

commingle production from East
Millman Queen-Grayburg Pool - Eddy
County, N.M.

Casa No.

1700

Application, Transcript,
Small Exhibits, Etc.

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 6-26-59

CASE NO. 1700

HEARING DATE 6-24-59

My recommendations for an order in the above numbered case(s) are as follows:

Grant Gulf permission to commingle as follows:

1. The "BN" lease consists SE/4 11-19S-28E.
2. The "AN" " " " S/2 NW/4, N/2 S/2 sec. 13-19S-28E.
3. Commingle the E. Millman - Successor production from the "BN" with the same from the "AN" lease.
4. The Royalty & Working interests are the same on both leases.
5. Require that they install facilities to properly test each well ^{for its producing ability} at required intervals. Each 30 days.

Thos. H. [Signature]

Staff Member

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1700

TRANSCRIPT OF HEARING

June 25, 1959

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE NEW MEXICO
Phone CHapel 3-6691

I N D E XWITNESS

JOHN H. HOOVER

DIRECTCROSSREDIRECT

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DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
Phone CHapel 3-6691

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
June 25, 1959

IN THE MATTER OF:

Application of Gulf Oil Corporation
for permission to commingle the
production from two separate leases;
Applicant, in the above-styled cause,
seeks an order authorizing it to
commingle the production from the
East Millman Queen-Grayburg Pool from
two separate non-contiguous leases in
Township 19 South, Range 28 East,
Eddy County, New Mexico.

CASE NO.
1700

BEFORE:

ELVIS A. UTZ, Examiner.

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: Case 1700.

MR. PAYNE: Case 1700. Application of Gulf Oil
Corporation for permission to commingle the production from two
separate leases.

MR. KASTLER: Bill Kastler appearing on behalf of
Gulf Oil Corporation and our witness in this case today is Mr.
John H. Hoover.

MR. PAYNE: Let the record show that Mr. Hoover is
the same Mr. Hoover who testified in the previous case and was
sworn at that time.

JOHN H. HOOVER

a witness, having previously been sworn on oath, testified as follows:

DIRECT EXAMINATION

BY MR. KASTLER:

Q Mr. Hoover, would you please explain what Gulf is seeking in its application in this Case No. 1700?

A We are asking for permission to commingle the production from our Eddy State B in lease with the production on our Eddy State A.N. lease. These leases being described, the B.N. lease as the southeast quarter of Section 11, Township 19 South, Range 28 East. Our A.N. lease described as the south half of the northwest quarter and the north half of the south half of Section 13, Township 19 South, Range 28 East, Eddy County, New Mexico.

Q Mr. Hoover, had you caused to be prepared a lease plat which is labeled Exhibit No. 1 in Case 1700?

A Yes, I have.

Q And in Exhibit No. 1 are these locations graphically shown?

A We have outlined the leases with hash marks to identify them. On this plat we have also shown in a little green square the approximate location of the existing tank battery on our Eddy State A.N. lease. We also show a green dotted line, which is the approximate location of the flow line that we propose

to take the production from the B.N. lease to the battery on the A.N. lease.

Q These are two separate leases, is that correct?

A Yes, they are.

Q Are all the wells material to this application producing from a common source of supply?

A Yes, they are. They are producing from the East Millman-Queen Grayburg Pool.

Q Are there 16 units or less which will produce into this common proposed tank battery?

A Yes, sir.

Q Are adequate facilities provided for accurately determining production from each well at particular intervals?

A Yes.

Q What are the nature of those facilities?

A Our battery on the A.N. lease consists of two high 500 barrel storage tanks, a heater treater, and a test separator. The production from wells on the A.N. lease now go through the heater treater to the storage. The well on test is diverted through the test separator to a storage -- to the other storage tank where it is gauged manually.

Q As I understand it, any well can be selectively tested individually of all others?

A Yes, sir.

Q Is the ownership of both leases involved common throughout? That is, is Gulf the operator?

A Yes, sir.

Q Owning the full 7/8 working interest?

A Yes, sir.

Q Are the two State leases in this application dedicated to the same beneficiary, that is the State in administering this for one beneficiary?

