

CASE 3540:

SOUTHEASTERN NEW MEXICO

NOMENCLATURE

CASE No.
3540

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

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. 3540
Order No. R-3205

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION FOR AN
ORDER CREATING, ABOLISHING, AND EXTENDING
CERTAIN POOLS IN CHAVES, LEA, AND ROOSEVELT
COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 15, 1967, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 16th day of March, 1967, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 there is need for the creation of a new oil pool in Lea County, New Mexico, for the production of oil from the Lower Wolfcamp formation, said pool to bear the designation of North Vacuum-Lower Wolfcamp Pool. Further, that the discovery well for said pool, Pennzoil Company's Gallagher State No. 1, located in Unit A of Section 3, Township 17 South, Range 34 East, NMPM, is entitled to and should receive a bonus discovery oil allowable in the amount of 53,445 barrels to be assigned over a two-year period. The top of the perforations in said well is 10,689 feet.

(3) That there is need for the creation of a new oil pool in Lea County, New Mexico, for the production of oil from the San Andres formation, said pool to bear the designation of Ranger Lake-San Andres Pool. Said Ranger Lake-San Andres Pool

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CASE No. 3540

Order No. R-3205

was discovered by Corinne Grace, Ranger Lake No. 3, located in Unit N of Section 11, Township 12 South, Range 34 East, NMPM. It was completed in San Andres on January 17, 1967. The top of the perforations is 4833 feet.

(4) That there is need for the consolidation of the South Anderson-Wolfcamp Pool and the Anderson Ranch-Wolfcamp Pool, Lea County, New Mexico, inasmuch as the pools produce from a common source of supply. Said consolidation to be accomplished by the abolishment of the South Anderson-Wolfcamp Pool and extension of the Anderson Ranch-Wolfcamp Pool.

(5) That there is need for certain extensions to the Chaveroo-San Andres Pool in Chaves and Roosevelt Counties, New Mexico, the Flying "M"-San Andres Pool, the Inbe-Pennsylvanian Pool, and the Vada-Pennsylvanian Pool, all in Lea County, New Mexico, the Milnesand-San Andres Pool and the Todd-Lower San Andres Pool, both in Roosevelt County, New Mexico.

IT IS THEREFORE ORDERED:

(a) That a new pool in Lea County, New Mexico, classified as an oil pool for Lower Wolfcamp production, is hereby created and designated as the North Vacuum-Lower Wolfcamp Pool, consisting of the following-described area:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM

Section 3: NE/4

That the discovery well for said pool, the Pennzoil Company Gallagher State Well No. 1, located in Unit A of Section 3, Township 17 South, Range 34 East, NMPM, is hereby authorized an oil discovery allowable of 53,445 barrels to be assigned to said well at the rate of 73 barrels per day in accordance with Rule 509 of the Commission Rules and Regulations.

(b) That a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production, is hereby created and designated as the Ranger Lake-San Andres Pool, consisting of the following-described area:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM

Section 11: SW/4

(c) That the South Anderson-Wolfcamp Pool in Lea County, New Mexico, consisting of the following-described area:

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CASE No. 3540

Order No. R-3205

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM

Section 23: NW/4

is hereby abolished.

(d) That the Anderson Ranch-Wolfcamp Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM

Section 23: NW/4

(e) That the Chaveroo-San Andres Pool in Chaves and Roosevelt Counties, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 7 SOUTH, RANGE 33 EAST, NMPM

Section 31: W/2

TOWNSHIP 7 SOUTH, RANGE 34 EAST, NMPM

Section 17: SW/4

TOWNSHIP 8 SOUTH, RANGE 32 EAST, NMPM

Section 1: NW/4

(f) That the Flying "M"-San Andres Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM

Section 22: SW/4

(g) That the Inbe-Pennsylvanian Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM

Section 24: W/2

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM

Section 5: SW/4

(h) That the Milnesand-San Andres Pool in Roosevelt County, New Mexico, as heretofore classified, defined, and described, is

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CASE No..3540

Order No. R-3205

hereby extended to include therein:

TOWNSHIP 8 SOUTH, RANGE 35 EAST, NMPM
Section 21: SW/4

(i) That the Todd-Lower San Andres Pool in Roosevelt County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 7 SOUTH, RANGE 36 EAST, NMPM
Section 30: E/2

(j) That the Vada-Pennsylvanian Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:


TOWNSHIP 9 SOUTH, RANGE 34 EAST, NMPM
Section 20: NE/4


IT IS FURTHER ORDERED:


That the effective date of this order and all creations, abolishments, and extensions included herein shall be April 1, 1967.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


GUYTON B. HAYS, Member


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

S E A L

esr/

GOVERNOR
DAVID F. CARGO
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

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

P. O. BOX 1980
HOBBS
February 23, 1967

Mr. Dan Nutter
Chief Engineer
New Mexico Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico

Dear Dan:

This discovery well is 1 3/4 miles from the Kemnitz-Wolfcamp Pool and is producing from the same zone (depth) as the Kemnitz-Wolfcamp, but as shown on the exhibits, there is a structural trough separating the two areas and the dry hole in Unit E, Section 26, T-17-S, R-35-E, which is located in the trough further indicates separation of the two areas.

The next nearest Wolfcamp production is the Vacuum-Wolfcamp Pool which is 3 1/4 miles south. The Vacuum-Wolfcamp is producing from a different zone, some 800 feet higher (9518') than the discovery well.

I recommend that this discovery well be given a bonus allowable. The pool, North Vacuum-Wolfcamp, is already advertised for the March hearing as a new pool creation.

Very truly yours,

OIL CONSERVATION COMMISSION

John W. Runyan
District Geologist

JWR:fd

Form C-109
w attachments
Structure Map
LWC Marker
Form C-124
Log of well
Cross Section
Geology N-S
Regional Map

File Pool
3540

53445
73

731
2193
5117
52343

10681
53445

731 53445
5117
2275
2193
1820
1462
358

In the matter of the application of the Oil Conservation Commission of New Mexico upon its own motion for an order for the creation of one pool and the assignment of an oil discovery allowable therein, and the creation, abolishment, and extension of certain other pools in Chaves, Lea, and Roosevelt Counties, New Mexico, and giving notice to all persons and parties interested in the subject matter thereof to appear and show cause why ~~it~~ ~~the~~ the following should not be done:

✓ Further, for the assignment of approximately 53,445 barrels of oil discovery allowable to the discovery well, Pennzoil Company's Gallagher-State Well No. 1, located in Unit A of said Section 3.

NOMENCLATURE ADVERTISEMENT FOR MARCH, 1967
CASE 3540

In the matter of the application of the Oil Conservation Commission of New Mexico upon its own motion for an order for the creation of new pools in Lea County, New Mexico, the abolishment of an existing pool in Lea County, New Mexico, and the extension of certain existing pools in Chaves, Lea, and Roosevelt Counties, New Mexico, and giving notice to all persons and parties interested in the subject matter thereof to appear and show cause why ~~such the~~ ~~creations, abolishments, and extensions should not be made:~~
following should not be done:

- (b) a) CREATE A new pool in Lea County, New Mexico, classified as an oil pool for San Andres production and designated as the Ranger Lake-San Andres Pool. The discovery well is Corinne Grace, Ranger Lake No. 3, located in Unit N of Section 11, Township 12 South, Range 34 East, NMPM. Said pool described as:

✓ TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM
SECTION 11: SW/4

- (a) b) CREATE A new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the North Vacuum-Wolfcamp Pool. ~~The discovery well is Pennzoil Company, Gallagher State No. 1, located in Unit A of Section 3, Township 17 South, Range 34 East, NMPM. Said pool described as: comprising the following described area:~~

✓ TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
SECTION 3: NE/4

- c) ABOLISH the South Anderson-Wolfcamp Pool in Lea County, New Mexico, described as:

✓ TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM
SECTION 23: NW/4

- d) EXTEND the Anderson Ranch-Wolfcamp Pool in Lea County, New Mexico, to include therein: ~~the acreage presently covered thereon~~

✓ TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM
SECTION 23: NW/4

- ~~e) EXTEND the Antelope Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:~~

~~TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
SECTION 27: S/2~~

- e) f) EXTEND the Chaveroo-San Andres Pool in Chaves and Roosevelt Counties, New Mexico, to include therein:

✓ TOWNSHIP 7 SOUTH, RANGE 33 EAST, NMPM
SECTION 31: W/2

✓ TOWNSHIP 8 SOUTH, RANGE 32 EAST, NMPM
SECTION 1: NW/4

- g) EXTEND the Flying "M"-San Andres Pool in Lea County, New Mexico, to include therein:

