

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
January 23, 1963

EXAMINER HEARING

-----  
IN THE MATTER OF: )  
)  
)

Application of Gulf Oil Corporation for )  
a non-standard gas proration unit, Lea County) )  
New Mexico. Applicant, in the above-styled )  
cause, seeks establishment of a 120-acre non-) )  
standard gas proration unit in the Blinbry )  
Gas Pool, comprising the N/2 SW/4 and SE/4 )  
NW/4 of Section 31, Township 22 South, Range )  
38 East, Lea County, New Mexico, said unit to) )  
be dedicated to the Scarborough Estate Well )  
No. 4 located in Unit F of Section 31. )  
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Case 2736

BEFORE:

Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: The next case is Case Number 2736.

MR. DURRETT: Application of Gulf Oil Corporation for a  
non-standard gas proration unit, Lea County, New Mexico.

MR. KASTLER: If the Commission please, I am Bill  
Kastler from Roswell, representing Gulf Oil Corporation; and our  
witness is Mr. John Hoover.

(Witness sworn )

J O H N H. H O O V E R ,

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

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## DIRECT EXAMINATION

BY MR. KASTLER:

Q Will you please state your name, your occupation and the name of your employer?

A John Hoover, Petroleum Engineer, Gulf Oil Corporation, Roswell, New Mexico.

Q Have you previously qualified to testify as a Petroleum Engineer, and had your qualifications made a matter of record before the New Mexico Oil Commission?

A Yes, sir.

Q Will you state what Gulf is seeking in its application?

A We are requesting approval of a 120-acre non-standard Blinbry gas proration unit, which will be a reduction of an approved 160-acre non-standard unit.

(Whereupon, Applicant's Exhibit No. 1 was marked for identification.)

Q Will you please state what is shown on Exhibit Number 1? Outline the facts which are involved in this application as they may be shown and illustrated on Exhibit Number 1.

A Yes, sir. Exhibit Number 1 is a lease plat of the Scarborough Estate Lease outlined in green; and it's in the North Half Southwest Quarter, Southeast Quarter Northwest Quarter, North Half Southeast Quarter; South Half Northeast Quarter and Northeast Quarter Northeast Quarter of Section 31, Township 22 South, Range 38 East in Lea County, New Mexico.

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Also shown on this map is the Scarborough Estate Well Number 4, which is located 1,980 feet from the north and west lines of Section 31, as is outlined in red. Also outlined in red is the proposed non-standard unit of 120 acres in the North Half Southwest Quarter and Southeast Quarter Northwest Quarter of Section 31.

After hearing, we obtained approval of two non-standard Blinebry proration units covering all of this Scarborough Estate lease. The one assigned to the Well Number 5 was attributed to and was described as the North Half Southwest Quarter and Southeast Quarter Northwest Quarter.

At the same time Well Number 3 which is located in the Northwest Quarter Southeast Quarter, was assigned a non-standard, which covered the East Half Northeast Quarter, Southwest Quarter Northwest Quarter, and the Northeast Quarter Southeast Quarter. That covered all the Scarborough Estate lease, and then the Scarborough Well Number 5 was completed as a Blinebry Oil Well. We made application for administrative approval to reduce the acreage assigned to this well to 120 acres. This was granted by NSP-575 dated October 30, 1961.

Blinebry Oil development in out Well Number 2, which is in the Southeast Quarter Northeast Quarter made it necessary that we reduce the acreage assigned Well Number 3 to 40 acres, which was accomplished. This left the Southwest Quarter of the Northeast Quarter unprotected for Blinebry gas; so we made application for approval of a 160-acre non-standard unit which would cover and



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was assigned to our Number 4, which would cover the North Half Southwest Quarter, Southeast Quarter Northwest Quarter, and Southwest Quarter Northeast Quarter. This was approved by NSP-598 dated May 21, 1962.

Well Number 6, which was located in the North Half Southwest Quarter and Southeast Quarter Northwest Quarter, was completed on December 4, 1962. We made application for administrative approval to reduce that non-standard 160-acre unit to a non-standard 120-acre unit. Due to a technicality, as I call it, a technicality, the rules say that if the unit does not lie wholly within a single governmental quarter section, it has to be approved after hearing.