A Yes, it is, that being Public Buildings.

Q Are any Federal or Indian land involved in any way in this application?

A No.

Q Were all offset operators to both leases notified of this application?

A Yes, they were.

Q Has any objection been made to your knowledge?

A To my knowledge none has.

Q Would the granting of this application adversely effect correlative rights of others?

A No, sir.

Q Would it be in the interests of conservation and prevention of waste?

A Yes, it would.

Q How?

A We estimate that the cost to install this 2 inch line from a location near our Eddy State B.N. No. 1 to the existing battery on our Eddy State A.N. lease to be approximately \$3,500. A conventional battery on this lease would cost us approximately \$12,000. Through this commingling we would realize a saving of \$8,500 approximately.

Q In order to accomplish this proposal, it would be necessary to obtain a right of way, would it not, over portions of Section 13?

A Yes, it would.

Q And if granted would Gulf make an application for all lands involved, state lands?

A They are.

Q And Gulf would make the application and obtain necessary rights?

A Yes, sir.

Q Would there be anything more involved than a single line running from one well?

A No, sir.

Q In the future would there possibly be more lines involved?

A In the future there would. For the first well on the B.N. lease we can use our flow line as a test line. Just having one well we could divert it through the test separator or through

the production phase of the battery. However, in the event that we have a second well, then we would plan to either put a metering separator on our B.N. lease or run another flow line to the battery.

Q Was Exhibit No. 1 prepared by you or at your direction and under your supervision?

A Yes, it was.

Q Has the state indicated it's willingness to grant this application?

A Yes, it has. We have a letter from the State Land Commissioners Office.

Q Do you have the original of that letter here?

A Yes, I do.

Q And have these Verifax copies been made of that original copy?

A They have.

MR. KASTLER: Mr. Utz, at this time I would like permission to offer as Exhibit No. 2 the original letter from the State Land Office, but then move that it be withdrawn and the Verifax copy substituted.

MR. UTZ: It will be all right.

Q (By Mr. Kastler) Mr. Hoover, does Exhibit No. 2 grant permission to Gulf Oil Corporation for accomplishing this proposal?

A Yes, it does, and it further states that both leases have one common beneficiary institution, that being Public Buildings.

MR. KASTLER: These are the only questions I have of this witness. And I would move at this time that Exhibits 1 and 2 be made a part of this record.

MR. UTZ: Without objection Exhibits 1 and 2 will be made a part of the record.

BY MR. UTZ:

Q Mr. Hoover, did I understand that you now have a well on the B.N. lease?

A It is in the process of being completed. It has not been completed, but we do have tests on it. We will have a well in the Queen.

Q Do you intend to drill more wells on this lease, do you?

A I believe that a second well is planned at this time.

Q Now, if you drill the second well, what was your proposal again?

A We would put a metering type separator on the B.N. lease in which that would serve as test facilities for both wells on the B.N. lease. Or in the alternative we might want to put the metering separator at the battery and install another flow line. So in effect we would have two flow lines, one for test and one for

production. But we will have -- either way we go would be adequate testing facilities for the wells.

Q Is this Queen crude sweet?

A We don't have any sample of any fluid from that pool, so I cannot answer whether it is sweet or sour.

Q Don't you have any Queen wells on the A.N. lease?

A Yes, sir, but we do not have any fluid analysis.

Q I see. Now, you want permission in this order to install a positive displacement meter on your B.N. lease?

A No, sir, we will not have a meter at this time.

Q In the event of the second well, you want this order to give you permission to install the extra meter on the B.N. lease?

A Yes, if that would be possible. Or maybe the meter provides adequate testing facilities, I mean the order.

Q I don't know whether we can do it or not. We will do what we can.

MR. UTZ: Is there any other questions of the witness? If not, the witness may be excused.

(Witness excused.)

MR. UTZ: Are there any other statements being made in this Case 1700? If not the case will be taken under advisement.

STATE OF NEW MEXICO)
 : ss
 COUNTY OF BERNALILLO)

I, Ned A. Greenig, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached transcript of proceedings before the Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript by me and/or under my personal supervision and that the same is a true and correct record to the best of my knowledge, skill and ability.

