0 050 7/ Replication, Transcript, Smill Exhibits, Etc.

BEFORE THE OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

CASE NO. 71

IN THE MATTER OF THE APPLICATION OF GULF OIL CORPORATION FOR AN ORDER FIXING AN APPROPRIATE LIMITING GAS-OIL RATIO FOR THE DRINKARD-YESO POOL AND ANY EXTENSIONS THEREOF.

Pursunat to notice by the Commission, duly made and published, setting December 8, 1945, at 10 o'clock A. M., for hearing in the above entitled matter, said hearing was convened on said day, at said hour, in the New Mexican Room of the La Fonda, Santa Fe, New Mexico, the Commission sitting as follows: HON. JOHN E. MILES, State Land Commissioner, Member HON. R. R. SPURRIER, State Geologist, Secretary

HON.CARL B. LIVINGSTON, Chief Clerk and Legal Adviser

REGISTER

Lea County Operators

COMPANY

Potash Company of America, Atty.

NAME

Glenn Staley Clarence Hinkle Geo. D. Riggs George W. Selinger E. J. Gallagher Paul C. Evans Harry A. Aurand M. W. Phelan George K. Gibson T. P. Ellsworth Lewis Finch, Jr. J. O. Seth, Atty. John M. Kelly C. S. Rose G. H. Gray Robert A. Pierce L. W. Lodwick Roy O. Yarbrough Foster Morrell Chuck Aston Robert L. Bates

Geologist Skelly Oil Company Gulf 011 Corporation Gulf Oil Corporation Potash Company of America Richfield Oil Corporation Richfield 0il Corporation Richfield Oil Corporation Stanolind 011 & Gas Company Stanolind Oil & Gas Company Geologist Repollo Oil Company Repollo Oil Company Potash Company of America Independent Oil Conservation Commission U. S. Geological Survey Consulting Geologist State Bureau of Mines & Mineral Resources

ADDRESS

Hobbs, N. M. Roswell, N. M. Carlsbad, N.M. Tulsa, Okla. Hobbs, N. M. Hobbs, N. M. Carlsbad, N. M. Los Angeles Los Angeles Bakersfield, Cal. Ft. Worth, Tex. Santa Fe, N. M. Roswell, N. M. Midland, Texas Midland, Texas Carlsbad, N. M. Roswell, N. M. Hobbs, N. M. Roswell, N. M. Artesia, N. M.

Socorro, N. M.

"NOTICE FOR PUBLICATION STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

The Oil Conservation Commission as provided by law hereby gives notice of the following hearing to be held at Santa Fe, New Mexico, at 10 o'clock A. M., December 8, 1945;

-1-

CASE NO. 71

IN THE MATTER OF THE APPLICATION OF GULF OIL CORPORATION FOR AN ORDER FIXING AN APPROPRIATE LIMITING GAS-OIL RATIO FOR THE DRINKARD-YESO POOL AND ANY EXTENSIONS THEREOF.

Given under the seal of said Commission at Santa Fe, New Mexico, on November 21, 1945.

OIL CONSERVATION COMMISSION BY: (SGD) R. R. SUPRRIER R. R. SPURRIER, SECRETARY

SEAL"

PROCEEDINGS

MR. PAUL C. EVANS, GULF OIL CORPORATION.

I am at present employed as District Engineer at Hobbs, I would like to offer myself as a witness.

(After being duly sworn, Mr. Evans testified as follows) MR. EVANS: First I will give you some information regarding my professional qualifications - I graduated from Texas A & M in petroleum engineering, and in 1937 I was employed by the Gulf Oil Corporation, and have worked in numerous fields in Illinois, Michigan, Oklahoma and New Mexico. In 1942 I entered the military service and have recently returned, and am at present District Engineer for the Gulf Oil Corporation at Hobbs.

The Gulf Oil Corporation desires to bring to your attention paragraphs 3 and 4 of said application.

No. 3. "Under the provision of Proration Order No. 545, wells in the above described area producing from the Yeso formation would be classified under new and undeveloped pools and thereby would have a limiting gas-oil ratio of 2000 cubic feet per barrel."

