

CASE 3585: Application of GULF
OIL CORP. for compulsory pooling,
Lea County, New Mexico.

CASE No.
3585

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 NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 3585
Order No. R-3243

APPLICATION OF GULF OIL CORPORATION
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 24, 1967,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 1st day of June, 1967, the Commission, a
quorum being present, having considered the record and the
recommendations of the Examiner, and being fully advised in the
premises,

FINDS:

That the applicant's request for dismissal should be
granted.

IT IS THEREFORE ORDERED:

That Case No. 3585 is hereby dismissed.

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

David F. Cargo
DAVID F. CARGO, Chairman

Guston B. Hays
GUSTON B. HAYS, Member

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

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 2088
SANTA FE

June 1, 1967

Mr. M. I. Taylor
Gulf Oil Corporation
Post Office Drawer 1938
Roswell, New Mexico 88201

Re: Case No. 3585
Order No. R-3243
Applicant:
Gulf Oil Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

Other _____

MAILED
MAY 16 1967
Gulf Oil Corporation

ROSWELL PRODUCTION DISTRICT

W. B. Hopkins
DISTRICT MANAGER
M. I. Taylor
DISTRICT PRODUCTION
MANAGER
F. O. Mortlock
DISTRICT EXPLORATION
MANAGER
H. A. Rankin
DISTRICT SERVICES MANAGER

P. O. Drawer 1938
Roswell, New Mexico 88201

May 16, 1967

Oil Conservation Commission
State of New Mexico
Post Office Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter, Jr.

Re: Case No. 3585, Examiner Hearing May 24, 1967

Gentlemen:

Reference is made to the application of Gulf Oil Corporation for compulsory pooling in the North Bagley Pennsylvanian Oil Pools, Lea County, New Mexico, which is scheduled for Examiner Hearing May 24, 1967 as Case No. 3585.

Applicant hereby requests that this case be dismissed.

Yours very truly,

M. I. Taylor
M. I. Taylor

JHH:dch

cc: New Mexico Oil Conservation Commission
Post Office Box 1980
Hobbs, New Mexico 88240

Sohio Petroleum Company
907 First National Office Building
Oklahoma City, Oklahoma 73102

Sohio Petroleum Company
Post Office Box 3167
Midland, Texas 79701



DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 24, 1967

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

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

- CASE 3572: Application of Jones Exploration Company for a dual completion and for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its State Well No. 1 located in Unit H of Section 35, Township 17 South, Range 35 East, Vacuum Field, Lea County, New Mexico, in such a manner as to permit the production of Abo Reef oil through the tubing and the disposal of produced salt water down the casing-tubing annulus into the Paddock formation in the perforated interval from 6955 to 6995 feet.
- CASE 3573: Application of Aztec Oil & Gas Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the South Corbin Strawn Oil Pool, including a provision for 160-acre proration units and the establishment of a 4000 to one gas-oil ratio limitation.
- CASE 3574: Application of Cima Capitan, Inc. 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 Grayburg-San Andres Formations through one well located in Unit C of Section 3, Township 17 South, Range 32 East, Maljamar Pool, Lea County, New Mexico.
- CASE 3575: Application of Harvey E. Yates for a triple completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the triple completion of his Stebbins Deep Federal Well No. 1 located in Unit H of Section 30, Township 20 South, Range 29 East, Eddy County, New Mexico, to produce oil from the Scanlon Delaware Oil Pool through one string of tubing and to selectively produce gas from an undesignated Strawn gas pool and from an undesignated Morrow gas pool through another string of tubing. Selective production of one of the two gas zones at a time would be accomplished by means of a sliding side door and tubing plug.
- CASE 3576: Application of Jomar Industries, Inc. for water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, has proposed to drill certain wells in the S/2 NW/4 SE/4 and the N/2 SW/4 SE/4 of Section 30, Township 18 South, Range 38 East, Lea County, New Mexico, for production of oil from the Ogallala formation. Applicant anticipates that fresh water will be produced from the Ogallala formation incidental to the production of said oil and now seeks authority to dispose of said water back into the Ogallala formation through an injection well or wells to be located no nearer than 330 feet to the outer boundaries of the above-described acreage.

CASE 3577: Application of El Paso Natural Gas Company for four non-standard units, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of the following non-standard gas proration units in Township 29 North, Range 7 West, Basin-Dakota Gas Pool, Rio Arriba County, New Mexico:

A 327.78-acre non-standard unit comprising the W/2 of Section 6 and the NW/4 of Section 7, to be dedicated to the San Juan 29-7 Unit Well No. 100 located 790 feet from the South line and 950 feet from the West line of said Section 6;

A 345.19-acre non-standard unit comprising the SW/4 of Section 7 and the W/2 of Section 18;

A 361.64-acre non-standard unit comprising the W/2 of Section 19 and the NW/4 of Section 30;

A 375.28-acre non-standard unit comprising the SW/4 of Section 30 and the W/2 of Section 31.