Witness my hand and seal this the 7th day of July, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Ned A. Greenig
 Notary Public

My Commission Expires:
 May 5, 1963

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1200, heard by me on June 24, 1959.
John R. [Signature] Examiner
 New Mexico Oil Conservation Commission

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

July 17, 1959

Mr. Bill Kastler
Gulf Oil Corporation
P. O. Box 669
Roswell, New Mexico

Dear Mr. Kastler:

On behalf of your client, Gulf Oil Corporation, we
enclose two copies of Order No. R-1439 issued July
15, 1959, by the Oil Conservation Commission in Case
No. 1700.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

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Enclosures

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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 NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 1700
Order No. R-1439

APPLICATION OF GULF OIL
CORPORATION FOR PERMISSION TO
COMMINGLE THE PRODUCTION FROM
TWO SEPARATE LEASES IN THE
EAST MILLMAN QUEEN-GRAYBURG
POOL, EDDY COUNTY, NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 8:00 o'clock a.m. on June 24, 1959, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 15th day of July, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Gulf Oil Corporation, is the owner and operator of the following-described non-contiguous leases in the East Millman Queen-Grayburg Pool, Eddy County, New Mexico:

Eddy-State "AN" Lease, comprising the
S/2 NW/4 and the N/2 S/2 of Section 13

Eddy-State "BN" Lease, comprising the
SE/4 of Section 11

all in Township 19 South, Range 28 East.

-2-

Case No. 1700
Order No. R-1439

(3) That the ownership of the above-described leases is common throughout.

(4) That approval of the subject application will neither cause waste nor impair correlative rights provided adequate testing equipment and storage facilities are installed.

IT IS THEREFORE ORDERED:

That the applicant be and the same is hereby authorized to commingle the production from the following-described leases from a maximum of ten (10) 40-acre proration units completed in the East Millman Queen-Grayburg Pool, Eddy County, New Mexico;

Eddy-State "AN" Lease, comprising the
S/2 NW/4 and the N/2 S/2 of Section 13

Eddy-State "BN" Lease, comprising the
SE/4 of Section 11

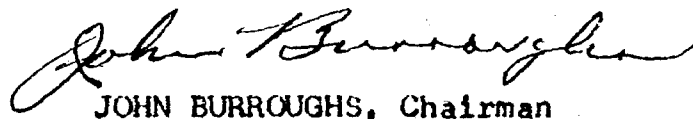
all in Township 19 South, Range 28 East.

PROVIDED HOWEVER, That the applicant shall furnish sufficient storage capacity to prevent the overflow and wasting of oil produced into the common tank battery.


PROVIDED FURTHER, That the applicant shall install adequate testing facilities to permit the testing of all wells located on the above-described leases at least once each month to determine the individual production from each well.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

