

UNIT GUIN OIL CORPORATION'S
APPLICATION FOR 240-acre non-standard
gas production unit in Eumont.

Casa No.

1158

Application, Transcript,
Small Exhibits, Etc.

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 4, 1956

* * * * *

IN THE MATTER OF: *

CASE NO. 1158 *

* * * * *

TRANSCRIPT OF PROCEEDINGS

NEW MEXICO OIL CONSERVATION COMMISSION
 MABRY HALL - STATE CAPITOL
 SANTA FE, NEW MEXICO

REGISTER

HEARING DATE October 4, 1956 TIME: 9:00 a.m.

NAME:	REPRESENTING:	LOCATION
Jack M Campbell	Gulf Oil Corporation	Roswell NM
W. J. Cunningham	Enterprise Oil, Inc.	Santa Fe, N.M.
Chris A. [unclear]	J. Mott O.C.C.	Santa Fe
A. J. Betts	White Eagle Oil Co.	Midland, Tex.
Wallace Cooper	White Eagle Oil Co.	Midland, Tex.
Ernest W. Bain	Enterprise Oil Co.	Artesia N.M.
Marion M. Rhee	State Land Office	Santa Fe
Ron Walker	Gulf Oil Corp.	J. H. Houth, Inc.

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
OCTOBER 4, 1956

IN THE MATTER OF:

In the matter of the application of Gulf Oil Corporation for an order granting an exception to Rule 5 (a) of the Special Rules and Regulations for the Eumont Gas Pool as set forth in Order R-520 in the establishment of a 240-acre non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order granting approval of a 240-acre non-standard gas proration unit comprising the NW/4 of Section 6, Township 22 South, Range 37 East, and the N/2 NE/4 of Section 1, Township 22 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico; said unit to be assigned to applicant's H. T. Mattern "D" Well No. 7 located 660 feet from the North line and 660 feet from the West line of said Section 6.

CASE NO. 1158

BEFORE:

Dan S. Nutter, Examiner

TRANSCRIPT OF HEARING

EXAMINER NUTTER: The hearing will come to order. The first case on the docket this morning will be Case No. 1158.

MR. GURLEY: Case 1158, the application of Gulf Oil Corporation for an order granting exception to Rule 5 (a) of the Special Rules and Regulations of the Eumont Gas Pool as set forth in Order R-520 for the establishment of a 240-acre non-standard gas proration unit.

MR. CAMPBELL: Mr. Examiner, I am Jack M. Campbell of Campbell and Russell, Roswell, New Mexico, appearing on behalf of the applicant, Gulf Oil Corporation. We have one witness, Mr. Don Walker to be sworn.

DON WALKER

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

By Mr. Campbell:

Q. Will you state your name Please?

A. Don Walker.

Q. By whom are you employed, Mr. Walker?

A. Gulf Oil Corporation.

Q. In what capacity?

A. I am the Division Proration Engineer.

Q. Have you testified previously before this Commission in your professional capacity?

A. Yes, sir, many times.

Q. Are the qualifications of the witness acceptable to the Commission?

EXAMINER NUTTER: They are.

Q. Mr. Walker, are you acquainted with the application of Gulf Oil Corporation in Case No. 1158 before the Oil Conservation Commission of New Mexico?

A. Yes, sir.

Q. I hand you what has been indentified as Gulf's Exhibit No. 1 in Case 1158 and ask you to state what that is.

A. This plat is a structure map contoured on top of the Queen formation with a contour interval of 50 feet and also shown on the plat is Gulf's proposed 240-acre H. T. Mattern unit which we propose to attribute to Well No. 7 "D" No. 7, located 660 feet from the North line and 660 feet from the West line of Section 6, Township 22 South, Range 37 East. In addition we have shown other Eumont gas units in the area which have been approved by the Commission.

Q. Mr. Walker, is Gulf Oil Corporation the owner of the entire leasehold interest under the proposed gas unit?

A. Yes, sir.

Q. Is the royalty ownership under the entire proposed gas unit common?

A. Yes, sir, both the Mattern "D" and "F" leases are fee land and they do have common royalty ownership.

Q. I hand you what has been identified as Gulf's Exhibit No. 2 in Case No. 1158 and ask you to state what that is, please.