✓ TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM
SECTION 22: SW/4

March, 1967 Nomenclature

i) EXTEND the Inbe-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

✓ TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM
SECTION 24: W/2 ✓

✓ TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM
SECTION 5: SW/4

A) i) EXTEND the Milnesand-San Andres Pool in Roosevelt County, New Mexico, to include therein:

✓ TOWNSHIP 8 SOUTH, RANGE 35 EAST, NMPM
SECTION 21: SW/4 ✓

i) j) EXTEND the Todd-Lower San Andres Pool in Roosevelt County, New Mexico, to include therein:

✓ TOWNSHIP 7 SOUTH, RANGE 36 EAST, NMPM
SECTION 30: SE/4 ✓

j) k) EXTEND the Vada-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

✓ TOWNSHIP 9 SOUTH, RANGE 34 EAST, NMPM
SECTION 20: NE/4 ✓

Docket No. 8-67

DOCKET: REGULAR HEARING - WEDNESDAY - MARCH 15, 1967

OIL CONSERVATION COMMISSION - 9 A.M., MORGAN HALL, STATE LAND OFFICE BUILDING,
SANTA FE, NEW MEXICO

- ALLOWABLE:
- (1) Consideration of the oil allowable for April, 1967;
 - (2) Consideration of the allowable production of gas for April, 1967, from thirteen prorated pools in Lea, Eddy and Roosevelt Counties, New Mexico. Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for April, 1967.

CASE 3538: Application of Skelly Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the approval of the Skelly Penrose "A" Unit Area, comprising 2,427 acres, more or less, of fee and federal lands in Townships 22 and 23 South, Range 37 East, Lea County, New Mexico.

CASE 3539: Application of Skelly Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Penrose Sand of the Queen formation through 30 wells on its Penrose "A" Unit Area, Langlie-Mattix Pool, Lea County, New Mexico.

CASE 3540: Southeastern New Mexico nomenclature case calling for an order creating, extending and abolishing certain pools in Chaves, Lea and Roosevelt Counties, New Mexico:

(a) Create a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the North Vacuum-Wolfcamp Pool, comprising the following-described area:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
SECTION 3: NE/4

Further, for the assignment of approximately 53,445 barrels of oil discovery allowable to the discovery well, Pennzoil Company's Gallagher State Well No. 1, located in Unit A of said Section 3.

(b) Create a new pool in Lea County, New Mexico classified as an oil pool for San Andres production and designated as the Ranger Lake-San Andres Pool. The discovery well is the Corinne Grace Ranger Lake No. 3, located in Unit N of Section 11, Township 12 South, Range 34 East, NMPM. Said pool described as:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM
SECTION 11: SW/4

(c) Abolish the South Anderson-Wolfcamp Pool described as:

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM
SECTION 23: NW/4

March 15, 1967 Regular Hearing

- (d) Extend the Anderson-Ranch Wolfcamp Pool to include therein:

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMFM
SECTION 23: NW/4

- (e) Extend the Chaveroo-San Andres Pool to include therein:

TOWNSHIP 7 SOUTH, RANGE 33 EAST, NMFM
SECTION 31: W/2

TOWNSHIP 8 SOUTH, RANGE 32 EAST, NMFM
SECTION 1: NW/4

- (f) Extend the Flying "M"-San Andres Pool to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMFM
SECTION 22: SW/4

- (g) Extend the Inbe-Pennsylvanian Pool to include therein:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMFM
SECTION 24: W/2

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMFM
SECTION 5: SW/4

- (h) Extend the Milnesand-San Andres Pool to include therein:

TOWNSHIP 8 SOUTH, RANGE 35 EAST, NMFM
SECTION 21: SW/4

- (i) Extend the Todd-Lower San Andres Pool to include therein:

TOWNSHIP 7 SOUTH, RANGE 36 EAST, NMFM
SECTION 30: SE/4

- (j) Extend the Vada-Pennsylvanian Pool to include therein:

TOWNSHIP 9 SOUTH, RANGE 34 EAST, NMFM
SECTION 20: NE/4

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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 15, 1967

REGULAR HEARING

IN THE MATTER OF:)

Southeastern New Mexico nomenclature)
case calling for an order creating,)
extending and abolishing certain pools in) Case No. 3540
Chaves, Lea and Roosevelt Counties, New)
Mexico.)
)
)
)

BEFORE: A. L. (PETE) PORTER
GUYTON B. HAYS

TRANSCRIPT OF HEARING

MR. PORTER: We will take up Case 3540.

MR. HATCH: Southeastern New Mexico nomenclature case calling for an order creating, extending and abolishing certain pools in Chaves, Lea and Roosevelt Counties, New Mexico.

(Witness sworn.)

DAN NUTTER, called as a witness herein, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. HATCH:

Q Would you state your name and position for the record, please?

A Dan Nutter, Chief Engineer for the Oil Conservation Commission.

Q Are you prepared to make recommendations to the Commission concerning the creation of an oil pool and the assignment of an oil discovery allowable to the discovery well therein?

A Yes, sir.

Q Penzoil Company Gallagher State Number 1?

A Yes, sir, Penzoil Oil Company made a discovery of Wolfcamp production in its Gallagher State Well Number 1, located in Unit A of Section 3, Township 17 South, Range 34 East, Lea County, New Mexico. They requested the assignment of a discovery allowable to the well. I have what has been

identified here as Pennzoil's Exhibit Number 1 in this case. This Exhibit Number 1 is a composite exhibit, including a Form C 109 with attachments.

A Form C 124 bottom hole pressure gauge on the well, a structure map of the Lower Wolfcamp marker, a gamma-ray sonic log of the well, and a cross section running generally north and south through the area and a regional map. As I said, this is identified as Exhibit Number 1 and was filed by Pennzoil Company.

The staff of the Commission has examined this exhibit and is of the opinion that Pennzoil has in effect made a discovery. We would concur with their request that a discovery allowable in the amount of 53,445 barrels of oil be assigned to the well to produce at the approximate rate of 73 barrels per day for the next two years.

With respect to the remaining paragraphs in this case, I would recommend that all of the other creations and abolishments and extensions be made as shown on Oil Conservation Commission Exhibit Number 1 in Case 3540, which is identical to the abolishments, creations and extensions as shown on the docket with the following exceptions; in the Chaveroo-San Andres Pool, paragraph E of the docket. I would recommend that the southwest quarter of Section 17, Township 7 South, Range 34 East, Roosevelt County be added and in paragraph I,

for the Todd-Lower San Andres Pool, I would recommend that the northeast quarter of Section 30, Township 7 South, Range 36 East be added, thereby making the extension in Section 30, the entire east half rather than southeast quarter only as shown on the docket.

With those changes, I recommend that the creations, abolishments and extensions be made as shown on the docket.

Q That would also include the discovery allowable and the creation of that?

A Yes, sir. I might add on the discovery allowable, there are two Wolfcamp Pools in the general area, the Kenmitz Wolfcamp is one and three-quarters mile north of this well. However, there seems to be a structural trough lying between this particular well and the Kenmitz Pool to the north. The Vacuum-Wolfcamp Pool is approximately three miles to the south, but is producing from a different portion of the Wolfcamp formation than this well is, so there is apparently separation between this pool and the pool in the other area.

Q Was Oil Conservation Commission Exhibit Number 1 prepared by you or under your supervision?

A Yes, it was.

MR. HATCH: I would like to move the introduction of Exhibit 1 in evidence at this time.

MR. PORTER: The exhibit will be admitted. Mr. Nutter.

Are you also entering into the record the Pennzoil Exhibit as part of your exhibit?

A Yes, these are identified as Pennzoil's Exhibit. They have been examined by the staff and the staff is in concurrence when what Pennzoil shows on these exhibits.

MR. PORTER: And they are in compliance with the order that established the bonus allowable?

A Yes, sir.

MR. PORTER: Any other questions of the witness? The witness may be excused.

(Witness excused.)

MR. PORTER: The case will be taken under advisement and the hearing adjourned.

(Whereupon, the hearing was adjourned.)



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I N D E X

WITNESS	PAGE
DAN NUTTER	
Direct Examination by Mr. Hatch	2

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1205 FIRST NATIONAL BANK EAST • PHONE 250-1294 • ALBUQUERQUE, NEW MEXICO 87108

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Witness my Hand and Seal this 21st day of March, 1967.

Eda D. ...
NOTARY PUBLIC

My Commission Expires

June 19, 1967.