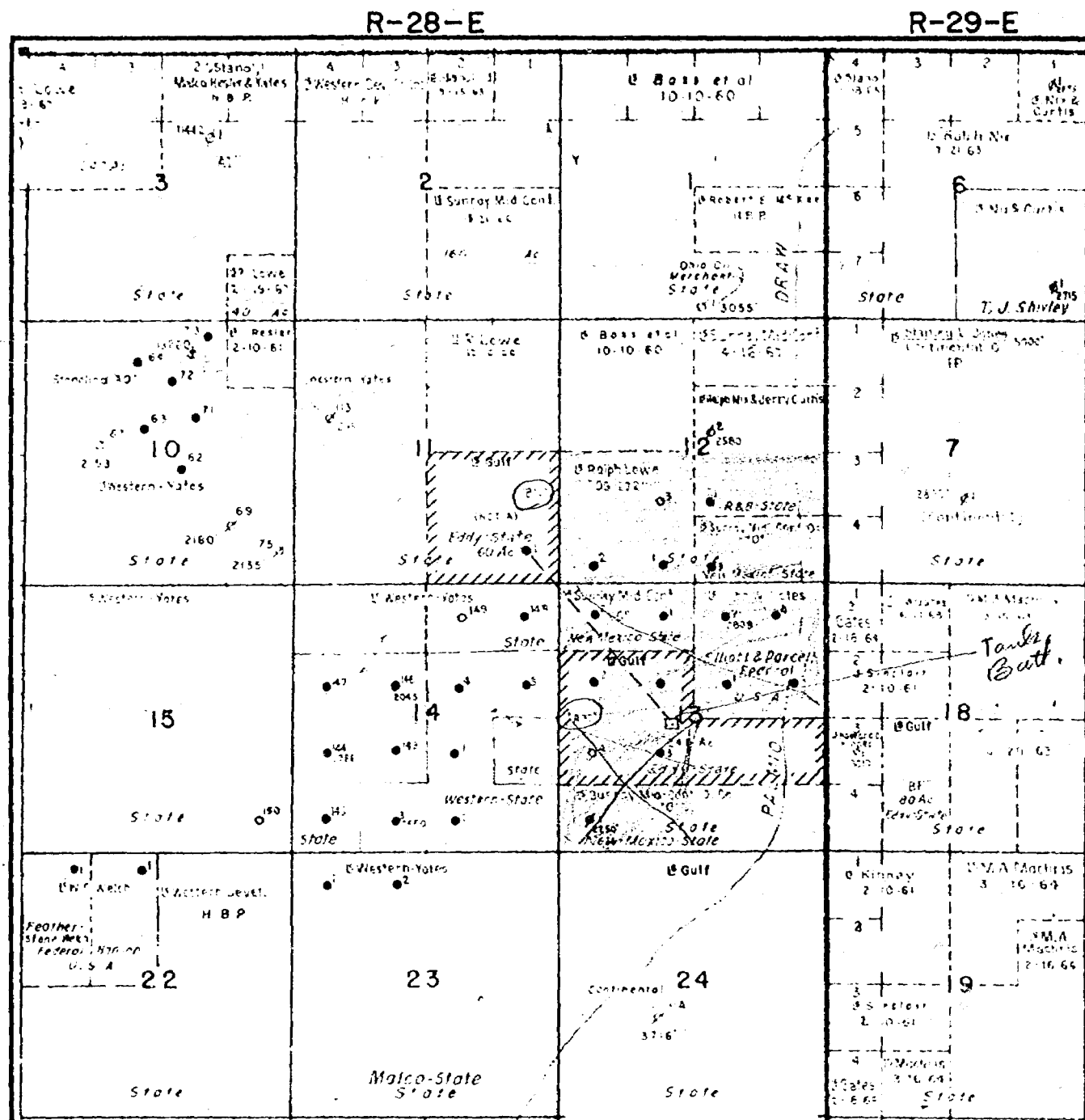

JOHN BURROUGHS, Chairman


MURRAY E. MORGAN, Member


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



vem/



LEASE PLAT

E. Williamson, Queen

EDDY STATE "AN" & "BN"

EDDY COUNTY, NEW MEXICO

BEFORE EXAMINER UTZ

- LEGEND -

Pertinent Gulf Leases

OIL CONSERVATION COMMISSION

Gulf, EXHIBIT NO. 1

LEASE NO. 1700

Gulf Oil Corporation
Petroleum Engineering

Ft. Worth Prod. Div.
June 24, 1959

Case No. 1700

Exhibit No. 1

STATE LAND OFFICE

Santa Fe, New Mexico



MURRAY E. MORGAN
COMMISSIONER OF PUBLIC LANDS

May 6, 1959

Refer Reply To:
Oil & Gas Royalty Division

Gulf Oil Corporation
P. O. Drawer 669
Roswell, New Mexico

Gentlemen:

Permission is hereby granted to commingle production from State Leases E-7668 and E-1051 covering the N/2 S/2 and S/2 NW/4 Section 13 and SE/4 Section 11, T-19S R-28E, Eddy County, State of New Mexico. All this acreage is committed to one beneficiary institution, that being Public Buildings.