Each of the latter three non-standard units will be dedicated to a well to be drilled at an as yet undetermined standard location on the respective unit.

CASE 3578: Application of Texas Pacific Oil Company for several non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the dedication and rededication of certain acreage and the establishment of the following non-standard gas proration units in Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico.

A 120-acre non-standard gas proration unit comprising the N/2 NE/4 and the SE/4 NE/4 of Section 7, to be dedicated to the State "A" A/c-2 Well No. 5, located in Unit A of said Section 7, and also to the State "A" A/c-2 Well No. 6 located in Unit B of said Section 7;

A 160-acre non-standard gas proration unit comprising the W/2 W/2 of Section 5, to be dedicated to the State "A" A/c-2 Well No. 41, located in Unit M of said Section 5;

An 80-acre non-standard gas proration unit comprising the E/2 NW/4 Section 5, to be dedicated to the State "A" A/c-2 Well No. 44, located in Unit F of said Section 5;

A 160-acre non-standard gas proration unit comprising the N/2 SE/4 and the E/2 SW/4 Section 5, to be dedicated to the State "A" A/c-2 Well No. 28, located in Unit I of said Section 5;

(Case 3578 continued)

An 80-acre non-standard gas proration unit comprising the S/2 SE/4 of Section 5, to be dedicated to the State "A" A/c-2 Well No. 27, located in Unit P of said Section 5;

A 160-acre non-standard gas proration unit comprising the W/2 SW/4, SE/4 SW/4, and SW/4 SE/4 Section 8, to be dedicated to the State "A" A/c-2 Well No. 54, located in Unit O of said Section 8;

A 160-acre non-standard gas proration unit comprising the S/2 NW/4, NE/4 SW/4, and NW/4 SE/4 of Section 8, to be dedicated to the State "A" A/c-2 Well No. 56, located in Unit J of said Section 8;

An 80-acre non-standard gas proration unit comprising the S/2 NE/4 of Section 8, to be dedicated to the State "A" A/c-2 Well No. 43, located in Unit H of said Section 8;

An 80-acre non-standard gas proration unit comprising the N/2 NW/4 Section 8, to be dedicated to the State "A" A/c-2 Well No. 49, located in Unit C of said Section 8;

A 240-acre non-standard gas proration unit comprising the NE/4 and E/2 NW/4 of Section 9, to be dedicated to the State "A" A/c-2 Well No. 40, located in Unit A of said Section 9;

A 240-acre non-standard gas proration unit comprising the E/2 SE/4 Section 8, and the SW/4 Section 9, to be dedicated to the State "A" A/c-2 Well No. 38, located in Unit K of said Section 9;

A 160-acre non-standard gas proration unit comprising the N/2 NE/4 Section 8, and the W/2 NW/4 of Section 9, to be dedicated to the State "A" A/c-2 Well No. 29, located in Unit D of said Section 9.

CASE 3579: Application of Texas Pacific Oil Company for three dual completions, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its State "A" A/c-2 Wells Nos. 28, 54, and 29, located in Unit I of Section 5, Unit O of Section 8, and Unit D of Section 9, respectively, Township 22 South, Range 36 East, Lea County, New Mexico, in such a manner as to produce gas from the Jalmat Gas Pool and oil from the South Eunice Oil Pool.

CASE 3580: Application of Sunray DX Oil Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg formation through one well located in Unit C of Section 17, Township 17 South, Range 31 East, Grayburg-Jackson Pool, Eddy County, New Mexico.

- CASE 3581: Application of Sunray Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation from 4248 feet to 4286 feet in its Harris State Well No. 5 located in Unit I of Section 23, Township 10 South, Range 32 East, Mescalero-San Andres Pool, Lea County, New Mexico.
- CASE 3582: Application of Tenneco Oil Company for two unorthodox gas well locations, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Blanco-Mesaverde Gas Pool location of its Jicarilla C Well No. 6, located 1780 feet from the North line and 1455 feet from the West line of Section 14, and its Jicarilla C Well No. 4 located 1650 feet from the North and West lines of Section 24, all in Township 26 North, Range 5 West, Rio Arriba County, New Mexico.
- CASE 3583: Application of Stoltz & Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the North Bagley-Lower Pennsylvanian Pool, Lea County, New Mexico, including a provision for 80-acre spacing and proration units.
- CASE 3584: Application of Gulf Oil Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Eddy "BD" State Well No. 1 at an unorthodox location 660 feet from the South line and 990 feet from the East line of Section 32, Township 20 South, Range 30 East, in an undesignated Strawn gas pool, Eddy County, New Mexico.
- CASE 3585: Application of Gulf Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the force-pooling of all mineral interests in the North Bagley-Pennsylvanian Oil Field, SW/4 SE/4 and SE/4 SE/4 of Section 9, Township 11 South, Range 33 East, Lea County, New Mexico, to be dedicated to the Lea State "OE" Well No. 1 to be drilled 660 feet from the South line and 1980 feet from the East line of said Section 9.
- CASE 3586: Application of Morris R. Antweil for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of its Malaga Unit Area comprising 839 acres, more or less, of Federal and Fee lands in Sections 12 and 13, Township 24 South, Range 28 East, and Sections 7 and 18, Township 24 South, Range 29 East, Eddy County, New Mexico.
- CASE 3587: Application of Morris R. Antweil for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Delaware Sand through seven injection wells located in Sections 12 and 13, Township 24 South, Range 28 East, and Section 18, Township 24 South, Range 29 East, Malaga Pool, Eddy County, New Mexico.