A. This Exhibit No. 2 is a radio-active log on Gulf's H. T. Mattern "D" Well No. 7 and we have shown on this log the top of the Rusler formation, the top of the Yates, the top of the Seven Rivers, Queen, Penrose, and Grayburg. In addition, this is a dually completed well and we have shown the perforated interval in the Queen zone of the Eumont Gas Pool. Also we have shown the perforated intervals in the Grayburg zone as our oil producing zone in the Arrowhead Oil Pool.

Q. Referring to Exhibit 2, if necessary, will you please give the Examiner a brief completion data history on this proposed gas unit well.

A. Gulf's H. T. Mattern "D" No. 7 was drilled as a dual in the Arrowhead and Eumont Gas Pools and was completed on July 13th of this year. It has a total depth of 3,790 feet. The 5½ inch casing which was cemented at a total depth with 1315 sacks was perforated in the Queen zone of the Eumont Gas Pool in the intervals 3428 to 3465 and 3480 to 3525 feet. The Grayburg zone of the Arrowhead Oil Pool had been perforated from 3712 to 3736 and 3758 to 3786.

Q. Has this well ever produced gas from the Eumont Gas Pool into the gas line?

A. Only on an initial test and that wasn't connected. It was completed in the gas zone on July 13th, that was the date of the Oil Conservation Commission test and it has not produced into the line, it has been shut-in since that time.

Q. What were the results of that test insofar as the gas potential of this well is concerned?

A. This well produced 4510 MCF at 425-pound back pressure and it had an estimated open flow potential of 6,000 MCF or 6,000,000 feet a day.

Q. Did it produce any fluid?

A. No, sir.

Q. Mr. Walker, in your opinion, based upon your knowledge of this well and the proposed gas unit, can all of the proposed 240-acre non-standard unit reasonably be assumed to be productive of gas in the Eumont Gas Pool?

A. Yes, sir.

Q. Do you believe that if this application is granted it will protect the correlative rights of the operators in this area and of Gulf Oil Corporation?

A. Yes, sir.

MR. CAMPBELL: That is all of the questions I have.

EXAMINER NUTTER: Does anyone have a question of the witness?

MR. GURLEY: Did you notify all of the offset operators?

A. In my application to the Commission which was dated September 5th, we list twelve offset operators that we notified and I believe that that was all of them.

MR. GURLEY: Did you receive any objection from any of the operators so notified?

A. None.

EXAMINER NUTTER: Any other questions of the witness?

MR. UTZ: Yes, I have a question. Did you state where the separation packer was set in the dual?

A. I don't believe I did.

MR. UTZ: I don't seem to be able to find that information in the well file either. That is information that you can furnish, isn't it?

A. I certainly can.

MR. UTZ: If you would furnish us with that information for the record, we would appreciate it.

A. I will sure do it.

MR. UTZ: I believe you stated, Mr. Walker, that when you took the absolute open flow test on this well in the Eumont Queen zone, that it did not produce any liquids.

A. That is the information I have, yes, sir.

MR. UTZ: In your opinion, and in view of the fact that the Penrose Pruitt No. 2 in the SW/4 SE/4 of Section 31, 21 South, 37 East, is a Eumont oil well and also the Zachery Downs No. 3 in the NW/4 NE/4 in Section 6, 22 South, 37 East, is also a Eumont oil well, in your opinion what do you believe the possibilities of the Queen going to oil on your Mattern No. 7?

A. From the information that I have been able to gather on those two wells. Our Well No. 7 is completed in the same interval and those two wells are down in producing capacity to around 300 barrels a month or approximately 10 barrels a day and it is my opinion that rather than Gulf's wells going to oil, those wells will go to gas. Apparently, that is a local condition there and they are getting a little oil now, but it probably won't be very permanent.

MR. UTZ: In other words the possibility of this dual becoming an oil-oil dual is remote, in your opinion?

A. Very, very remote.

MR. UTZ: That is all I have.

MR. GURLEY: I have one more question. This is two separate leases, is that correct?

A. I believe that they have the same basic lease number, Mr. Gurley, but they do have an "F" and "D", we call them an NCT number, and I can't explain why they have been given different numbers. I believe it is more of an accounting system within the Gulf Company than anything else. In my division the people tell me that the royalty ownership between the two are the same.

MR. GURLEY: The royalty interest is the same?

A. That is what I have been told.

MR. GURLEY: Now, on your application here you state that the above described 240-acre comprises a portion of the H. T. Mattern "D" lease and "F" leases, but I don't think you set out just which is which.