Sincerely yours,

MURRAY E. MORGAN,
Commissioner of Public Lands
BY: *Ted Bilberry*
Ted Bilberry, Supervisor
Oil & Gas Royalty Division

TB:ML:sl

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
<i>Gulf</i>	EXHIBIT NO. <u>2</u>
CASE NO. <u>1700</u>	

Case No. 1700

Exhibit No. 2

DOCKET: EXAMINER HEARING JUNE 24, 1959

OIL CONSERVATION COMMISSION - 1120 CERRILLOS ROAD, HIGHWAY DEPARTMENT
AUDITORIUM, 8 a.m., SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or A. L. Porter, Jr., Secretary-Director.

CONTINUED CASE

CASE 1666: Application of Sunray Mid-Continent Oil Company for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its Central Bisti-Lower Gallup Sand Unit embracing approximately 7389 acres of federal, state, and allotted Indian lands in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

NEW CASES

CASE 1692: Application of Continental Oil Company for the establishment of a non-standard gas proration unit in the Tubb Gas Pool. Applicant, in the above-styled cause, seeks the establishment of a 160-acre non-standard gas proration unit in the Tubb Gas Pool consisting of lot 15, the N/2 SE/4 and the SE/4 SE/4 of Section 3, Township 21 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to applicant's Hawk B-3 Well No. 2-T, located 1650 feet from the South and East lines of said Section 3.

CASE 1693: Application of Amerada Petroleum Corporation for three non-standard oil proration units. Applicant, in the above-styled cause, seeks an order establishing three 43.7 acre non-standard oil proration units for Mississippian production in the SE/4 of Section 11, Township 13 South, Range 38 East, Lea County, New Mexico. Applicant further seeks approval of one unorthodox oil well location.

CASE 1694: Application of Texas Crude Oil Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing it to dually complete its Big Eddy Unit 1-30 Well, located in the SE/4 SE/4 of Section 30, Township 20 South, Range 31 East, Eddy County, New Mexico, in such a manner as to produce oil from an undesignated Tansil pool and to produce oil from an undesignated Delaware pool through parallel strings of tubing.

CASE 1695: Application of Texaco, Inc. for a triple completion, for permission to commingle the production from three separate pools, and for the establishment of two non-standard gas proration units. Applicant, in the above-styled cause, seeks an order authorizing it to triple complete its A. H. Blinebry NCT-4 Well No. 1, located in the SE/4 SE/4 of Section 31, Township 22 South, Range 38 East, Lea County, New Mexico, in such a manner as to permit production from the Blinebry formation, production of gas from the Tubb Gas Pool, and production of oil from the Drinkard Pool through tubing, the annulus via cross-over, and tubing respectively. Applicant further seeks the establishment of a 160-acre non-standard gas proration unit in both the Tubb Gas Pool and Blinebry Gas Pool each consisting of the S/2 S/2 of said Section 31. Applicant further seeks permission to commingle the liquid production from the Blinebry, Tubb, and Drinkard formations underlying said acreage.