- CASE 3588: Application of Pan American Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the unorthodox location in an undesignated Morrow and/or Devonian gas pool for its Poker Lake Unit Federal Well No. 26 at a location 660 feet from the South and East lines of Section 28, Township 24 South, Range 31 East, Eddy County, New Mexico, to be dedicated to a standard unit comprising the S/2 of said Section 28.
- CASE 3589: Application of Claude C. Kennedy for special pool rules, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of special pool rules for the Slick Rock-Dakota Oil Pool comprising the S/2 SE/4 of Section 36, Township 30 North, Range 17 West, including a provision for development on 2 1/2 acre spacing with the provision that each 40-acre tract be subject to the Northwest New Mexico normal unit allowable.
- CASE 3590: Application of Texaco Inc. for a pilot waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot waterflood project by the injection of water into the Pennsylvanian formation in the interval from 9650 feet to 9800 feet in its State BV Well No. 1 located in Unit E of Section 26, Township 13 South, Range 33 East, Lazy-J Pennsylvanian Pool, Lea County, New Mexico.
- CASE 3591: Application of Anadarko Production Company for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Langlie-Mattix Penrose Sand Unit Waterflood Project by the injection of water into the Penrose Sand through eight additional injection wells located in Sections 20, 28, 29, 32, and 33, all in Township 22 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico.

Gulf Oil Corporation

ROSWELL PRODUCTION DISTRICT

May 4, 1967

MAILED
MAY 1967

AM 8 18

P. O. Drawer 1938
Roswell, New Mexico 88201

W. B. Hopkins
DISTRICT MANAGER
M. I. Taylor
DISTRICT PRODUCTION
MANAGER
F. O. Mortlock
DISTRICT EXPLORATION
MANAGER
H. A. Rankin
DISTRICT SERVICES MANAGER

Case 35-85

Oil Conservation Commission
State of New Mexico
Post Office Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter, Jr.

Re: Application of Gulf Oil Corporation for Compulsory
Pooling, North Bagley Pennsylvanian Pools,
Lea County, New Mexico

Gentlemen:

Gulf Oil Corporation respectfully requests an examiner hearing to consider its application for compulsory pooling of the working interests under the SW/4 SE/4 and SE/4 SE/4 Section 9, T-11-S, R-33-E, North Bagley Pennsylvanian Oil Pools, Lea County, New Mexico. In support of this application the following facts are submitted:

- (1) Applicant and Sohio Petroleum Company jointly own the SW/4 SE/4 and SE/4 SE/4 of Section 9, each having 50% interest in both State leases.
- (2) Applicant proposes to drill the Lea "OE" State Well No. 1 660 feet from the south line and 1980 feet from the east line of Section 9, T-11-S, R-33-E, Lea County, New Mexico. Plat of the area is attached.
- (3) On March 21, 1967, a cost estimate to drill this well and an operating agreement were furnished to Sohio for their approval and execution; however, to date they have not responded.
- (4) This application is in the interest of conservation and prevention of waste.
- (5) A copy of the application is being furnished to Sohio Petroleum Company.