**NEW MEXICO OIL CONSERVATION COMMISSION
APPLICATION FOR DISCOVERY ALLOWABLE AND CREATION OF A NEW POOL**

Form C-109
Adopted 9-1-66

NOTE: This form is to be filed and attachments made in accordance with the provisions of Rule 509.
If discovery is claimed for more than one zone, separate forms must be filed for each.

Case 3540

Operator PENNZOIL COMPANY		Address 1007 Midland Savings Bldg., Midland, Tex.	
Lease Name GALLAGHER-STATE		Well No. 1	County Lea
Well Location Unit Letter A ; 660 Feet from The North Line and 660 Feet from the East Line of Section 3 , Township 17-S , Range 34-E , NMPM			
Suggested Pool Names (List in order of preference) 1. North Vacuum Lower Wolfcamp			
Name of Producing Formation Wolfcamp		Perforations 2 holes @ 10,689'-693'-697'-699'	Date of Filing Form C-104 Jan. 18, 1967
Was "Affidavit of Discovery" Previously Filed For This Well in this Pool? No		If Yes, Give Date of Filing --	Date Well was Spudded Nov. 23, 1966
Date Compl. Ready to Prod. Jan. 13, 1967			
Total Depth 10,997'	Plugged Back Depth 10,931'	Depth Casing Shoe 10,997'	Tubing Depth 10,723'
Elevation (Gr., DF, RKB, RT, etc.) 4077 RKB			
Oil Well Potential (Test to be taken only after all load oil has been recovered) 391 Bbls, Oil Per Day Based On 391 Bbls In 24 Hours; 0 Bbls Water Per Day Based On 0 Bbls In 24 Hours; Gas Production During Test: 771 MCF; Gas-Oil Ratio: 1974 Method Of Producing: Flow Chk. Size 16/64"			

NEAREST PRODUCTION TO THIS DISCOVERY (Includes past and present oil or gas producing areas and zones whether this discovery is based on horizontal or vertical separation):

Pool Name Vacuum Gray-SA	Name of Producing Formation Grayburg-San Andres	Top of Pay 4,600'	Bottom of Pay 4,800'	Currently Producing? Yes
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Pool 1700' South		Vertical Distance from Subject Discovery Zone to Producing Interval this Pool 5,856'		

NEAREST COMPARABLE PRODUCTION (Includes past and present oil or gas production from this pay or formation only):

Pool Name Kemnitz Lower Wolfcamp	Top of Pay 10,755'	Bottom of Pay 10,788'	Currently Producing? Yes
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Comparable Pool 10,000' North-Northwest			

Is "County Deep" Discovery Allowable Requested for Subject Discovery Well? NO	If Yes, Give Name, Location, and Depth of Next Deepest Oil Production in this County
---	--

Is the Subject Well Multiple Completion? NO	Is Discovery Allowable Requested for other Zone(s)? --	If Yes, Name all Such Formations
---	--	----------------------------------

LIST ALL OPERATORS OWNING LEASES WITHIN ONE MILE OF THIS WELL (Attach additional sheet if necessary)

NAME	ADDRESS
Gulf Oil Corporation	Box 1938 - Roswell, New Mexico
Mobil Oil Corporation	Box 820 - Roswell, New Mexico
Atlantic Richfield Company	Box 1978 - Roswell, New Mexico
Southern Union Producing Company	1636 Chama - Hobbs, New Mexico
C. H. Gallagher, Jr.	1603 Broadway - Room 8 - Lubbock, Tex.
Cities Service Oil Company	Box 760 - Roswell, New Mexico
Rock Island Oil & Refining Company	321 West Douglas - Wichita, Kansas
Marathon Oil Company	Box 1398 - Roswell, New Mexico

Attach evidence that all of the above operators have been furnished a copy of this application. Any of said operators who intends to object to the designation of the subject well as a discovery well, eligible to receive a discovery allowable, must notify the appropriate District Office and the Santa Fe Office of the Commission of such intent in writing within ten days after receiving a copy of this application.

Remarks:	SECRET MAILED 3-2-67
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CERTIFICATION

I hereby certify that all rules and regulations of the New Mexico Oil Conservation Commission have been complied with, with respect to the subject well, and that it is my opinion that a bona fide discovery of a hitherto unknown common source of oil supply has been made in said well. I further certify that the discovery allowable for the subject well, if authorized, will be produced from the subject zone in this well only. Further, that the information given herein and attached hereto is true and complete to the best of my knowledge and belief.

<i>Charles P. Brown</i> Signature	Production Manager	February 10, 1967
PENNCOIL EX 1 CASE 3540	Position	Date

PENNZOIL



COMPANY

ZAPATA DIVISION

1007 MIDLAND SAVINGS BUILDING • MIDLAND, TEXAS 79704 • TELEPHONE 915 MUTUAL 2-7316

February 14, 1967

Re: Application for Discovery Allowable
Pennzoil Company Gallagher-State No. 1
Located 660' FNL & 660' FEL,
Section 3, T-17-S, R-34-E,
Lea County, New Mexico

Gulf Oil Corporation
Box 1938
Roswell, New Mexico

Mr. C. H. Gallagher, Jr.
1603 Broadway, Room 8
Lubbock, Texas

Mobil Oil Corporation
Box 820
Roswell, New Mexico

Cities Service Oil Company
Box 760
Roswell, New Mexico

Atlantic Richfield Company
Box 1978
Roswell, New Mexico

Rock Island Oil & Refining Company
321 West Douglas
Wichita, Kansas

Southern Union Producing Co.
1636 Chama
Hobbs, New Mexico

Marathon Oil Company
Box 1398
Roswell, New Mexico

Gentlemen:

In compliance with Rule 509, we enclose herewith a copy of New Mexico Oil Conservation Commission Form C-109 relating to our Application for Discovery Allowable and creation of a new pool for the Gallagher-State No. 1 well.

Yours very truly,

Charles A. Brown
Charles A. Brown
Production Manager

CAB:VW
Encl.

Case 3540 DOCKET MAILED
Date 3-2-67

No. 609410

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO Marathon Oil Company		POSTMARK OR DATE 2-14-67
STREET AND NO. Box 1938		
CITY AND STATE Hobbs, New Mexico		
If you want a return receipt, check which <input checked="" type="checkbox"/> 10¢ shows to whom and when delivered <input type="checkbox"/> 35¢ shows to whom, when, and address where delivered <input type="checkbox"/> If you want restricted delivery, check here 50¢ fee		
FEES ADDITIONAL TO 20¢ FEE		
POD Form 3800 June 1962 CAUTION—NOT FOR INTERNATIONAL MAIL (See other side)		

No. 609411

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO Rock Island Oil & Rfg. Co.		POSTMARK OR DATE 2-14-67
STREET AND NO. 321 West Douglas		
CITY AND STATE Wichita, Kansas		
If you want a return receipt, check which <input checked="" type="checkbox"/> 10¢ shows to whom and when delivered <input type="checkbox"/> 35¢ shows to whom, when, and address where delivered <input type="checkbox"/> If you want restricted delivery, check here 50¢ fee		
FEES ADDITIONAL TO 20¢ FEE		
POD Form 3800 June 1962 CAUTION—NOT FOR INTERNATIONAL MAIL (See other side)		

No. 609412

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO Cities Service Oil Co.		POSTMARK OR DATE 2-14-67
STREET AND NO. Box 760		
CITY AND STATE Roswell, New Mexico		
If you want a return receipt, check which <input type="checkbox"/> 10¢ shows to whom and when delivered <input type="checkbox"/> 35¢ shows to whom, when, and address where delivered <input type="checkbox"/> If you want restricted delivery, check here 50¢ fee		
FEES ADDITIONAL TO 20¢ FEE		
POD Form 3800 June 1962 CAUTION—NOT FOR INTERNATIONAL MAIL (See other side)		

No. 609413

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO C. H. Gallagher, Jr.		POSTMARK OR DATE 2-14-67
STREET AND NO. 1603 Broadway, Room 8		
CITY AND STATE Lubbock, Texas		
If you want a return receipt, check which <input checked="" type="checkbox"/> 10¢ shows to whom and when delivered <input type="checkbox"/> 35¢ shows to whom, when, and address where delivered <input type="checkbox"/> If you want restricted delivery, check here 50¢ fee		
FEES ADDITIONAL TO 20¢ FEE		
POD Form 3800 June 1962 CAUTION—NOT FOR INTERNATIONAL MAIL (See other side)		