No. 4. "Gulf Oil Corporation believes that a limiting gas-oil ratio of 2000 cubic feet per barrel is too low for the Yeso

-2-

formation in the general area as described hereinabove." The solution ratios in the Monument and Eunice pools where we have extensive information from bottom hole samples indicates that the solution gas in the Monument pool is approximately 454 cubic feet per barrel and in the Eunice pool is approximately 445 cubic feet per barrel. The bottom hole samples from three different wells indicates the solution ratio to be approximately 1139 cubic feet per barrel, or 22 times the average solution ratios in Monument and Eunice pools. It also must be remembered the limiting ratio in the Monument pool is 4000 cubic feet per barrel and in the Eunice pool 6000 cubic feet per barrel, while limiting ratio in the Drinkard area is only 2000 cubic feet per barrel. The gas-oil test on Gulf wells and the ratio as listed in the Lea County operators' report on one well of another Company in the area indicates the area average gas-oil ratio to be 2471 cubic feet per barrel, based upon 7 wells, 6 Gulf wells and one other company well which should be brought to the attention of the Commission, is the Gulf Vivian No. 1 discovery well of the pool. The original gas-oil ratio was 1272 cubic feet per barrel. Maile after producing approximately one year the 45,000 barrels of oil, the gas-oil ratio has progressively increased to 3942 cubic feet per barrel. In view of the higher solution of gas as compared to two of the older pools, the average of gas-oil ratios of a number of producing wells in the Drinkard Area pool, and the actual increase in gas-oil ratio on Gulf Vivian No. 1. Applicant believes a gas-oil ratio which is just and in keeping with the State's conservation policy should be established. It is the opinion of the Applicant that a ratio of 5,000 cubic feet per barrel be set as the limiting ratio in the Drinkard-Yeso pool, due to the above mentioned

-3-

facts, and that this gas-oil ratio will be adequate and will tend to relieve the increased ratios in this pool for the present and until further development and production in the future.

JUDGE SETH: (Representing Stanolind Oil and Gas Company) How many sections are in the Drinkard-Yeso pool?

MR. EVANS: Right off hand I don't have any complete

information.

JUDGE SETH: About 11 isn't it?

MR. EVANS: I believe that is right.

JUDGE SETH: How many units would that be, about 176 - 16 x 11.

MR. EVANS: That is right.

JUDGE SETH: How many wells in the pool?

MR. EVANS: The Gulf has about 9 and there are other wells drilling. The Texas Company has those I believe, has

recently completed one.

JUDGE SETH: That means about 10 wells drilled and a few more drilling.

MR. EVANS: That is right.

JUDGE SETH: What percentage of the total number of wells that might be drilled do the present drilled wells amount to?

MR. EVANS: Approximately 7% or 8%. JUDGE SETH: The present limiting gas-oil ratio is the general regulation of 2,000.

MR. EVANS: That is all undeveloped.

JUDGE SETH: You gave, I believe, your Gulf well exceeding that gas-oil ratio?

MR. EVANS: That is right. JUDGE SETH: I believe that is all. COMMCSSIONER MILES: Anymore questions? MR. SPURRIER: What is the highest gas-oil ratio record among those wells you speak of? MR. EVANS: The highest ratio, as I stated, was not one taken from our own, was taken from the Texas Company with the Lea County Operators, possibly 5,000.

JUDGE SETH: It seems to me with the comparatively small number of wells in this field, 7 or 8, for the total of each unit, until the total of each unit were drilled, it is too early to begin increasing the gas-oil ratio. The matter should wait for their more complete development. This is particularly true, in view of the national pressure for gas conservation. It seems they are just starting the matter too early. Only about 1/14 of the number of wells drilled - the matter should wait for further development. COMM'SSIONER MILES: Anybody else a statement or question? MR. SPURRIER: This cas will neither be approved or disapproved at this time, but will be taken under advisement. COMMISSIONER MILES: I would like to make this statement, that I am of the opinion we have been a little slow on acting on some of these cases. Ordinarily it is a matter to me which is a little foreign, and I would like the opportunity of having someone study the cases. This is the first time we have had a member on the Board, as a Geologist, for sometime. I am sure our Geologist will take prompt consideration and soon make a decision.