Respectfully submitted,
GULF OIL CORPORATION

M. I. Taylor
M. I. Taylor

Attachment
JHH:ers

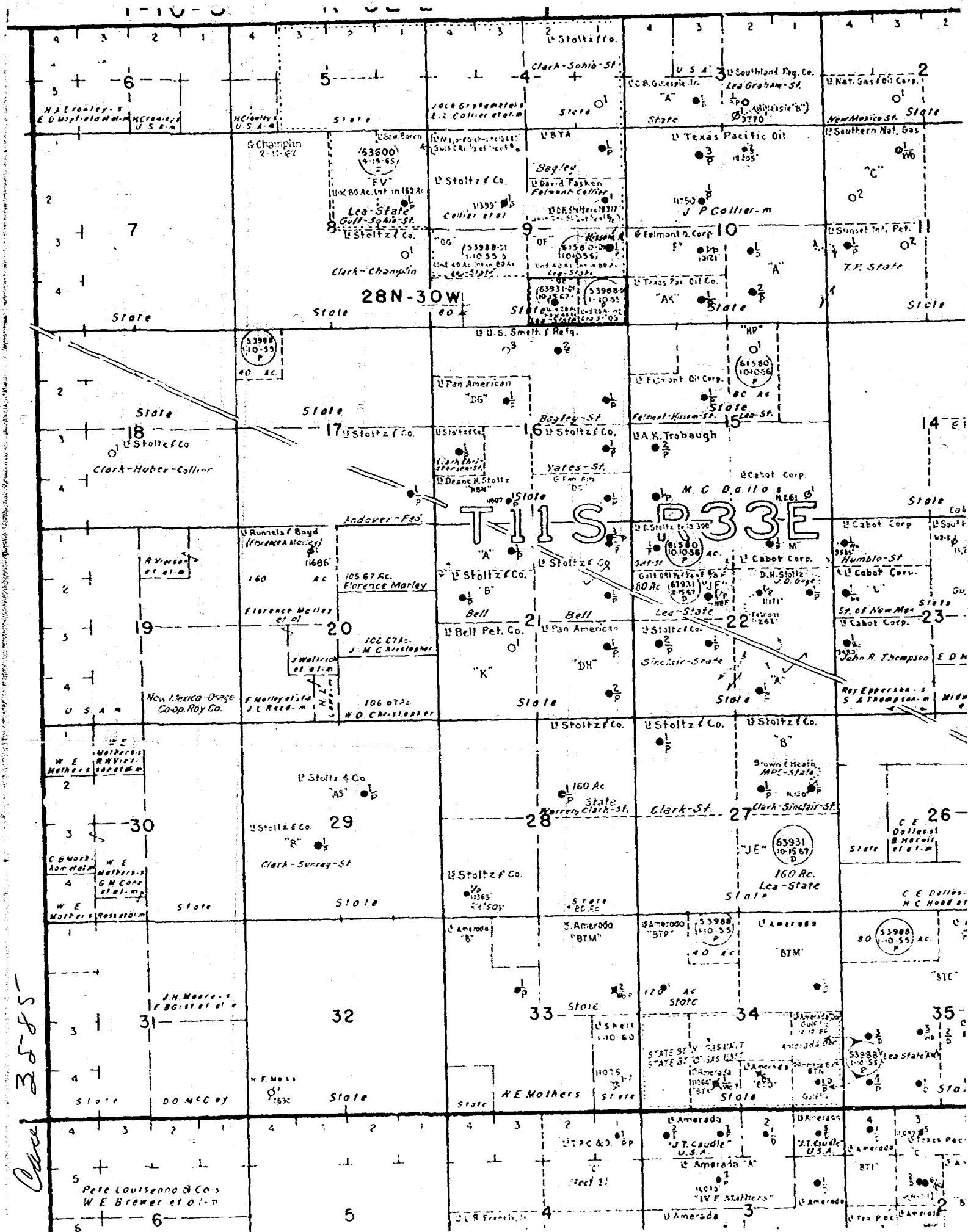
cc: New Mexico Oil Conservation Commission
Post Office Box 1980
Hobbs, New Mexico 88240
Sohio Petroleum Company
970 First National Office Building
Oklahoma City, Oklahoma 73102



DOCKET MAILED

Date 5-12-67

Sohio Petroleum Company
Post Office Box 3167
Midland, Texas 79701



dearnley-meier reporting service, inc.

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

1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-4491 • ALBUQUERQUE, NEW MEXICO



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
EXAMINER HEARING

May 24, 1967

IN THE MATTER OF:)
)
)

Application of Gulf Oil Corporation)
for compulsory pooling, Lea County,)
New Mexico.)
-----)

Case No. 3585

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: Case 3585.

MR. HATCH: Application of Gulf Oil Corporation for compulsory pooling, Lea County, New Mexico.

The applicant in this case has requested that the case be dismissed.

MR. UTZ: Without objection the Case 3585 will be dismissed.

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PAGE 3

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

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 6th day of May, 1967.

Ada Dearnley
NOTARY PUBLIC

My Commission Expires:

June 19, 1967.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner Hearing of Case No. 35-65 heard by me on April 16, 1967.