A. Alright, let me clarify that just a bit. In the E/2 of Section 6 of Township 22 South, Range 37 East, the NW/4 is the portion of the Mattern "D" lease. Also part of that "D" lease is the E/2 of the SW/4 and also the NW/4 of Section 7, just below that. Actually it includes all of the "F" lease and a portion of the "D" lease.

EXAMINER NUTTER: Mr. Walker, this Mattern Well No. 1 located in the NW/4 of the NE/4 of Section 1, what interval is that well completed in?

A. That is the Grayburg producer in the Arrowhead Oil Pool.

EXAMINER NUTTER: Anyone have any further questions of the witness?

MR. WALKER: I have one other statement here, our well was connected with the Permian Basin Pipeline Company's gathering system on August 31, and is right now closed in pending the approval of this unit.

EXAMINER NUTTER: It has a connection but it is not producing.

A. That is correct. We have already on file a C-110 and C-104 for this 240-acre unit.

EXAMINER NUTTER: Have you made any application for any other unit for this well?

A. No, sir. We apparently inadvertently failed to claim our 160 during this time.

EXAMINER NUTTER: So this will be the first proration unit assigned to this well?

MR. UTZ: That was connected August the 31st?

MR. WALKER: Yes, sir.

EXAMINER NUTTER: Anyone have any further questions? Does anyone have any statements they wish to make in this case.

MR. CAMPELL: I would like to offer in evidence applicant's Exhibits 1 and 2 in Case No. 1158.

EXAMINER NUTTER: Without objection Gulf's Exhibits No. 1 and 2 in Case No. 1158

If there are no further questions the witness may be exc used, and no further statements, we will take the case under advisement.

STATE OF NEW MEXICO)
COUNTY OF SANTA FE } ss

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

Dated at Santa Fe, New Mexico on this 11th day of October, 1956.

Doris Arnold

GOVERNOR JOHN F. SIMMS
CHAIRMAN

MAIN OFFICE 800 New Mexico

OIL CONSERVATION COMMISSION

LAND COMMISSIONER S. H. WALKER
MEMBER

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



P.O. Box 2045
Hobbs, New Mexico
November 8, 1956

Mr. A. L. Porter, Jr., Director
Oil Conservation Commission
Box 671
Santa Fe, New Mex.

Dear Mr. Porter:

Please refer to Order R-904 which was the results of an application by Gulf Oil Corp. for a non-standard gas unit. The Order reads that the unit contains 240 acres, more or less; however the General Land Office plats indicate that this unit contains 234.65, which would give an acreage factor of 1.47 instead of 1.50.

Before this office assigns an allowable, your opinion on this matter will be appreciated.

Yours very truly,

R. F. Montgomery
Proration Manager

RFM/mc

**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. 1158
Order No. E-904**

**THE APPLICATION OF GULF OIL
CORPORATION FOR AN ORDER
GRANTING APPROVAL OF AN
EXCEPTION TO RULE 5 (a) OF
THE SPECIAL RULES AND REGULATIONS
FOR THE MOUNTAIN GAS POOL AS SET
FORTH IN ORDER NO. E-530 IN
REMARKS OF A NON-STANDARD
GAS RESERVE UNIT OF 240 CONTIGUOUS
ACRES CONSISTING OF THE NW/4 SECTION
6, TOWNSHIP 22 SOUTH, RANGE 37 EAST,
NMPM, AND THE N/2 NE/4 SECTION 1,
TOWNSHIP 22 SOUTH, RANGE 36 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 October 4, 1956, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 9th day of October, 1956, the Commission, a quorum being present, having considered the application, the evidence adduced, the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

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

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

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 6: NW/4

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM
Section 1: N/2 NE/4

containing 240 acres, more or less.

(2) That applicant, Gulf Oil Corporation, has a producing well on the aforesaid acreage known as the H. T. Mattern "D" Well No. 7, located 660 feet from the North line and 660 feet from the West line of Section 6, Township 22 South, Range 37 East, NMPH.

(4) That the aforesaid well is a dual completion as authorized by Order DC-280.

(5) That the upper zone is completed in the Queen formation within the vertical and horizontal limits of the Eumont Gas Pool and the lower zone is completed in the Grayburg formation of the Arrowhead Pool.

(6) 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 gas proration unit consisting of the following described acreage in the Eumont Gas Pool, Lea County, New Mexico:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPH
Section 6: NW/4

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPH
Section 1: N/2 NE/4

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

(2) That applicant's well, H. T. Mattern "D" No. 7, located in the NW/4 NW/4 Section 6, Township 22 South, Range 37 East, NMPH, Lea County, New Mexico, shall be granted an allowable in the proportion that the above described 240-acre unit bears to a standard proration unit according to Rule 12 of the pool rules, all until further order of the Commission.