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MR. SPURRIER: I would like to add that I will do everything I can do on the matter as Governor Miles has mentioned.

If no other matters or comments to be taken up we will adjourn.

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CERTIFICATE

I, Vastie Fowler, Reporter for the Oil Conservation Commission, hereby certify that I took down the statements made at the hearing held before the Commission on May 14, 1945, in the Matter of the Application of Gulf Oil Corporation for an order fixing an appropriate limiting gas-oil ratio for the Drinkard-Yeso Pool and any extensions thereof, Case No. 71, and that the foregoing transcript constitutes, to the best of my knowledge and belief, a true and correct copy of all the oral statements and exhibits presented

before the Commission.

UCS tie Souler Vastie Fowler, Reporter

AC CA FOR HEARING DECEMBER 8, 194.

Brief executive session for consideration of recommendations by Nomenclature Committee for field extensions and designation of new pools under the provisions of Section 3, Order 588.

NOTICE FOR PUBLICATION STATE OF NEW MILICO OIL CONSERVATION COMMISSION

The Oil Conservation Commission as provided by law hereby gives notice of the following hearing to be held of Sente Re, New Mexico, at 10 A.M., December 8, 1945:

CASE 67.

57-7-1-1-V

In the matter of the application of the Potash Company of America for an order of approval of Rocky Arroyo Unit Agreement whose unit area covers 23,040.29 acres situated in Townships 20, $20\frac{1}{2}$, 21 and 22 South, Ranges 23 and 24 East, Eddy County, New Mexico.

CASE 68.

In the matter of the applic tion of dichfield Oil Corporation for an order of approval of the Lake McMillan Unit Agreement whose unit area lies in the Delaware structural Basin near the northern rim thereof in T. 20 S., κ . 26 E., T. 20 S., d. 27 E., T. 21 S., d. 25 E., and T. 21 S. d. 26 E., N.M.P.H., Lody County, New Mexico.

CASE 69.

In the matter of the application of oil operators in Eddy County by Chuck Aston for an order to designate the 1800'-2000' producing horizon in the following described tracts, located in the Premier Field Eddy County, New Mexico, as the Seven Rivers Pool of the Premier Field and that this aforementioned pool have defined pool status in all matters con examing allowable, etc: S_2^1 Sec. 22, S_2^1 Sec. 23, W_2^1 Sec. 25, all sections 26 and 27, T. 178. A. 30E. All oil produced from the Seven Rivers formation to be measured in separate tanks so that pipeline runs can be properly recorded and reported. The major producing zones in the Premier Field are Zones 5 and 6 of the Grayburg formation and encountered at depths from 3100 to 3300'.

Here consider Nomenclature Committee's recommendation under Section 3, Order 538 for the designation of the Fren Fool embracing all the area of the tract described above plus a considerable additional area all in the same producing horizon as the proposed Seven Nivers Pool above asked for by Eddy County Operators through Chuck Aston.

CASE 70.

In the matter of the application of the New Mexico Nomenclature Committee for an order revising Order 588 defining fields in these respects: To designate all socalled "fields" defined in said order and in all supplements issued thereunder as "pools". Delete from definition of Grayburg-Jackson pool all secs. 13, 24 and 25, T. 17 S., H. 31 E., and add to definition of Haljamar pool the Sz sec. 13, all of secs. 24 and 25, T. 17 S., R. 31 E. Delete from Empire pool the SEt sec. 19., T. 17 S., H. 28 E., and add to Red Lake pool the SEL sec. 19, and NEL sec. 30, T. 17 S., H. 28 E. Delete from definition of Skaggs pool all of sec. 23, T. 20 S., a. 37 E, and make the following pool definition: All sec. 23, T. 20 S., R. 37 E., to be known as the Penoco pool, to include oil and gas production from the Pennsylvenian formation found in the Skaggs B-23 well No. 2. SW: NK: sec. 23 at depths of 7700 to 7725 feet through casing perforations. Delete the word "Yeso" from the name Drinkerd-Yeso Pool. Delete the word "Ellenbur er" from the name Dublin-Ellenburger pool. Appropriate provision and procedure wherein the Oil Conservation Commission may in its discretion 'dopt in executive session changes of pool boundaries and designation of new pools upon the recommendation of the Mew Mexico Nomenclature Committee.