Theresa A. [Signature] Examiner
New Mexico Oil Conservation Commission

MAILED
MAY 19 1967
AH 9 57

Gulf Oil Corporation

ROSWELL PRODUCTION DISTRICT

W. B. Hopkins
DISTRICT MANAGER
M. I. Taylor
DISTRICT PRODUCTION
MANAGER
F. O. Mortlock
DISTRICT EXPLORATION
MANAGER
H. A. Rankin
DISTRICT SERVICES MANAGER

May 18, 1967

P. O. Drawer 1938
Roswell, New Mexico 88201

Oil Conservation Commission
State of New Mexico
Post Office Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter, Jr.

Re: Application of Stoltz & Company
For Special Pool Rules,
~~Lea County, New Mexico~~
Case No. 3583, Examiner Hearing
May 24, 1967

Gentlemen:

Gulf Oil Corporation, as an Operator in the North Bagley Lower Pennsylvanian Oil Pool, believes this pool should be developed on 80-acre spacing for economic reasons and urges the adoption of special rules. It is recommended that such rules, if adopted, provide for the proration units to run either north, south, east or west and the well to be located in either quarter quarter section.

Yours very truly,

M. I. Taylor
M. I. Taylor

JHH:sz



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

1120 SIMAS BLDG. • P. O. BOX 1092 • PHONE 243-4491 • ALBUQUERQUE, NEW MEXICO

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 6, 1967

EXAMINER HEARING

IN THE MATTER OF:

Application of Gulf Oil Corporation for)
an unorthodox gas well location, Eddy)
County, New Mexico.)

Case 3584

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: We will take up Case 3584.

MR. HATCH: Case 3584 continued and re-advertised, application of Gulf Oil Corporation for an unorthodox gas well, location Eddy County, New Mexico.

MR. KASTLER: If the Examiner please, I am Bill Kastler from Roswell, representing Gulf and our two witnesses in this case will be Mr. John H. Hoover and T. F. Henson.

(Witness sworn.)

JOHN H. HOOVER, called as a witness on behalf of the Applicant, first having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KASTLER:

Q For the record, will you please state your name, your position, by whom you are employed and how long you have been employed?

A John Hoover. I am employed by Gulf Oil Corporation as District Production Engineer in Roswell, New Mexico and have worked with them for over twenty years.

Q You have appeared before the New Mexico Oil Conservation Commission hearings many times and given testimony as an expert witness?

A } Yes, sir.

Q Are you familiar with Gulf's application in Case

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Number 3584?

A Yes, sir.

Q What is Gulf asking for in this case?

A We are asking for approval of an unorthodox location for our Eddy "B-D" State Well Number One.

Q Do you have a location plat, and if so, please explain what is shown thereon?

(Whereupon, Applicant's Exhibit Number 1 was marked for identification.)

A Yes, sir, it is marked Exhibit Number 1 and it is a lease plat showing our Eddy "B-D" State Lease outlined in red. It is described as the East Half of Section 32, Township 20 South, Range 30 East, Eddy County, New Mexico. We have also shown on this plat the proposed location for our Eddy "B-D" State Well Number One, and it is shown by a circle and colored in red, and this proposed location is 990 feet from the east line and 660 feet from the south line of this Section 32.

Q Will you please point out the location of the discovery well for this undesignated Strawn gas pool?

A The discovery well was the Stoltz and Company, Hudson Federal Well Number One, and it is shown on the plat as a south offset to the Eddy "B-D" State Lease. It is located in Lot 3 of Section 4, Township 21 South, Range 29 East, Eddy County.

Q Is it correct that several dry holes have been drilled after the discovery well was completed?

A Yes, there have been three dry holes drilled after that well was completed and possibly a fourth.

Q Will you please locate these wells in referring to Exhibit Number 1?

A Starting to the west of our Eddy "B-D" State Lease, the Stoltz-Yates State Well Number One, which is located in the Southeast Quarter, Southwest Quarter of Section 32 was dry in the Strawn and it was plugged back, it is now an oil well in the Wolfcamp.

Union Oil Company, Cowden Federal Well Number One, which is located in Lot 11 of Section 4, was dry in the Strawn and has been plugged. The Pan-American Big Eddy Well Number Eighteen, which is in Lot 6 of Section 3, 21 South, 29 East, is, as we understand it, is dry in the Strawn. However, the well is still drilling to, that we understand, to test the Morrow. In Section 33 of 20 South, Range 30 East, the Pennzoil-Hudson-Federal 33, Well Number Two, which is located in the Northeast Quarter, Southwest Quarter of the Section 33, was dry in the Strawn and is plugged.

Q It is noted that there are two wells located in the east half of the northeast in Section 32 on Gulf's lease. Do you have any comments on these?

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A Yes, those are shallow oil wells in the Dose Harmonos Seven Rivers Pool. Gulf originally drilled those wells, however, have since sold the wells to Hudson & Hudson.