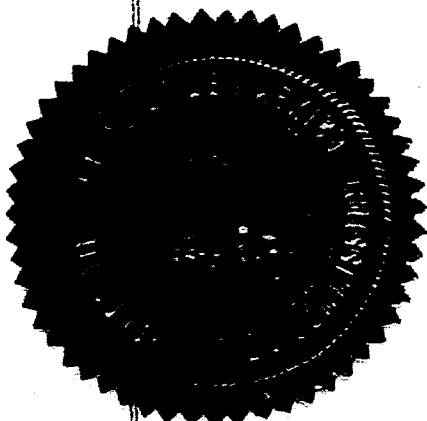
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John F. Simms
JOHN F. SIMMS, Chairman

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

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary



OIL CONSERVATION COMMISSION

P. O. BOX 571

SANTA FE, NEW MEXICO

November 1, 1956

C
O
P
Y

**Mr. Jack M. Campbell
Campbell & Russell
P. O. Box 721
Roswell, New Mexico**

Dear Sir:

On behalf of your client, Gulf Oil Corporation, we enclose two copies each of Orders R-904 and R-905 issued on October 26, 1956 by the Oil Conservation Commission in Cases 1158 and 1159, which were heard on October 4, 1956.

Very truly yours,

**A. L. Porter, Jr.
Secretary-Director**

jh
encls.

OP
WMM
10/4/56

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 10-4-56

CASE 1158

Hearing Date 10-4-56

My recommendations for an order in the above numbered cases are as follows:

That the unit be operated as an ^{2904c.} gas unit
in the Tumout ~~Queen~~ Gas Pool.

We should find:

(1) That the Gulf Well D #7, NWNW
6-22S-37E is a dual completion authorized
by Order DC-280.

(2) That the upper zone is completed
in the Queen formation which
in the vertical limits of the Tumout
Gas - Gas Pool and the Lower zone
is completed in the ~~Queen~~ formation
of the ~~known~~ ~~Long~~
~~Long~~ Oil Pool.

(3) Conclusive rights & etc. will be
protected.

(4) That testimony adduced indicates
that this well will produce dry
Gas from the ~~Queen~~ zone of the ~~Long~~ ~~Long~~
Tumout.

W. A. Giff
Staff Member

SEP 1956



GULF OIL CORPORATION

P. O. DRAWER 1290 FORT WORTH, TEXAS

S. E. THOMPSON
DIVISION PRODUCTION MANAGER

FORT WORTH
PRODUCTION DIVISION

September 5, 1956

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

Re: Application for Approval of a 240-acre Non-Standard Gas Proration Unit in the Eumont Gas Pool to be Assigned Gulf Oil Corporation's H. T. Mattern "D" Well No. 7

Gentlemen:

Gulf Oil Corporation respectfully submits application for a 240-acre non-standard gas proration unit to include the NW/4 of Section 6, T-22-S, R-37-E, and the N/2 of the NE/4 of Section 1, T-22-S, R-36-E, to be assigned to Gulf's H. T. Mattern "D" Well No. 7 recently dually completed in the Arrowhead Oil and Eumont Gas Pools. It is requested that the Commission set this matter for examiner hearing at an early date.

The following facts are offered in support of this application:

- (1) The above described 240 acres comprise a portion of the H. T. Mattern "D" Lease, which consists of the NW/4 and the E/2 of the SW/4 of Section 6, and the NW/4 of Section 7, all in T-22-S, R-37-E, and the H. T. Mattern "F" Lease consisting of the N/2 of the NE/4 of Section 1 in T-22-S, R-36-E. Gulf Oil Corporation is the owner and operator of these two leases.
- (2) The proposed unit well, Gulf's Mattern "D" No. 7, located 660 feet from the north and west lines of Section 6, T-22-S, R-37-E, Lea County, New Mexico, was completed on July 13, 1956, as a dual in the Arrowhead Oil and Eumont Gas Pools. DC-280
The Queen zone of the Eumont Gas Pool will produce through 5-1/2" casing perforations from 3428-3465' and 3480-3525'. The Grayburg zone of the Arrowhead Oil Pool will produce through casing perforations from 3712-3736' and 3758-3786'. The 5-1/2" casing was cemented at a total depth of 3790 feet with 1315 sacks.
- (3) Gulf Oil Corporation proposes to assign the NW/4 of Section 6, T-22-S, R-37-E and the N/2 of the NE/4 of Section 1, T-22-S, R-36-E, to the above described unit well of the non-standard 240-acre gas proration unit in exception to New Mexico Oil Conservation Commission Order No. R-520.