<u>CASE 71</u>.

In the matter of the application of Gulf Oil Corporation for an order fixing an appropriate limiting gas-oil ratio for the Drinkard-Yeso Pool and any extensions thereof.

Given under the seal of said Colmission at Santa Fe, New

Mexico, on November 21, 1945.

OIL CONSERVATION COMMISSION

BY: (SGD) R. A. SPURCHER

R.R. SPURRIER, SECRETARY

SEAL

OIL CONSERVATION COMMISS

September 10, 1946

ATRMATL

Mr. Glenn Staley Proration Office Hobbs, New Mexico

Dear Glenn:

Supplementing my letter of August 27, regarding Case 71, in which application was made for a limiting gas-oil ratio for the Drinkard Pool, Lea County, New Mexico, it is hereby requested that the gas-oil ratio survey for the above area cover all wells within the pool and that the survey be taken between the dates September 15, 1946, and November 1, 1946. The survey to be made under the procedure prescribed by the Commission Ender Order No. 545.

Very truly yours,

RRS: NSH

2 L CONSERVATION COMMISSION SANTA FE. NEW MEXICO

August 27, 1946

hr. Glenn Staley Proration Office Hobbs, New Mexico

Dear Mr. Staley:

Reference is made to Case No. 71, Oil Conservation Commission, heard December 8, 1945.

You will recall that in this case, which was presented by the Culf 011 Corporation, a gas-oil ratio of 5000 cubic feet per barrel was asked to be applied to the Drinkard Pool of Lea County, New Mexico. Stanolind Oil and Gas Company, represented by J. O. Seth, took exception to Gulf's request for the reason that there was insufficient number of wells with which to determine a proper gas-oil ratio. It has lately been reported to me that Stanolind now considers the number of wells in the

Drinkard Field, some 15 or 16, a sufficient number.

Therefore, the Commission requests that you conduct an official gas-oil ratio survey of all the producing wells in the Drinkard Field. When the test is completed, if you will forward the official figures to this office, the Commission will have the basis for promulgating a suitable order in this case.

Very truly yours,

RRSIKSH cc Lloyd Gray Culf Oil Corp. Tulsa, Okla.



PETROLEUM AND ITS PRODUCTS

GULF OIL CORPORATION

P.O. BOX 661 · TULSA 2, OKLAHOMA

November 29, 1945

GYPSY DIVISION RUSH GREENSLADE

Case 71 - Drinkard-Yeso Pool

Mr. Carl B. Livingston Chief Clerk & Legal Adviser New Mexico Oil Conservation Commission Santa Fe, New Mexico

Dear Mr. Livingston:

Thank you for your letter of November 21, informing me that the application of Gulf Oil Corporation for an order fixing proper gas-oil ratio in the Drinkard-Yeso area will be heard December 8 at 10 A.M.

We shall have a representative or representatives present to present evidence in support of the application.

Yours very truly,

S. G. Sanderson

GS-

SANTA FE, NEW MEXICO

November 21, 1945

Mr. S. G. Sauderson Gulf Oil Corporation Box 661 Tulsa 2, Oklahoma

Re: Case 71 - Drinkard-Yeso Pool and extensions thereof -- fixing proper gas-oil ratio.

Dear Mr. Sanderson:

The Commission has set the above captioned case, with others, to be heard December 8 at 10 A.M., at Santa Fe.

Please indicate that you have received this notice.

Kindest personal regards.