Q So, this lease is therefore, held by production at this present time?

A Yes.

Q Subject to, or pursuant to, a farm-out or operating agreement from Gulf to Hudson & Hudson?

A Yes, we sold the wells to them.

Q What would be a standard location for this undesignated pool?

A The statewide rules provide that a well shall be drilled on 320 acres for this depth and be located no less than 660 feet to a side boundary, or less than 1980 feet to an end boundary of the unit.

The standard location that we looked at was 660 feet from the east line and 1980 feet from the south line of this Section 32. A standard location would also be in that forty acres at 990 from the east line and 1980 from the south line. Neither one would be standard, but looking at the location which would be 660 from the east line and 1980 feet from the south line, this location is on the side of a hill and is directly under a high voltage power line. The location would have to be moved south to start with and, due to

topographical conditions and various obstructions, which we have another witness which will explain more in detail. The first location available would be 660 feet from the south and east lines of this Section 32.

On locating this location, the well would be practically on the highway, that is U. S. Highway Number 180 right-of-way fence line.

In order to locate a well in the area which is bounded by the highway, roughly the highway on the north and the lease lines on the west, south and east to move, you have to move over 990 feet in order to get the well and related equipment in and even with this, at this location, we are only about 125 feet from the highway right-of-way fence. That location is limited for any southerly movement, because there is a buried underground cable, some seventy to eighty feet south of the well.

Between the location and the highway is another obstruction of an overhead telephone system of some seventeen or eighteen wires which also interfere.

Q Then, it is your testimony and your conclusion, that a well situated anywhere on the, let's say the Southeast Quarter of Section 32 would best be situated south of the highway?

A Yes, that is correct.

Q Would the granting of this application protect correlative rights?

A Yes, in my opinion, it would, because it would allow Gulf and the state of New Mexico to recover their fair share of the gas.

Q Do you have anything further to add in this case?

A No, sir, I believe not.

MR. KASTLER: These are all of the questions I have of this witness on direct, Mr. Examiner.

MR. NUTTER: What is the other witness going to testify to, Mr. Kastler?

MR. KASTLER: He is going to testify more in detail to the topography and land situation, terrain.

MR. NUTTER: Are there any questions of Mr. Hoover?

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Hoover, I hear you are making all kinds of discussions there about all the topography reasons for the location of the well. How about the geology?

A Well, I am not a geologist.

Q How about the reservoir engineering aspects.

A Well, I think, not being a geologist, and not being able to testify as an expert witness, I think I can say, in view of the dry holes that have been filled and the

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location of the existing discovery well, that the reservoir is small. It is bounded to the west by a dry hole. The discovery well is offset to the south by a dry hole and our lease is offset to the east by a dry hole, but we have no dry hole or control point to the north.

MR. KASTLER: No condemnation to the north?

A Until you get up in the northwest quarter of Section 28. Now we know that well is in the Morrow and they recovered, I believe, a little oil and water in the Strawn.

Q (By Mr. Nutter) That well did test the Strawn?

A Yes, but it was not productive. I believe it was a little oil and considerable water. I am not sure on that, but, when you start north, your control point is limited, but, I believe the reservoir is small.

Q But, at any rate, Gulf Oil Corporation feels that the ideal location in this particular quarter section would have to be south of the highway?

A Yes, sir.

Q Do you feel that the entire east half will be productive of oil and gas from this reservoir?

A I don't know.

MR. NUTTER: Are there any further questions of Mr. Hoover? He may be excused.

(Witness excused.)

MR. KASTLER: I would like, at this time, to call Mr. Henson to the stand.

T. F. HENSON, called as a witness on behalf of the Applicant, first having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KASTLER:

Q Please state your name, by whom you are employed and your position?

A T. F. Henson, employed by the Gulf Oil Corporation as a Civil Engineer.

MR. NUTTER: Is that H-e-n-s-o-n?

THE WITNESS: Yes, sir.

Q (By Mr. Kastler) Have you previously appeared before a hearing of the New Mexico Oil Conservation Commission?

A No.

Q Will you please state what university you attended and state what degree you received and when?

A Texas A & M, a degree in Civil Engineering.

Q What year?

A I graduated in 1936.

Q Are you a member of any professional societies and if so, state what they are?

A Yes, registered Engineer, registered Surveyor, Texas

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Surveyors Association.

Q Since 1936 have you been employed by Gulf as a Civil Engineer for all or substantially all, of your professional career?

A Yes, sir.

Q In what capacity?

A As a Civil Engineer, doing mainly surveying work.

Q As such, have you frequently been designated to select suitable well location sites for Gulf?

A Yes, many times.

Q How long has your employment as a Civil Engineer been centered in Roswell, New Mexico?

A About eight years.