No. 609414

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO Southern Union Prod. Co.		POSTMARK OR DATE 2-14-67
STREET AND NO. 1636 Chama		
CITY AND STATE Hobbs, New Mexico		
If you want a return receipt, check which <input checked="" type="checkbox"/> 10¢ shows to whom and when delivered <input type="checkbox"/> 35¢ shows to whom, when, and address where delivered <input type="checkbox"/> If you want restricted delivery, check here <input type="checkbox"/> 50¢ fee		
FEES ADDITIONAL TO 20¢ FEE		
POD Form 3800 June 1962		CAUTION—NOT FOR INTERNATIONAL MAIL (See other side)

No. 609415

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO Atlantic Richfield Company		POSTMARK OR DATE 2-14-67
STREET AND NO. Box 1978		
CITY AND STATE Roswell, New Mexico		
If you want a return receipt, check which <input checked="" type="checkbox"/> 10¢ shows to whom and when delivered <input type="checkbox"/> 35¢ shows to whom, when, and address where delivered <input type="checkbox"/> If you want restricted delivery, check here <input type="checkbox"/> 50¢ fee		
FEES ADDITIONAL TO 20¢ FEE		
POD Form 3800 June 1962		CAUTION—NOT FOR INTERNATIONAL MAIL (See other side)

No. 609416

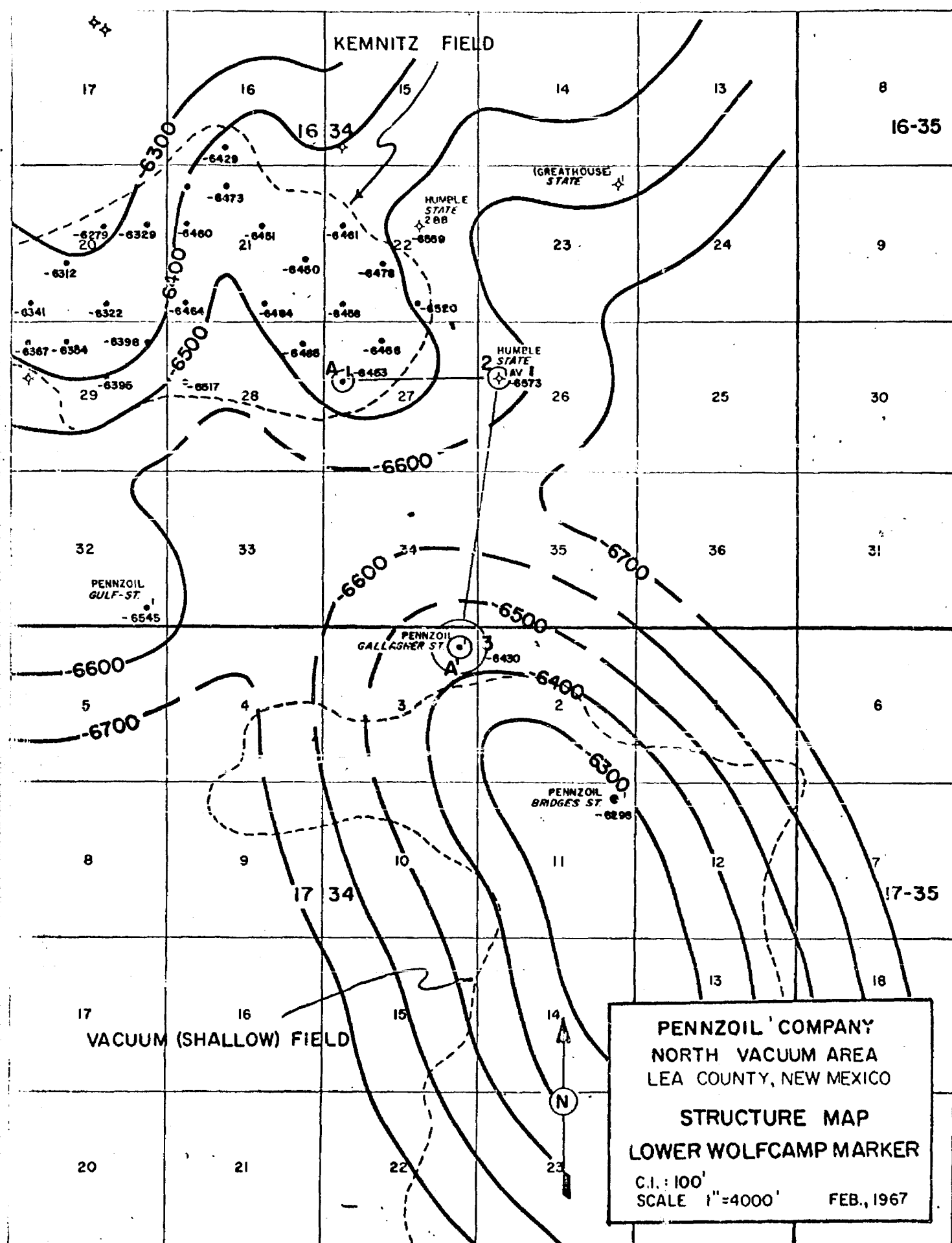
RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO Mobil Oil Corporation		POSTMARK OR DATE 2-14-67
STREET AND NO. Box 820		
CITY AND STATE Roswell, New Mexico		
If you want a return receipt, check which <input checked="" type="checkbox"/> 10¢ shows to whom and when delivered <input type="checkbox"/> 35¢ shows to whom, when, and address where delivered <input type="checkbox"/> If you want restricted delivery, check here <input type="checkbox"/> 50¢ fee		
FEES ADDITIONAL TO 20¢ FEE		
POD Form 3800 June 1962		CAUTION—NOT FOR INTERNATIONAL MAIL (See other side)

No. 609417

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO Gulf Oil Corporation		POSTMARK OR DATE 2-14-67
STREET AND NO. Box 1938		
CITY AND STATE Hobbs, New Mexico		
If you want a return receipt, check which <input checked="" type="checkbox"/> 10¢ shows to whom and when delivered <input type="checkbox"/> 35¢ shows to whom, when, and address where delivered <input type="checkbox"/> If you want restricted delivery, check here <input type="checkbox"/> 50¢ fee		
FEES ADDITIONAL TO 20¢ FEE		
POD Form 3800 June 1962		CAUTION—NOT FOR INTERNATIONAL MAIL (See other side)



NEW POOLS

a) It is recommended that a new oil pool be created and designated as the
NORTH VACUUM-WOLF CAMP Pool.

Vertical limits to be the Wolfcamp formation and the horizontal limits should be as follows: As shown in Paragraph (a), Exhibit I

Discovery well was Pennzoil Company - Gallagher State #1
located in Unit A Section 3 Township 17 Range 34 and was completed on
January 13, 1967 ~~with a 10 inch borehole of 8050' NC 580'~~ Top of
perforations is at 10,689 feet.

b) It is recommended that a new oil pool be created and designated as the RANGER LAKE-SAN ANDRES Pool.

Vertical limits to be the San Andres formation and the horizontal limits should be as follows: As shown in Paragraph (b), Exhibit I

Discovery well was Corinne Grace - Ranger Lake #3
located in Unit N Section 1 Township 12 Range 34 and was completed on
January 17, 1967 ~~#1#2#3#4#5#6#7#8#9#10#11#12#13#14#15#16#17#18#19#20#21#22#23#24#25#26#27#28#29#30#31#32#33#34#35#36#37#38#39#40#41#42#43#44#45#46#47#48#49#50#51#52#53#54#55#56#57#58#59#60#61#62#63#64#65#66#67#68#69#70#71#72#73#74#75#76#77#78#79#80#81#82#83#84#85#86#87#88#89#90#91#92#93#94#95#96#97#98#99#~~ Top of
perforations is at 4833 feet.

It is recommended that a new _____ pool be created and designated as the
Pool.

Vertical limits to be the _____ formation and the horizontal limits should be as follows: _____

Discovery well was _____
located in Unit _____ Section _____ Township _____ Range _____ and was completed on _____
_____ with an initial potential of _____ BOPD/MCFGPD. Top of
perforations is at _____ feet.

CASE 3540: (a) CREATION OF A NEW OIL POOL

COUNTY LEA POOL NORTH VACUUM-WOLFCAMP

TOWNSHIP 17 South RANGE 34 East NMFM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

PURPOSE: One completed oil well capable of producing.

PENNZOIL COMPANY - Gallagher State #1 in Unit A of Section 3-17-34. Completed in Wolfcamp on January 13, 1967. Top of Perforations 10,689'.