Very truly yours,

Chief Clerk & Legal Adviser

CBLINS

cc A. M. Bell, Jr. General Supt. Box 661 Tulsa 2, Okla.

NOTICE FOR PUBLICATION STATE OF NEW MEXICO OIL CONSERVATION CONVISSION

The Oil Conservation Commission as provided by law hereby gives notice of the following hearing to be held at Santa Fe, New Mexico, at 10 A.M., December 8, 1945:

CASE 70

In the matter of the application of the New Mexico Nomenclature Committee for an order revising Order 588 defining fields in these respects: To designate all so-called "fields" defined in said order and in all supplements issued thereunder as "pools". Delete from definition of Grayburg-Jackson pool all of secs. 13, 24 and 25, T. 17 S., R. 31 E., and add to definition of Maljamar pool the S2 sec. 13, all of secs. 24 and 25, T. 17 S., R. 31 E. Delete from Empire pool the SE3 sec. 19, T. 17 S., R. 28 E., and add to Red Lake pool the SE sec. 19, and KE2 sec. 30, T. 17 S., R. 28 E. Delete from definition of Skaggs pool all of sec. 23, T. 20 S., R. 37 E, and make the following pool definition: All sec. 23, T. 20 S., R. 37 E., to be known as the Penoco pool, to include oil and gas production from the Pennsylvanian formation found in the Skaggs B-23 well No. 2, SN NH Sec. 23 at depths of 7700 to 7725 feet through casing perforations. Delete the word "Yeso" from the name Drinkard-Yeso Pool. Delete the word "Ellenburger" from the name Dublin-Ellenburger pool. Appropriate provision and procedure wherein the Oil Conservation Commission may in its discretion adopt in executive session changes of pool boundaires and designation of new pools upon the recommendation of the New Mexico Nomenclature Committee.

CASE 71

In the matter of the application of Gulf Oil Corporation for an order fixing an appropriate limiting gas-oil ratio for the Drinkard-Yeso Pool and any extensions thereof.

Given under the seal of said Cormission at Santa Fe, New Mexico,

on November 21, 1945.

OIL CONSERVATION COMMISSION

BY: (SGD) R. R. SPURRIER, SECRETARY

SEAL

GULF

PETROLEUM AND ITS PRODUCTS

GULF OIL CORPORATION

P.O. BOX 661 · TULSA 2, OKLAHOMA

GYPSY DIVISION

September 4, 1945

Oil Conservation Commission Santa Fe, New Mexico

Subject: Fixing Limiting Gas-Oil Ratio, Drinkard-Yeso Pool and Extensions Thereof _ Amanded Palan

Gentlemen:

Reference is made to Mr. Livingston's letter dated September 1, and to Gulf's application for the fixing of limiting gas-oil ratio in Section 1-T22S-R37E, Sections 19-, 30-, 31- and 32-T22S-R38E and Section 6-T23S-R38E.

I believe it would be well to limit the application to the Drinkard-Yeso Pool only and rather than designate definite sections, to limit the application to the Drinkard-Yeso Pool and any extensions thereof. For this reason I am attaching three copies of an amended application and request that our previous application be cancelled.

I shall be glad if an early hearing date can be set for this matter.

Yours very truly,

amBell on

A. M. Bell, Jr. General Superintendent

LLG:MDW

Encls

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

. . . **)** 1

IN THE MATTER OF THE APPLICATION OF : GULF OIL CORPORATION for the purpose of : Fixing a Limiting Gas-Oil Ratio in the : Drinkard-Yeso Pool and any Extensions : thereof, Lea County, New Mexico :

<u>APPLICATION</u>

COMES NOW THE GULF OIL CORPORATION, hereinafter called the applicant, and shows to the Honorable Oil Conservation Commission of the State of New Mexico that:

1. Gulf Oil Corporation is incorporated in the State of Pennsylvania, is duly authorized to do business in the State of New Mexico and is actively engaged in the exploration, development and production of oil and gas in the State of New Mexico.