September 5, 1956

- (4) By copy of this letter of application, all operators owning interests in the section in which the proposed unit is located and all operators within 1500 feet of the proposed unit well are notified of the intent of Gulf Oil Corporation to form the proposed non-standard gas proration unit.

Respectfully submitted

GULF OIL CORPORATION

By:

B. E. Thompson
Division Production Manager

cc: Oil Conservation Commission
P. O. Box 2045
Hobbs, New Mexico

Amerada Petroleum Corporation
P. O. Box 2040
Tulsa, Oklahoma

Atlantic Refining Company
P. O. Box 871
Midland, Texas

Continental Oil Company
P. O. Box 427
Hobbs, New Mexico

Drilling and Exploration Company, Inc.
461 San Jacinto Building
Houston 2, Texas

L. E. Elliott
P. O. Box 703
Roswell, New Mexico

R. W. Gribble
4416 Druid Lane
Dallas, Texas

Mapenza Oil Company
P. O. Box 1628
Hobbs, New Mexico

Ohio Oil Company
P. O. Box 552
Midland, Texas

N. G. Penrose, Inc.
1815 Fair Building
Fort Worth, Texas

Rowan Oil Company
P. O. Box 1873
Midland, Texas

Skelly Oil Company
P. O. Box 38
Hobbs, New Mexico

Southern Petroleum Exploration Company
Roswell, New Mexico

Page 1158.

Turnout - Luen - 3428-3965

100 AOF
4510 @ 425 B.P.

Arrowhead - Habyburg - c.f. 3712-3786

Completed 3-16-56

1. Does the Mattern #7 produce any liquids from the Luen zone?

2. If so what is the Gas/Liquid Ratio?

3. Color & Gravity of Liquids?

4. Parose - Pruitt #2 SESE 31-21-37

Zachary - Downer #3 NWNE 6-22-37

are Turnout oil wells. Is there not a good possibility that the Half-Mattern #7 would become an oil well in the Turnout-Luen?

Connected Aug. 31, 1956 to Permian.

DOCKET: EXAMINER HEARING OCTOBER 4, 1956

Oil Conservation Commission 9:00 a.m., Mabry Hall, State Capitol, Santa Fe

The following cases will be heard before Daniel S. Nutter, Examiner:

CASE 1158: Application of Gulf Oil Corporation for an order granting an exception to Rule 5 (a) of the Special Rules and Regulations for the Eumont Gas Pool as set forth in Order R-520 in the establishment of a 240-acre non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order granting approval of a 240-acre non-standard gas proration unit comprising the NW/4 of Section 6, Township 22 South, Range 37 East, and the N/2 NE/4 of Section 1, Township 22 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico; said unit to be assigned to applicant's H. T. Mattern "D" Well No. 7 located 660 feet from the North line and 660 feet from the West line of said Section 6.

CASE 1159: Application of Gulf Oil Corporation for an order granting an exception to Rule 5 (a) of the Special Rules and Regulations for the Eumont Gas Pool as set forth in Order R-520 in the establishment of a 240-acre non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order granting approval of a 240-acre non-standard gas proration unit comprising the S/2 NW/4 and N/2 S/2 of Section 18, Township 21 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico; said unit to be assigned to applicant's H. T. Mattern "C" Well No. 3 located 330 feet from the West line and 1980 feet from the South line of said Section 18.

CASE 1160: Application of Enterprise Oils, Inc. for an order granting approval of its proposed Enterprise Unit Agreement, embracing 1,440 acres, more or less, in Lea County, New Mexico, in accordance with Rule 507 of the New Mexico Oil Conservation Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order granting approval of its proposed Enterprise Unit Agreement, embracing 1,440 acres, more or less, consisting entirely of State of New Mexico lands and described as follows, all in Lea County, New Mexico:

Township 16 South, Range 34 East, NMPM
 Section 16: W/2
 Section 17: E/2
 Section 20: NE/4
 Section 21: W/2
 Section 28: N/2



Scale 1" = 3000'

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
Gulf 4458 EXHIBIT No. 1
CASE 1158