- CASE 1696: Application of Caulkins Oil Company for a triple completion. Applicant, in the above-styled cause, seeks an order authorizing it to triple complete its Breech "F" Well No. PMD-8, located in the NE/4 NE/4 of Section 34, Township 27 North, Range 5 West, Rio Arriba County, New Mexico, in such a manner as to produce gas from the South Blanco-Pictured Cliffs Pool, gas from the Mesaverde formation, and gas from the Dakota formation through parallel strings of tubing.
- CASE 1697: Application of Universal Oil Corporation for the creation of a new oil pool for Gallup production, and for an exception to Rules 104 and 107 for wells in said pool. Applicant, in the above-styled cause, seeks an order creating a new pool for Gallup production to be designated the Shiprock-Gallup Oil Pool and located in Sections 16 and 17, Township 29 North, Range 18 West, San Juan County, New Mexico. Applicant further seeks the promulgation of pool rules to permit wells in said pool to be located closer than 660 feet to the nearest producing well in exception to Rule 104, and to permit certain exceptions to the casing requirements of Rule 107 of the Commission Rules and Regulations.
- CASE 1698: Application of Shell Oil Company for an exception to Rule 502 I (a). Applicant, in the above-styled cause, seeks an order which would exempt all wells in the Carson Unit Area and all other Shell wells in Township 25 North, Ranges 11 and 12 West, Bisti-lower Gallup Oil Pool, San Juan County, New Mexico, from the daily tolerance provisions of Rule 502 I (a) of the Commission Rules and Regulations.
- CASE 1195: Application of Graridge Corporation for capacity allowables for certain wells in a water flood project. Applicant, in the above-styled cause, seeks an order authorizing capacity allowables for three wells in the project area of its water flood in the Caprock-Queen Pool in Lea and Chaves Counties, New Mexico.
- CASE 1196: Application of Graridge Corporation for an order amending Order No. R-966. Applicant, in the above-styled cause, seeks an order amending Order No. R-966 to establish administrative procedures for development of its Artesia Water Flood Projects No. 2 and 3, Artesia Pool, Eddy County, New Mexico, and for approval of unorthodox locations for 27 wells in said projects, for authority to convert six wells in said projects to water injection, and for capacity allowables for five wells in said projects.
- CASE 1185: Application of Graridge Corporation for an order amending Order No. R-952. Applicant, in the above-styled cause, seeks an order amending Order No. R-952 to establish administrative procedures for development of its Artesia Water Flood Project No. 1, Artesia Pool, Eddy County, New Mexico, and for approval of unorthodox locations for fifteen wells in said project, and for capacity allowables for five wells in said project.
- CASE 1699: Application of J. W. Brown for an order authorizing a pilot water flood project. Applicant, in the above-styled cause seeks an order authorizing it to institute a pilot water flood project in the Brown Pool, Chaves County, New Mexico, by the injection of water into the Queen formation through four wells located in the SE/4 NW/4 of Section 26, Township 10 South, Range 26 East, Chaves County, New Mexico.

CASE 1337: Application of Gulf Oil Corporation for an order amending Order No. R-1093-A. Applicant, in the above-styled cause, seeks an order amending Order No. R-1093-A to permit the commingling of Paddock production with the commingled Blinbry, Drinkard, and Langlie-Mattix production from its Learcy McBuffington lease consisting of the S/2 of Section 13, Township 25 South, Range 37 East, Justis Field, Lea County, New Mexico.

CASE 1700: Application of Gulf Oil Corporation for permission to commingle the production from two separate leases: Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the East Millman Queen-Grayburg Pool from two separate non-contiguous leases in Township 19 South, Range 28 East, Eddy County, New Mexico.

CASE 1703: Application of Tidewater Oil Company to commingle the production from several separate oil pools from two separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the intermediate grade crudes produced from its Coates "D" Lease comprising the SE/4 SW/4 of Section 24, Township 25 South, Range 37 East, Justis Field, Lea County, New Mexico, with the commingled production of all intermediate grade crudes produced from its Coates "C" Lease comprising the E/2, SE/4 NW/4, and the NE/4 SW/4 of said Section 24 and to pass such commingled production through its automatic custody transfer system.

CASE 1704: Application of Cities Service Oil Company for capacity allowables for nine wells in a water flood project and for establishment of administrative procedure for expansion of said project. Applicant, in the above-styled cause, seeks an order authorizing capacity allowable for nine wells in the project area of its water flood project in the Caprock-Queen Pool, Chaves County, New Mexico. Said capacity allowables would be in exception to Order R-1128-A. Applicant further seeks establishment of an administrative procedure to expand said water flood project.

CASE 1705: Application of Neville G. Penrose, Inc., for a capacity allowable for one well. Applicant, in the above-styled cause, seeks an order authorizing a capacity allowable for its Alston Well No. 2, located in the NW/4 NW/4 of Section 11, Township 14 South, Range 31 East, Caprock Queen Pool, Chaves County, New Mexico, due to a response from the adjoining Cities Service Oil Company water flood project. Said capacity allowable would be in exception to Order R-1128-A.