2. Gulf Oil Corporation has recently completed a number of producing wells in the Yeso formation and is presently engaged in drilling certain other wells to test the Yeso formation in the general area of the Drinkard-Yeso Pool. Several of these wells, both producers and drilling wells, are located outside the present boundaries of the pool as designated by the Commission.

3. Under the provision of Proration Order No. 545, wells in the above described area producing from the Yeso formation would be classified under new and undeveloped pools and thereby would have a limiting gas-oil ratio of 2000 cubic feet per barrel.

4. Gulf Oil Corporation believes that a limiting gas-oil ratio of 2000 cubic feet per barrel is too low for the Yeso formation in the general area as described herein above.

WHEREFORE your applicant prays that this Honorable Commission will make an order for a hearing in the matter of fixing a limiting gas-oil ratio for the Yeso formation in the general area designated herein above, as well as sufficient additional surrounding area to take care of subsequent development.

Respectfully submitted,

ORATION

LLG:MDW

9-4-45

DIL CONSERVATION COMMISSIC SANTA FE, NEW MEXICO

September 1, 1945

AIRMAIL SPECIAL DELIVERY

Mr. A. M. Bell, Jr. General Superintendent Gulf Oil Corporation P. O. Box 561 Tulsa 2, Oklahoma

Re: Gulf - raising limiting gas-oil ratio for Drinkard-Yeso Field and extensions thereof.

Dear Mr. Bell:

Please refer to the writer's letter of August 7 which was in reply to your letter of July 31 pertaining to your petition for hearing regarding raising of the gas-oil ratio in part of the Drinkard-Yeso Field and some surrounding area.

In the writer's letter of July 23 to your Mr. S. G. Sanderson it was pointed out that your petition proposed raising gas-oil ratio for a portion of the Paddook and a portion of the Drinkard-Yeso and certain territory outside of any defined field; that it would not be practicable to raiss the gas-oil ratio for a portion of a field and not the other portion. In your letter of July 31 you advised that you would not object to eliminating from your petition the Paddock in that the gas-oil ratio was not critical and to limit your petition to the Drinkard-Yeso and any extension to that pool. In the writer's letter of August 7, it was indicated that if you so desire you may amend your petition to include the Drinkard-Yeso Field and any extension thereof. The amended petition has not been received unless it is your desire to treat your letter of July 31 as an amendment to such petition.

It is advisable to have your petition to present to the Commission when it next sets a date for a hearing upon such petitions that are ready for hearing. There are a number of matters that doubtless will be heard by the Commission before long, but only one petition has been filed in

JIL CONSERVATION COMMISSIC SANTA FE, NEW MEXICO

A. M. Bell

9-1-45

its final form, unless yours is now to be treated in its final form.

It is noted in your letter of July 31 that it is your desire to avoid the necessity of having repeated hearings to take care of gasoil ratio matters of deep pools. It was the writer's thought in his letter of August 7 that if you or some of your representatives should come to Santa Fe in the near future some of the procedural phases to attain that objective could be discussed and clarified.

I went into some of these matters with Mr. Glenn Staley as Chairman of the Engineers: Committee of Lea County Operators, when he was here recently, with the thought that possibly Lea County Operators or some other representative body of the oil industry might wish to sponsor a petition regarding the change or the raising of gas-oil ratios generally for all deep fields, pointing out that it was legally possible for an order upon hearing based on proper petition to be promulgated of a flexible nature, as for instance the operators of some particular deep pool desiring a raise of gas-oil ratio could present to the Countesion, sitting in its executive capacity, a request for raise supported by proper showings. In other words, the deep field gas-oil ratio matters, under proper order pursuant to hearing, could be handled somewhat in the same manner as bonus allowables are handled under the bonus allowable order and as transfer of allowables, because of high gas-oil ratios, are handled under the transfer of allowables order. Both of these orders are flexible and matters to which they pertain are disposed of as a matter of administration without having to hold a formal advertised hearing every time a matter comes up.

The foregoing is simply a suggestion but if you wish to go ahead with your petition confined to the Drinkard-Yeso Field and extension thereof. please so advise.