Q Are you familiar with the land in the vicinity of Section 32, Township 20 South, Range 30 East, where Gulf's "B-D" State Lease is situated?

A Yes, sir. I have been on the grounds.

Q Were you on the ground at any time recently?

A Yes.

Q Have you prepared a plat, having gone on the ground and made measurements?

A Yes, I have.

Q Is this the plat you prepared, this copy of Gulf's, marked Gulf's Exhibit Number 2?

A Yes, it is.

Q Have you taken care to draw the various encumbrances, such as the highway right-of-way and scale on that plat?

A Yes, this plat is to scale, range 200 feet.

Q Can you generally describe what is shown on this plat, and I understand it doesn't show the entire east half of Section 32, but somewhat less?

A Well, this is more or less the east half of the southeast quarter.

Q It shows a highway and right-of-way, railroad right-of-way, are they contiguous or, will you describe them?

A Yes, that is a divided four-lane highway and a railroad that are not separated by a fence to determine the right-of-way for the highway and railroad, I didn't do because it is all under the same right-of-way fence.

Q There is no possibility of locating a rig, capable of drilling to a depth over ten thousand feet in any of that area, is there?

A Not in the right-of-way, no, between the right-of-way fences.

Q Mr. Henson, will you start at the location shown up here, as location Number 3, which is a station 19 plus 80. It is approximately 1980 feet north of the south line and 660 feet west of the east line of Section 32. Start from that

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point and just kind of go around the clock and in your own words describe what is shown on your plat and what the terrain is like, referring to the plat?

A Well, at this point, marked location Number 3, at station 19 plus 80, is what was pointed out to be an orthodox location, that is 1980 feet from the south line and 650 feet from the east line, Section 32, Township 20 South, Range 30 East.

This point was located on the ground and pulls on the south slope of a rather steep hill and under a high voltage power line.

From this point --

Q Is this on a mesa or on a hill?

A No.

Q You have drawn a line around here --

A This line indicates the shape of a hill. This is not a mesa. It is rather a sharp, pointed hill and no flat top to it. This irregular line could best be taken as a contour, rather than an outline of a mesa.

Q But, you didn't take the time or the trouble to contour the elevation of it, did you?

A No.

Q Well, between what you have shown here, is this hill and the highway right-of-way and down to the south, a pit?

Is the pit lower than the highway? In other words, is it downhill from this first location, this location Number 3 that is marked, all the way to the south line?

A It is definitely downhill, that is a sharp grade going down to the highway.

Q Does it continue downhill on down to the south boundary line?

A No, after you cross the highway and an underground cable as shown on the plat, you start up a steep hill with the exception of going into the large bar pit that is shown on the west side of the plat.

Q Then, the highway is just about the lowest part?

A The highway and the railroad are in the lowest part of this area.

Q All right, now, pardon me for interrupting you, but go back to your location Number 3 and go southward on this 660 from the east line?

A All right. This line running south from the location Number 3 is parallel to the east line of Section 32 and 660 feet from the section line. As we went south, we went down a sharp, rugged hill and it slopes all the way south to the vicinity of the pipeline which is shown at station 12 plus 12. This is 1212 feet from the south line of the section and that is about the low point of this area. Crossing the pipeline,

you cross the north right-of-way fence of the highway and railroad at a point 1180 feet north of the south section line. Then, you cross the railroad right-of-way and the highway, crossing the south right-of-way fence at a point 721 feet north of the south section line, and then, at a point 660 feet north of the south section line, you pass under an overhead telephone line which has about seventeen wires. Continuing south, you pass over an underground cable, which is 487 feet from the south line of the section. Then, you immediately start up a steep hill and continue up the hill until you reach the south line of the section.

At this point, I moved over 330 feet west, which made me 1990 feet from the east line of the section, and started north and there is a large pit in this area, bar pit, and the south side of this pit is almost a vertical wall, some forty or fifty feet high. But, going north across the pit, you leave it at about 500 feet from the south line of the section, cross an underground cable again at 555 feet north of the section line.

At 660 feet, we looked over a location, which is between the cable and the telephone lines.

Q Now, that is the location that Gulf has made the application for in this case, is it not?

A Yes, sir.

Q All right, go ahead.

A At 727 feet north of the section line, we passed under the multiple telephone line again. At 785 feet north, we go over the south right-of-way fence and into the highway and railroad right-of-way. Crossing the north right-of-way fence at 1243 feet from the south line and again, crossing a pipeline at 1274 feet from the south line of Section 32. Immediately, we start up a steep grade with rugged terrain, passing over the nose of this hill and down into a small canyon, or draw, and then, back up a steeper hill to a point 1980 feet from the south line, which is marked location Number 2, which is on the south slope of a rather steep hill, and this point is also 330 feet west of our original location Number 3.