NEW MEXICO OIL CONSERVATION COMMISSION

Docket No. 23-59-a

In addition to the cases listed on Docket No. 23-59, the following cases will also be heard June 24, 1959, before Elvis A. Utz, Examiner, or A. L. Porter, Jr., Secretary-Director:

- CASE 1701: Application of Gulf Oil Corporation for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Learcy McBuffington Well No. 5, located in the NW/4 SE/4, Section 13, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to produce oil from an undesignated Paddock Pool and oil from the Justis-Allenburger Pool through parallel strings of tubing.
- CASE 1702: Application of Humble Oil & Refining Company for an oil-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its South Four Lakes Unit Well No. 6, located in the SW/4 SE/4, Section 2, Township 12 South, Range 34 East, Lea County, New Mexico, in such a manner as to produce oil from a Four Lakes-Pennsylvanian Pool extension and gas from a Four Lakes-Devonian Gas Pool extension through parallel strings of tubing.
- CASE 1706: Application of Sunray Mid-Continent Oil Company for an order amending Order No. R-1414. Applicant, in the above-styled cause, seeks an order amending Order No. R-1414 to include the following additional acreage: NW/4 NW/4 of Section 6, Township 25 North, Range 12 West, and the SW/4 SW/4 of Section 31, Township 26 North, Range 12 West, San Juan County, New Mexico.

Place of hearing will be Highway Department Auditorium, 1120 Cerrillos Road, Santa Fe, New Mexico.

Time of hearing will be 8:00 o'clock a.m.



PETROLEUM AND ITS PRODUCTS

GULF OIL CORPORATION

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

E. HOSFORD
DIVISION PRODUCTION COORDINATOR

FORT WORTH
PRODUCTION DIVISION

May 19, 1959

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

Re: Application of Gulf Oil Corporation for Exception to
Rule 309 for their Eddy-State "AN" and Eddy-State
"BN" (NCT-A) Leases, located in the Millman, East
(Queen-Grayburg) Pool, Eddy County, New Mexico

Gentlemen:

check Gulf Oil Corporation herewith makes application for exception to Rule 309 of the Rules and Regulations of the New Mexico Oil Conservation Commission to allow the use of storage and test facilities existing on Gulf's Eddy-State "AN" Lease, comprising the S/2 of the NW/4 and the N/2 of the S/2 of Section 13, T-19-S, R-38-E, to handle the production from Gulf's Eddy-State "BN" (NCT-A) Lease, comprising the SE/4 of Section 11, T-19-S, R-38-E, Eddy County, New Mexico. Applicant seeks exception to that portion of Rule 309 which requires that leases be contiguous in order to use common tankage to receive production from the wells. The wells located on these leases are producing oil from the Millman, East (Queen-Grayburg) Pool. In support of this request, applicant states the following:

- (1) There is no diversity of royalty or working interests underlying the above described leases.
- (2) All wells are producing from the Millman, East (Queen-Grayburg) Pool.
- (3) The existing storage facilities on the Eddy-State "AN" Lease are adequate to handle production from all wells on the two leases. The "AN" Lease contains three completed wells and the "BN" Lease has one well which is in the process of being completed.
- (4) There are adequate facilities available at the central battery to take all required tests.

Do not mail
6-12-59
JP

Mr. Hutter

Oil Conservation Commission

- 2 -

May 19, 1959

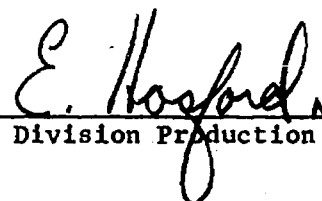
- (5) The approval of this application will result in substantial savings in steel, reduce the cost of operation and maintenance, prevent waste and will protect correlative rights.

Gulf Oil Corporation respectfully requests that this matter be set for hearing at an early date.

Respectfully submitted,

GULF OIL CORPORATION

By:


Division Production Coordinator

cc: Mr. John W. Gates
323 Carper Building
Artesia, New Mexico

Mr. Howard C. Kinney
P. O. Box 715
Artesia, New Mexico

Mr. Ralph Lowe
P. O. Box 832
Midland, Texas

Sinclair Oil & Gas Company
P. O. Box 1470
Midland, Texas

Sunray Mid-Continent Oil Company
1101 Wilco Building
Midland, Texas

Western-Yates
P. O. Box 427
Artesia, New Mexico

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