Very truly yours,

Chief Clerk & Legal Adviser

CBL:NS co Glenn Staley

JIL CONSERVATION COMMISSIC SANTA FE, NEW MEXICO

August 7, 1945

Mr. A. M. Bell, Jr. General Superintendent Gulf Gil Corporation P. O. Box 661 Tulsa 2, Oklahoma

> Re: Gulf - raising limiting gas-oil ratio for Drinkard-Yeso Field and extensions thereof.

Dear Mr. Bell:

Reference is made to your letter of July 31 with regard to raising gas-oil ratio for the Drinkard-Yeso Field and extensions thereor. If you desire you may amend your potition to include that field or pool and extensions thereof; however, the question of raising the gas-oil ratio limitations for deep fields appeals to me as a matter now of general interest and undoubtedly is a question that will come up repeatedly as facts may seem to warrant for the various deep pools now discovered and that are to be discovered.

I wish it were practicable to discuss some phases of this matter with you and if you contemplate coming to New Mexico in the near future I do wish you could come by way of Santa Fe in order that some of these matters can be gone into with the view of some feasible solution to be presented to the Commission when the hearing is called. An order with considerable flexibility, I believe, would be worthy of serious thought.

I discussed this matter with Nr. Staley when he was in Santa Fe Sunday evening. My thought was that Nr. Staley, as chairman of the engineering committee of Lea County Operators might wish to consider the presenting to his engineering committee the question for study, report and recommendation as to some feasible, practicable and flexible manner of handling the raising of gas-oil ratio limitations for deep pools.

Very truly yours,

Chief Clerk & Legal Adviser

CBL:MS cc Glenn Staley



PETROLEUM AND ITS PRODUCTS

GULF OIL CORPORATION

P.O. BOX 661 · TULSA 2, OKLAHOMA

GYPSY DIVISION

July 31, 1945

Carl B. Livingston Chief Clerk & Legal Advisor Oil Conservation Commission Santa Fe, New Mexico

Dear Sir:

Reference is made to your letter to Mr. Sanderson dated July 23, regarding Gulf's application for a hearing to raise the limiting gas-oil ratio in the Drinkard area of Lea County. Since the gas-oil ratio situation in the Paddock Pool is not critical we would not object to eliminating that area from the application and limiting it to the Drinkard-Yeso and any extensions to that pool. As you know, production is now being obtained in Sections 29-, 31-, 32-22S-38E and in Section 6-23S-38E which was not included in the original boundaries of the Drinkard-Yeso Pool. It was intended, when we requested a sufficient additional surrounding area to provide for subsequent development, that it would take care of such extensions. What we wish to avoid is the necessity of having repeated hearings to take care of out-post wells which may ultimately be brought into the pool.

Yours very truly, m. Jee.

A. M. Bell, Jr. General Superintendent

LLG:MDW

JIL CONSERVATION COMMISSIC . SANTA FE, NEW MEXICO

July 23, 1945

Mr. S. G. Sanderson Gulf Oil Corporation P. O. Box 661 Tulsa 2, Oklahoma

> Re: Gulf's application for hearing to raise limiting gas-oil ratio in Yeso formation in the general area of Section 1-T225-R37E; Sections 19, 30, 31 and 32-T22S-R38E and section 6-T23S-R38E, as well as sufficient additional surrounding area to provide for subsequent development.

Dear Mr. Sanderson:

Reference is to your petition in the above captioned matter. It is noted that it proposes to raise the limiting gas-oil ratio for the area you name, which has the result of taking in a portion of the two deep fields - Paddock and Drinkard-Yeso and certain territory outside of any field. If granted that would have the effect of gas-oil ratio at 2000 in a part of each of these fields and a higher gas-oil ratio limitation for the remainder of those fields.

Would it not be more workable to ask for a raise of the gasoil ratio limitation for the Paddock and Drinkard-Yeso pools and their subsequent extensions. If that is your desire, you can of course submit a new petition and withdraw the present one. I had hoped to have the opportunity to discuss this with you or some of your representatives before this time. Please advise in this matter as soon as you may in order that your petition may be in good form should the Commission hold hearings on pending matters during the summer.