Proposed pool boundary colored in red. SECTION 3: NE/4

CASE 3540: (b) CREATION OF A NEW OIL POOL

COUNTY LEA POOL RANGER LAKE-SAN ANDRES

TOWNSHIP	12 South	RANGE	34 East	NMPM	
6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

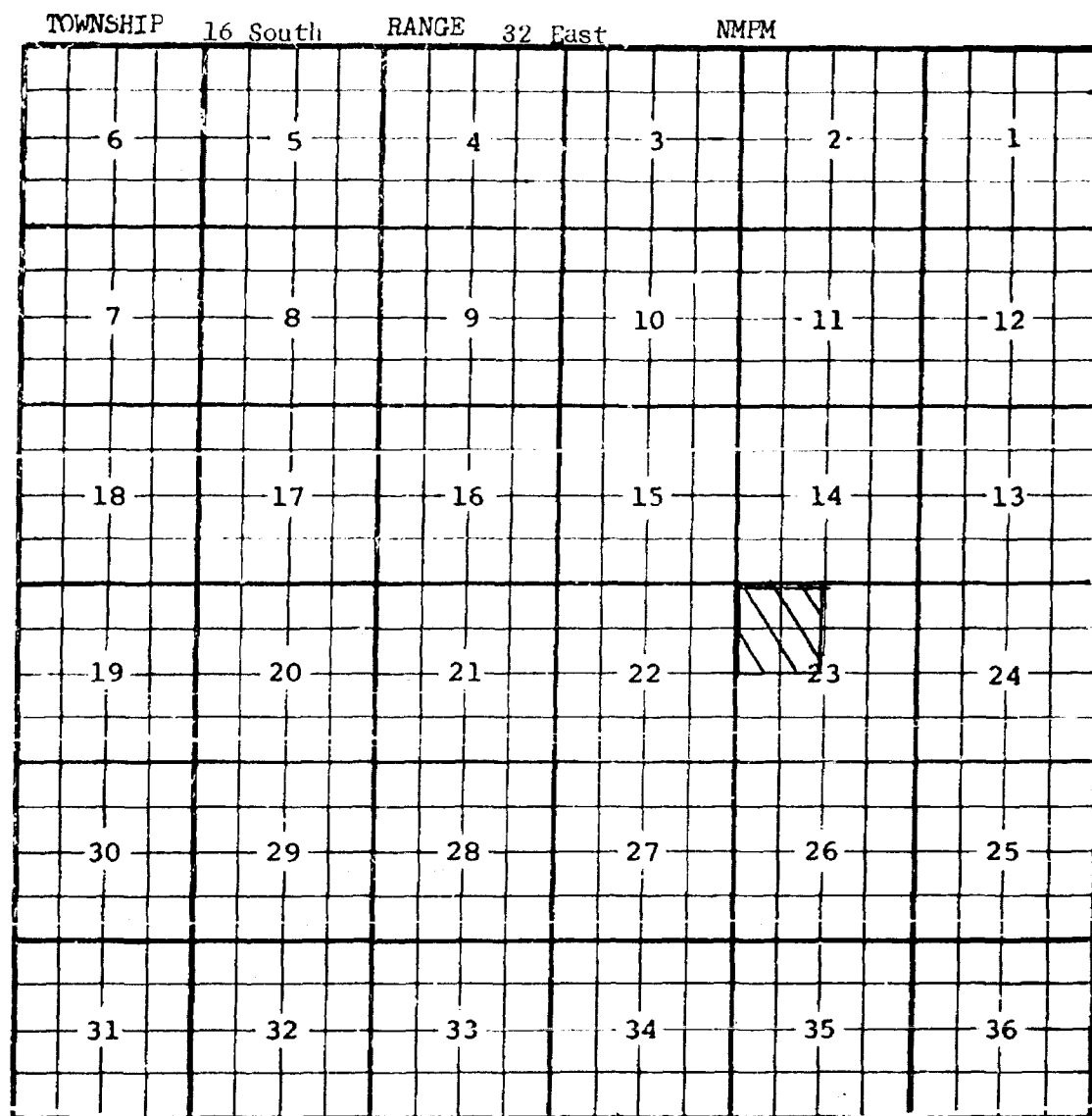
PURPOSE: One completed oil well capable of producing.

CORINNE GRACE - Ranger Lake #3 in Unit N of Section 11, 12-34. Completed in San Andres on January 17, 1967. Top of Perforations 4833'

Proposed pool boundary colored in red. SECTION 11: SW/4

CASE 3540: (c) ABOLISHMENT OF AN EXISTING OIL POOL

COUNTY LEA POOL SOUTH ANDERSON-WOLFECAMP



PURPOSE: To consolidate two pools producing from the same reservoir
with contiguous pool boundaries.

Proposed pool abolishment colored in blue. SECTION 23: NW/4

CASE 3540: (e) EXTENSION OF AN EXISTING OIL POOL (Continued on next page)

COUNTY ROOSEVELT POOL CHAVEROO-SAN ANDRES

TOWNSHIP 7 South		RANGE 33 East		NMPM	
6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

PURPOSE: Six completed oil wells capable of producing.

TOM L. INGRAM - State "D" #1 in Unit N of Section 31-7-33. Completed in San Andres on February 2, 1967. Top of Perforations 4276'.

McGRATH & SMITH, INC. - Chaveroo A State #1 in Unit M of Section 31-7-33. Completed in San Andres on December 24, 1966. Top of Perforations 4270'.

McGRATH & SMITH, INC. - Chaveroo A State #2 in Unit L of Section 31-7-33. Completed in San Andres on January 12, 1967. Top of Perforations 4279'.

McGRATH & SMITH, INC. - Chaveroo B State #1 in Unit K of Section 31-7-33. Completed in San Andres on January 24, 1967. Top of Perforations 4272'.

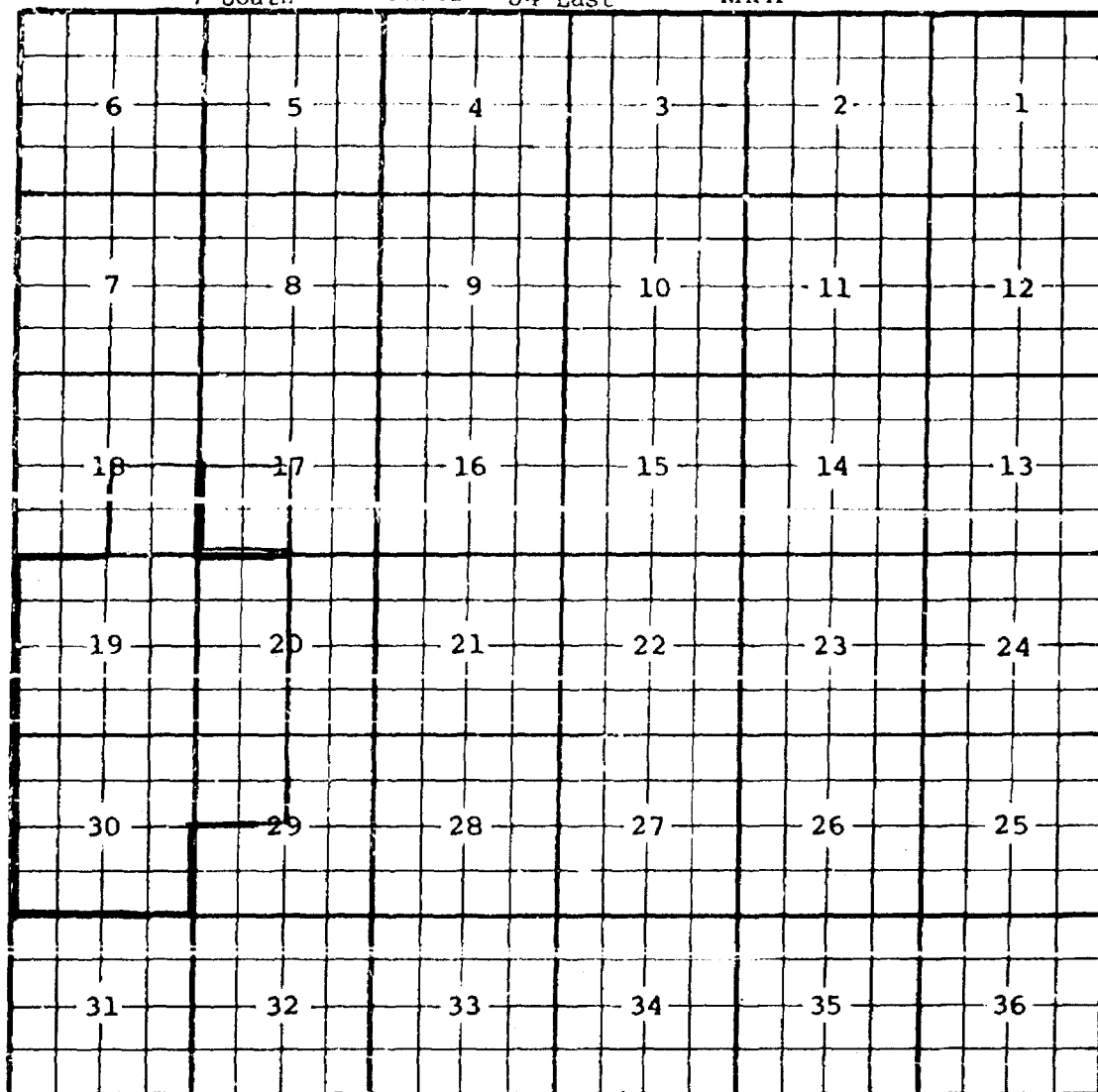
Pool boundary colored in red.