Q Now, then, Mr. Henson, in the area between, well, let's say, anywhere between the area of 1212 feet north of the south line and 1980 feet. Outside of this, it is somewhat deceptive because of this drawn hill, but, do you find the land anywhere in there, where a location could be made?

A No, that is rather rugged terrain and a slope all the way from the top of the hill, which is some point north of the 1980 station, all the way down to the railroad and the railroad has, oh, some eight to ten foot fill, at that point.

Q In your experience, you have made locations in such

places have you, nevertheless?

A Yes.

Q Have you found them to be satisfactory, desirable?

A Well, it causes a great deal of earth work and road work, generally.

MR. KASTIER: I believe that's all of the questions I have of this witness on direct.

MR. NUTTER: Are there any questions of Mr. Henson?

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Henson, is there ample room there between the telephone lines and the underground cable, in which to build a location?

A I believe there is, that is a rather flat, smooth surface in there on the location Number 1.

Q On the location Number 1?

A Yes. That is the flatest area in this part of the section and would require -- You wouldn't have to disturb too much of the artificial conditions in this area.

Q What is that cable, is that a television or a telephone cable?

A That is a -- I don't know just what that is. I think it is a telephone buried cable going, one of trans-continental's telephone cables.

MR. KASTLER: It is marked with a sign, AT&T, or general telephone?

THE WITNESS: Yes.

Q (By Mr. Nutter) And, you have ample room to build the location and the pits and everything?

A Yes, I think this line that I show as an underground cable is the line of their marker poles, which is on the north side of their forty foot easement, so, actually, their easement and cable is south of the line I show on the --

Q So, you have got a few more feet than is shown here?

A Yes, sir.

MR. NUTTER: Are there further questions of this witness? He may be excused.

(Witness excused.)

MR. KASTLER: I have a statement I would like to make at this time.

MR. NUTTER: All right, Mr. Kastler.

MR. KASTLER: Originally, at the time of the blow-out and fire, which occurred when this gas pool was discovered, this lease appeared to be a very attractive drilling prospect, however, with the completion of the Stoltz Well Number Two, as a dry hole, and the plugging of Pennzoil's and Union's wells, the prospects have turned somewhat sour.

The present status of this is that our management

is still only considering the drilling of this well. It is most likely, if Gulf is denied in this hearing, with the result that the well must be located at or near a standard orthodox location, the additional cost of preparing the pad, staking and the grading of the road, settling surface damages and so forth, could well be the straw that broke the camel's back.

In such an event, it would be necessary for Gulf to make a suitable farm-out, however, today our efforts in this direction, indicate that a reasonable, prudent operator, ready, able and willing to drill at such a location, cannot be found. This statement or position is not, in any sense, considered to be a threat or a defiant statement, it is intended only to outline the realities of the situation, as clearly as possible. I thank you.

MR. NUTTER: Thank you. Mr. Hatch?

MR. HATCH: I have a letter from Pennzoil Company, dated May 19, 1967, addressed to the New Mexico Oil Conservation Commission. "Remember Examiner's Hearing set on May 24th, 1967, Case 3584, Pennzoil Company on behalf of the working interest and offsetting tracts, wishes to go on record as opposing the unorthodox location sought by Gulf in the above case.

We have a Strawn gas discovery well in the north half of Section 4, Township 21 South, Range 29 East, and are

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now drilling a prospective gas well at a standard gas well location in the west half of Section 33, Township 20 South, Range 30 East. We feel that the location sought by Gulf would not contribute to the orderly development of the area and could result in an equitable drainage of our leases. Pennzoil Company, by W. A. Holbert."

MR. NUTTER: I believe the record will show that that is the well that Mr. Hoover testified that hadn't been completed as a dry hole, is that correct, Mr. Hoover?

MR. HOOVER: Yes, sir.

MR. NUTTER: The well that they mentioned was drilling in the west half of Section 33?

MR. HOOVER: Yes, sir, that's correct.

MR. NUTTER: Is there anything further in Case 3584? We will take the case under advisement. Did we excuse the witness, if not, he is excused.

(Whereupon, witness was excused.)

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STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) SS.

I, JERRY POTTS, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission Examiner in Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 30th day of June, 1967.

Jerry Potts
Notary Public Court Reporter

My Commission Expires:

7-10-70

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner's hearing at Case No. 3584, heard by me on 6/6 1967.

Jerry Potts, Notary
New Mexico Oil Conservation Commission

40 acre State owned by J. Solis
N. Bagley Pennsylvania Oil Pool
SW 1/4 SE 9-11S-33E

Lea State OE #1
660 FSL 1980 FSL 9

Compulsory Pooling

SE SE

John Hoover