Very truly yours,

Chief Clerk & Legal Adviser

CEL:MS



PETROLEUM AND ITS PRODUCTS

GULF OIL CORPORATION

P.O. BOX 661 · TULSA 2, OKLAHOMA

June 15, 1945

GYPSY DIVISION

> Oil Conservation Commission Santa Fe, New Mexico

Gentlemen:

I am attaching three copies of an application of the Gulf Oil Corporation requesting a hearing for a limiting gas-oil ratio in the general area of Section 1-T22S-R57E and Sections 19-, 50-, 31-, and 32-T22S-R58E and Section 6-T28S-R58E, as well as sufficient additional surrounding area to provide for subsequent development. This is in the general area of the Drinkard Pool of southern Lee County.

The test of a bottom-hole oil sample from Vivian No. 1, which is producing from the Yeso formation at a depth of approximately 6400', indicates that these deeper wells in that area will have approximately double the amount of gas in solution as that occurring in the Eunice Dolomite which is productive in the Eunice and Monument pools. For this reason it is quite obvious that soon the wells in the Drinkard area will be unduly penalized as the result of increasing gas-oil ratios. At the present time the limiting gas-oil ratio is that set for new and undesignated areas - 2000 cubic feet per barrel - while in the Monument and Eunice szeas, where the gas in solution is only half that of the Drinkard area, the limiting gas-oil ratios range from 4000 to 6000 cubic feet per barrel.

I shall be glad if an early hearing date can be set for this matter.

ery bruly, rs S. G. Sanderson

General Superintendent

LLG:NDW

Encls

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO Pelchan converting the region of the server that the region of the server that the PORATION FOR A : during a state of a server that the POSE OF FIXING : The server of the server that the the server of the server the server of the pose of FIXING : The server of the server of the server of the the server of the server of the server of the the server of the server of the server of the the server of the server of the server of the the server of the server of the server of the server of the the server of the ser

IN THE MATTER OF THE APPLICATION OF THE GULF OIL CORPORATION FOR A HEARING FOR THE PURPOSE OF FIXING A LIMITING GAS-OIL RATIO IN THE YESO FORMATION IN THE GENERAL AREA OF SECTION 1-T22S-R37E; SECTIONS 19-, 30-, 31- & 32-T22S-R38E AND SECTION 6-T23S-R38E, AS WELL AS SUF-FICIENT ADDITIONAL SURROUNDING AREA TO PROVIDE FOR SUBSEQUENT DEVELOP-MENT.

<u>A P P L I C A T I O N</u>

COMES NOW THE GULF OIL CORPORATION, hereinafter called the applicant, and shows to the Honorable Oil Conservation Commission of the State of New Mexico that:

1. Gulf Oil Corporation is incorporated in the State of Pennsylvania, is duly authorized to do business in the State of New Mexico and is actively engaged in the exploration, development and production of oil and gas in the State of New Mexico.

2. Gulf Oil Corporation has recently completed several producing wells in the Yeso formation and is presently engaged in drilling certain other wells to test the Yeso formation in the area included in Section 1-T22S-R37E; Sections 19-, 30-, 31- and 32-T22S-R38E and Section 6-T23S-38E.

3. Under the provision of Proration Order No. 545, wells in the above described area producing from the Yeso formation would be classified under new and undeveloped pools and thereby would have a limiting gas-oil ratio of 2000 cubic feet per barrel.

4. Gulf Oil Corporation believes that a limiting gas-oil ratio of 2000 cubic feet per barrel is too low for the Yeso formation in the general area as described herein above.

WHEREFORE your applicant prays that this Honorable Commission will make an order for a hearing in the matter of fixing a limiting gas-cil ratio for the Yeso formation in the general area designated herein above, as well as sufficient additional surrounding area to take care of subsequent development.

Respectfully submitted,

PIL CORPORATION GULY Ву

ACG:MDW

6-8-45