Proposed pool extension colored in green. SECTION 31: W/2

CASE 3540: (e) EXTENSION OF AN EXISTING OIL POOL (Continued on next page)

COUNTY ROOSEVELT POOL CHAVEROG-SAN ANDRES

TOWNSHIP 7 South RANGE 34 East NMFM



PURPOSE: As stated on preceding page, paragraph (e), Exhibit I.

ADDITION--CITIES SERVICE OIL COMPANY - Davis "A" #1 in Unit M of Section 17-7-34. Completed in San Andres on February 13, 1967. Top of Perforations 4067'.

Pool boundary colored in red.

Proposed pool extension colored in green. SECTION 17: SW/4

CASE 3540: (e) EXTENSION OF AN EXISTING OIL POOL (Continued)

COUNTY CHAVES POOL CHAVEROO-SAN ANDRES

TOWNSHIP		8 South	RANGE		32 East	NMPM	
	6		5		4		3
							2
							1
	7		8		9		10
							11
							12
	18		17		16		15
							14
							13
	19		20		21		22
							23
							24
	30		29		28		27
							26
							25
	31		32		33		34
							35
							36

PURPOSE: As stated on preceding page, paragraph (e), Exhibit I.

CHAMPLIN PETROLEUM COMPANY - Signal State #3 in Unit C of Section 1-8-32.

Completed in San Andres on January 4, 1967. Top of Perforations 4276'.

CHAMPLIN PETROLEUM COMPANY - Signal State #4 in Unit D of Section 1-8-32.

Completed in San Andres on February 22, 1967. Top of Perforations 4208'.

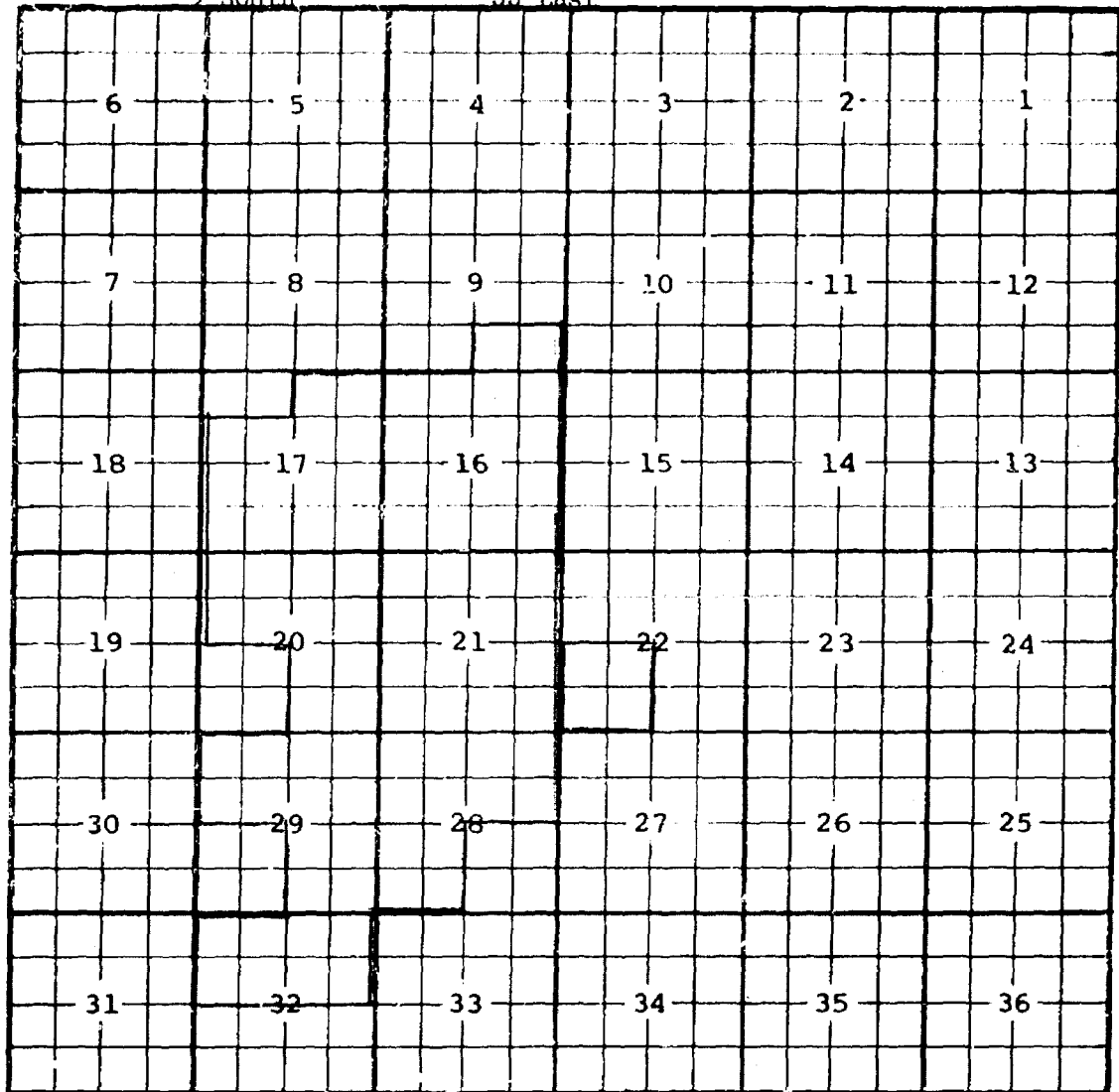
Pool boundary colored in red.

Proposed pool extension colored in green. SECTION 1: NW/4

CASE 3540: (f) EXTENSION OF AN EXISTING OIL POOL

COUNTY LEA POOL FLYING "M" - SAN ANDRES

TOWNSHIP 9 South RANGE 33 East NMPM



PURPOSE: One completed oil well capable of producing.

COASTAL STATES GAS PRODUCING COMPANY - L. L. & E. State #2 in Unit 1 of Section 22-9-33. Completed in San Andres on August 28, 1966. Top of Perforations 4567'.

