative rights of any kind?

A None whatever.

Q What about the prevention of waste?

A Well, we would save some steel and some money.

MR. MALONE: We offer in evidence Gulf's Exhibit No. 1.

MR. MACEY: Without objection it will be received. Is that all?

MR. MALONE: That is all.

MR. MACEY: Any questions of the witness? Mr. Walker, is the casinghead gas being marketed from this property?

A I don't believe that I can answer your question, Mr. Macey. I didn't happen to check that point. I am reasonably sure it is. Let me check that and let you know.

MR. MACEY: I would certainly like to know for my own personal information.

A Yes.

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

(Witness excused.)

MR. MACEY: Do you have anything further, Mr. Malone?

MR. MALONE: Nothing further.

MR. MACEY: Anyone have anything further in this case? If nothing further, we will take Case 975 under advisement.

MR. SMITH: We have no comment to make with respect to this particular case, but I would like to suggest to the Commission that they give consideration to the deletion of Rule 309 from the rules. I don't believe it serves any particular useful purpose. It was apparently set up to afford a better checkup of the actual production of each individual well, which could be controlled by gas-oil ratio test or some other test to arrive at the productivity of each individual well, rather than attempt to restrict the connections to eight wells; so as I say, it is a suggestion. The Commission might give some consideration to perhaps calling a hearing on a revision of the rule and suggestions for more adequate means of controlling the test at the various wells.

MR. MACEY: Thank you, Mr. Smith.

MR. SMITH: I might mention, incidentally, that adding to what Mr. Malone said, to conserve the natural resources, that another

item might be mentioned. If you reduce your operating cost by centralizing your tank battery, it may be possible to keep a marginal well in operation longer than it would be if you tacked a higher overhead on that particular well to keep it going.

MR. MALONE: Gulf would like to join in that recommendation and to suggest the possibility also that if the rule is not deleted, that possibly provision could be made for administrative approval of the application within reasonable limits.

MR. MACEY: Anyone else have anything further in Case 975? If nothing further, we will take that case under advisement, if we haven't already done so.

* * * * *

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 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 26th day of November, 1955.

Ada Dearnley
Notary Public - Court Reporter

My commission expires:

June 19, 1959.

BEFORE THE
Oil Conservation Commission
~~SAN ANTONIO, TEXAS~~
Hobbs, New Mexico
November 1, 1955

IN THE MATTER OF:

CASE NO. 975

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
November 1, 1955

IN THE MATTER OF:

Application of Gulf Oil Corporation for an exception to Rule 309. Applicant seeks an order granting them permission to produce a total of eleven wells into a common tank battery on their Lea State "DA" Lease, comprising the E/2 of Section 11 and the N/2 of Section 14, Township 19 South, Range 37 East, Eumont Pool, Lea County, New Mexico.

Case No. 975

BEFORE:

Warren W. Mankin, Examiner

R E G I S T E R

L. W. Fohnar	The Texas Company	Fort Worth, Texas
R. E. Boone	The Texas Company	Fort Worth, Texas.
H. N. Wade	The Texas Company	Fort Worth, Texas
J. A. Schaffer	The Texas Company	Midland, Texas
P. D. Sweitzer	The Texas Company	Monument, New Mexico
C. M. Bumpass	Gulf Oil Corp.	Hobbs, New Mexico
C. M. Rieder	O. C. C.	Hobbs, New Mexico
J. W. Gurley	O. C. C.	Santa Fe, New Mexico

TRANSCRIPT OF HEARING

HEARING EXAMINER MANKIN: The hearing will come to order.
The first case is 975, which was the application of Gulf Oil Corporation for an exception to Rule 309. The applicant, by letter

has indicated that their application was in error as to acreage, to which their exception was requested. The Commission consulted Gulf Oil Corporation at Hobbs, and indicated that this particular case, 975, would be heard at the regular November 16th hearing and readvertised properly.

Does Gulf have anything to add in this particular readvertisement?

MR. BUMPASS: Mr. C. M. Bumpass, with Gulf Oil Corporation. No, I believe not.

HEARING EXAMINER MANKIN: Therefore, the case will be readvertised properly, and will be heard at the regular November 16th hearing.

STATE OF NEW MEXICO }
COUNTY OF BERNALILLO } SS.

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

DATED at Albuquerque, New Mexico, this 7th day of November, 1955.

Amado Trujillo
Court Reporter

Memo

OK. WWM 11/17/55 11/17/55

From

ASU

To JWG. Re: Case 975

I feel that its OK to go ahead and write an order approving Kuls application for 11 wells in one battery on its State "DA" lease, without benefit of transcript.

Macey may want to hold up on it until we find out whether casing head gas is being marketed, but I doubt it. I don't believe gas question is pertinent - actually they have flow orders