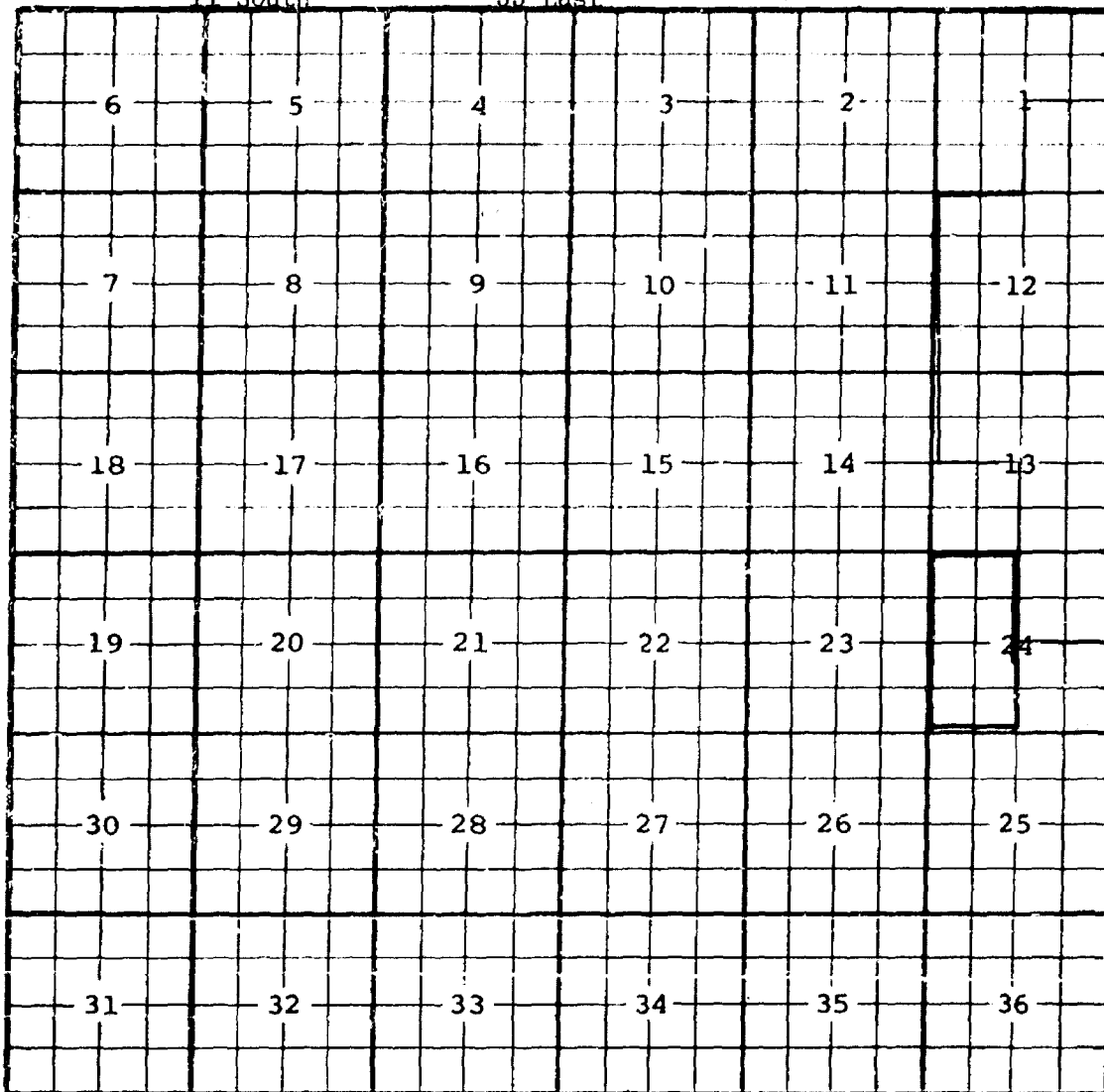
Pool boundary colored in red.

Proposed pool extension colored in green. SECTION 22: SW/4

CASE 3540: (g) EXTENSION OF AN EXISTING OIL POOL (Continued on next page)

COUNTY LEA POOL INBE-PENNSYLVANIAN

TOWNSHIP 11 South RANGE 33 East NMFM



PURPOSE: Two completed oil wells capable of producing.

SOUTHLAND ROYALTY COMPANY - Epperson #2 in Unit K of Section 24-11-33.

Completed in Bough C on January 19, 1967. Top of Perforations 9804'.

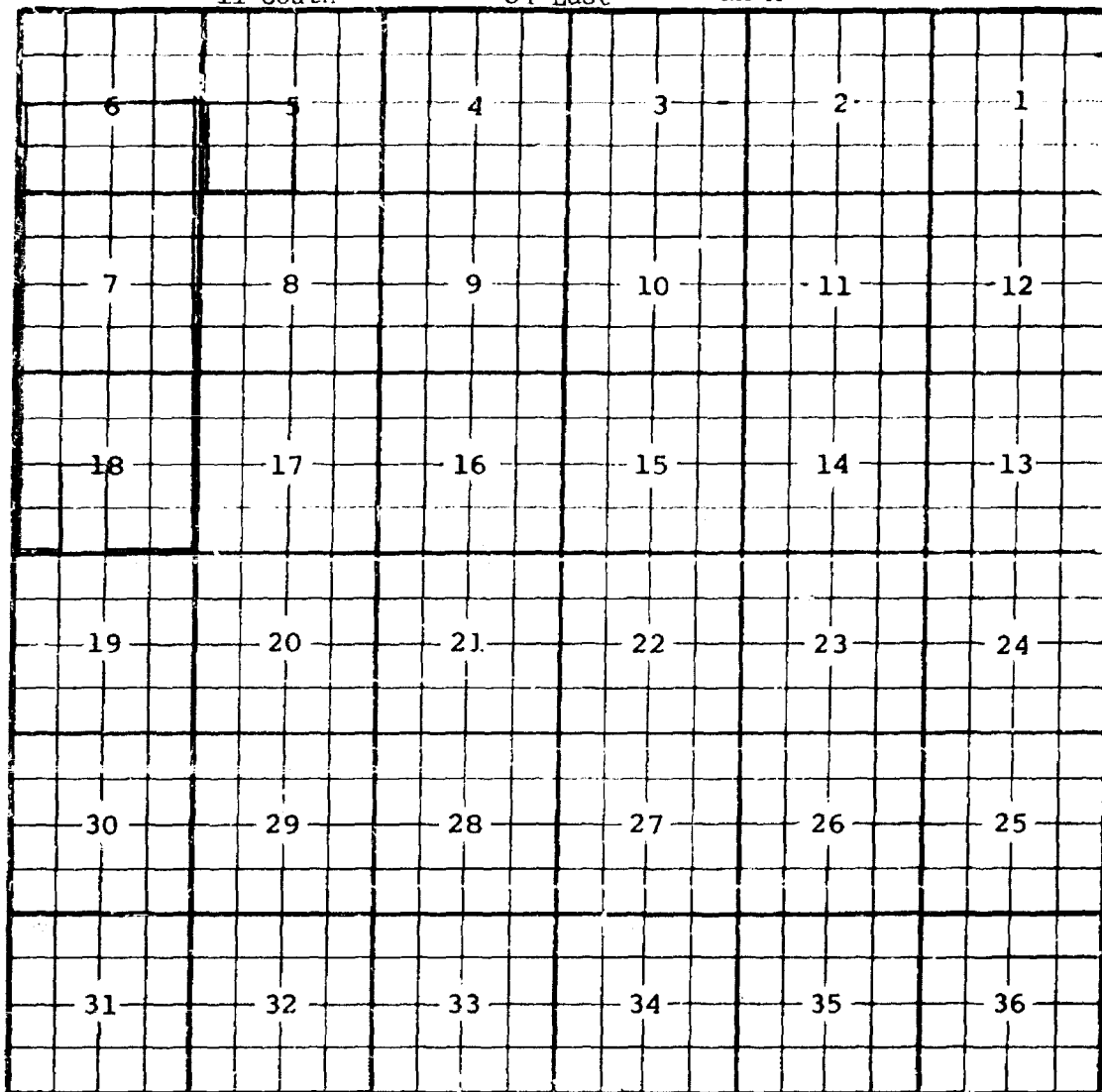
Pool boundary colored in red.

Proposed pool extension colored in green. SECTION 24: W/2

CASE 3540: (g) EXTENSION OF AN EXISTING OIL POOL (Continued)

COUNTY LEA POOL INBE-PENNSYLVANIAN

TOWNSHIP 11 South RANGE 34 East NMFM



PURPOSE: As stated on preceding page, paragraph (g), Exhibit I.

PENNZOIL COMPANY - Harris State #1 in Unit L of Section 5-11-34. Completed in Bough C on January 9, 1967. Top of perforations 9849'.

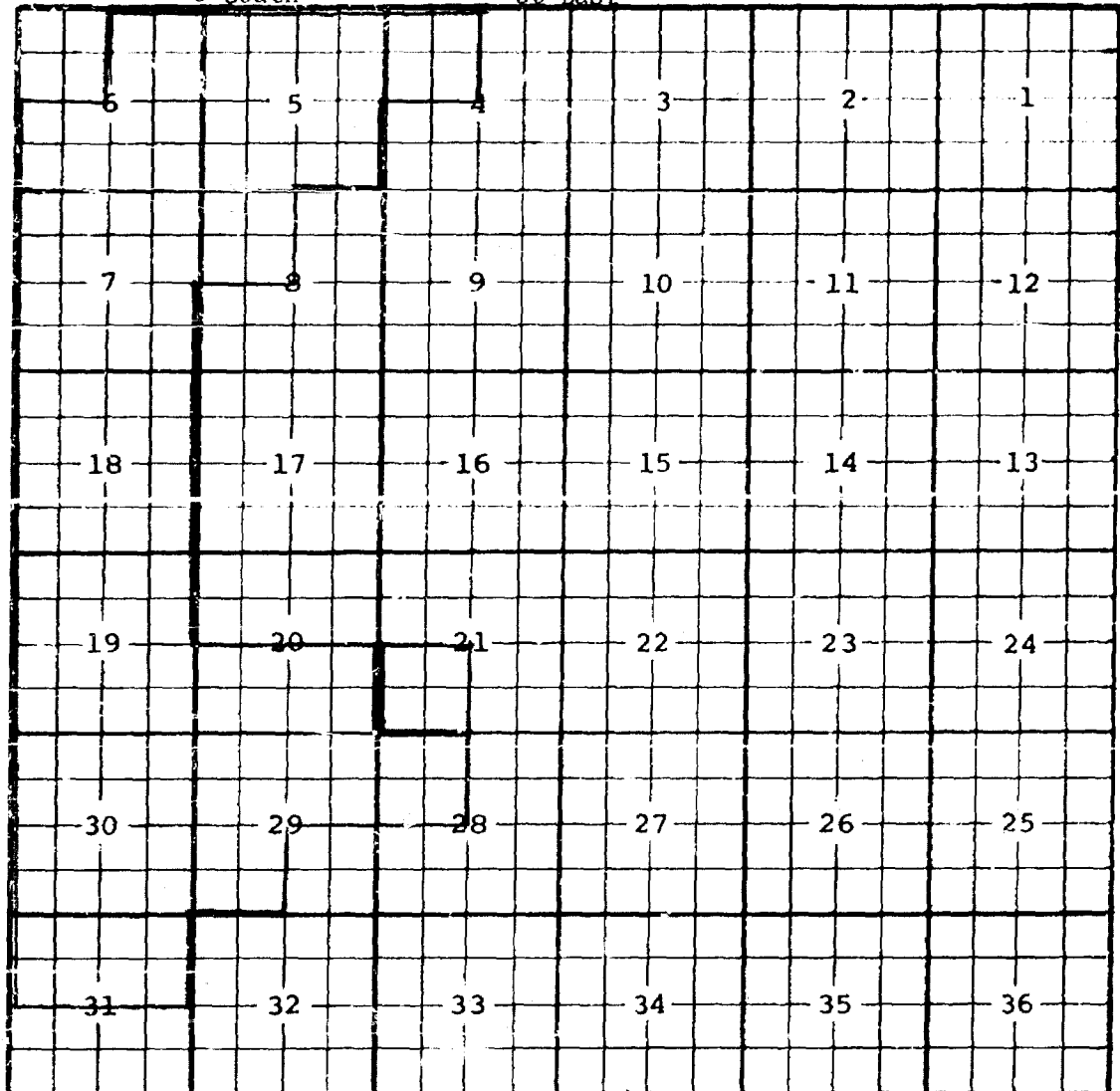
Pool boundary colored in red.

Proposed pool extension colored in green. SECTION 5: SW/4

CASE 3540: (b) EXTENSION OF AN EXISTING OIL POOL

COUNTY ROOSEVELT POOL MILNESAND SAN ANDRES

TOWNSHIP 8 South RANGE 35 East NMPM



PURPOSE: One completed oil well capable of producing.

TOM L. INGRAM - Alcorn #2 in Unit M of Section 21-8-35. Completed in
San Andres on January 9, 1967. Top of Perforations 4671'.

Pool boundary colored in red.

Proposed pool extension colored in green. SECTION 21: SW/4

CASE 3540: (i) EXTENSION OF AN EXISTING OIL POOL

COUNTY ROOSEVELT POOL TODD-LOWER SAN ANDRES

TOWNSHIP 7 South

RANGE 36 East

NMPM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

PURPOSE: One completed oil well capable of producing.

FRANKLIN, ASTON & FAIR, INC. - Val State #1 in Unit J of Section 30-7-36.

Completed in Lower San Andres on January 21, 1967. Top of Perforations 4236'.

ADDITION--FRANKLIN, ASTON & FAIR, INC. - Val State #2 in Unit B of Section 30-7-36. Completed in Lower San Andres on February 9, 1967.

Top of Perforations 4238'.

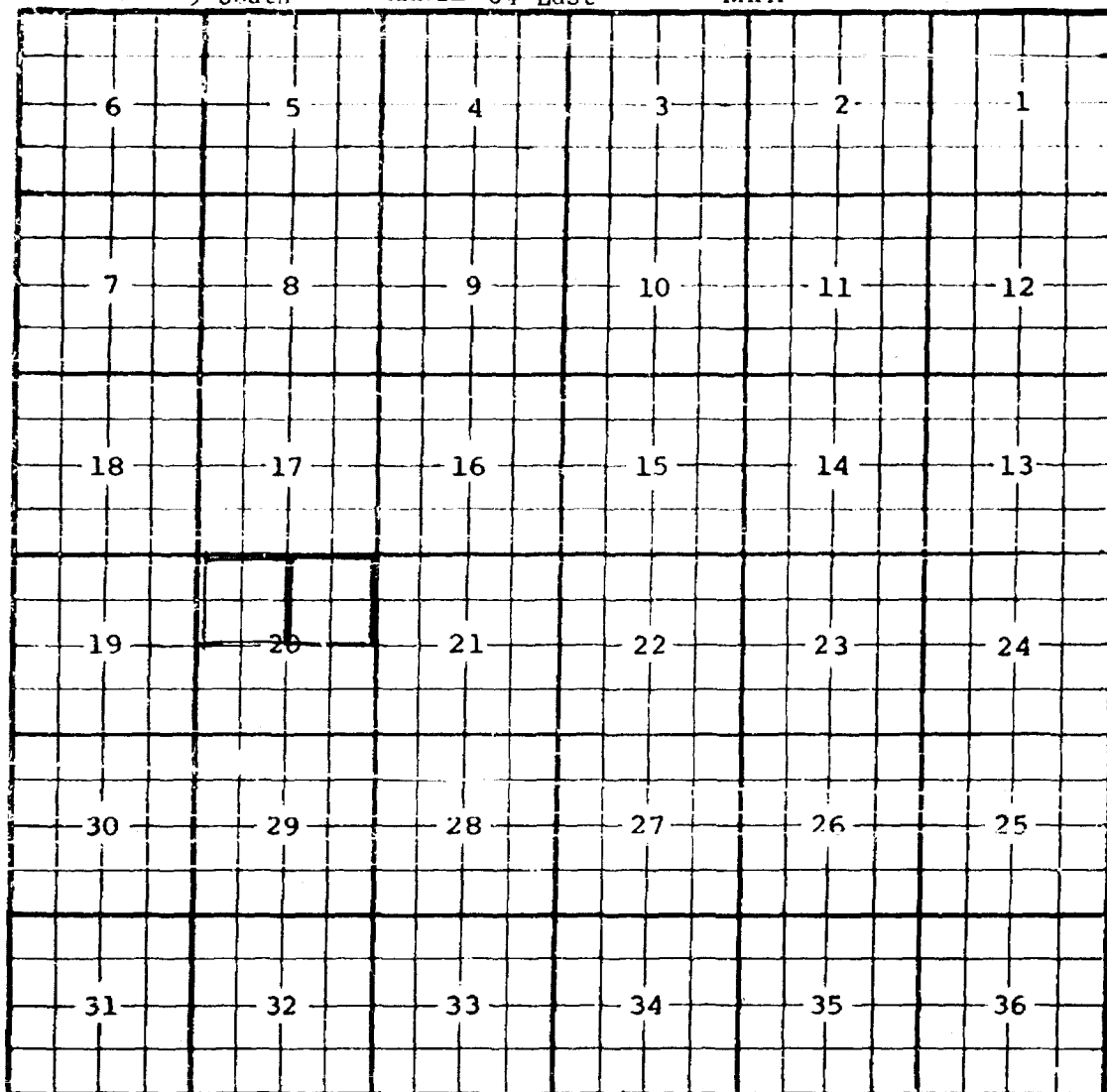
Pool boundary colored in red.

Proposed pool extensions colored in green. SECTION 30: SE/4

ADDITION-----SECTION 30: NE/4

CASE 3540: (j) EXTENSION OF AN EXISTING OIL POOL
COUNTY LEA POOL VADA-PENNSYLVANIAN

TOWNSHIP 9 South RANGE 34 East NMPM



PURPOSE: One completed oil well capable of producing.

CABOT CORPORATION - Pruitt #1 in Unit B of Section 20-9-34. Completed in Pennsylvanian on January 27, 1967. Top of Perforations 9810'.

Pool boundary colored in red.

Proposed pool extension colored in green. SECTION 20: NE/4