We have just been changing acreage around. It was originally approved, and all was covered after hearing and we have been rearranging the same acreage, deciding with different wells.

This brings us to the hearing today. We are asking for approval of the 120-acre non-standard unit covering the North Half of the Southwest Quarter and Southeast Quarter Northwest Quarter of Section 31 to be assigned to the Scarborough Estate Number 4. I might add just for information, on the plat you notice a location Number 7. That well is anticipated as a Blinbry Oil Well completion. However, it has not been operated or tested as yet. And, probably in the next few days we will be making application for a 40-acre non-standard unit for Well Number 4, but in the meantime, to keep the paperwork current, we are asking for the 120.



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Q Do you have anything more to add?

A No, sir, that is all.

Q Was Exhibit 1 prepared at your direction and under your supervision?

A Yes, sir, it was.

Q Have all operators within 1,500 feet of the well and in the quarter section in which this proposed 120-acre non-standard proration unit is located now, been notified of this proposal to create the 120-acre non-standard Blinbry Gas Unit?

A Yes, sir. In our application for the administrative approval of December 7th, we furnished copies to the offset operators in the quarter section, and also within 1,500 feet of the unit well.

Q And no objections, to your knowledge at this time, have been heard?

A No.

Q In your opinion, would the granting of this application be in the interest of prevention of waste and protection of correlative rights?

A Yes, it would.

MR. KASTLER: I move to introduce Exhibit Number 1 into evidence.

MR. UTZ: Without objection, Exhibit 1 will be entered in this case.



(Whereupon, Applicant's Exhibit No. 1  
was admitted in evidence.)

MR. UTZ: Mr. Hoover, if you complete Number 7 as an  
oil well, what are you going to do with the northwest and southwest?

A That will be left out of any unit.

MR. UTZ: Are there other questions of the witness?

# CROSS EXAMINATION

BY MR. DURRETT:

Q Mr. Hoover, the way I understand it now, there was a  
case originally that created a non-standard unit?

A Yes, sir.

Q Do you have the number of that case and the order that  
was issued?

A Yes, sir, it was in -- the Number?

Q The order number will be sufficient.

A Order R-1361 dated April 2, 1959.

Q And that did approve a non-standard unit?

A Yes, sir.

Q For the Well Number 4?

A Yes, sir. I don't have the case number which authorized  
Well Number 3, but it was about the same time, where we covered  
the whole acreage for two non-standard units. I can get that and  
furnish it to you.

Q All right, sir, that would be helpful. As a point of  
clarification, after Order R-1361 was issued by the Commission,

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at a later date you did apply for a non-standard unit by administrative approval, and that was granted by Order 575?

A Yes, sir.

Q And also the same with 598, an administrative order, you did apply and that was granted?

A Yes, sir.

Q Now, during the time when your application was made for both of these administrative non-standard proration units, you did give notice at that time to all the offset operators in compliance with the rules?

A Yes, we did.

Q So, although those orders may have technically been issued, due to an error or mistake, everyone knew, at least all of the offset operators?

A That is correct.

Q So it would be your opinion, based on these facts, that no correlative rights have been impaired, or you or the Commission would at least have received an objection by this date?

A That is correct. I don't think there could be any chance of any correlative rights being affected, and like I say, we are rearranging acreage which was previously assigned to a non-standard unit so we are not adding additional acreage. We still stayed with our 160-acre non-standard unit or lease, which certainly would cause no objections from anybody when you go less.

Q Yes, sir. Now, on the same theory, you also would feel



that no error has been committed or we would have received objections from one of the non-standard units before or at this hearing?

A That is correct.

Q Would you feel that in order to clear up the paperwork, the Commission, if it should see fit to approve your non-standard unit that you have applied for here today, should also in the same order retroactively approve the non-standard unit erroneously administratively approved in order to clear up all the paperwork?

A We would have no objection.

MR. DURRETT: Thank you. I think that is all.

BY MR. UTZ:

Q At the time you reduced the acreage in this unit you replaced the acreage by a Blinebry oil well?

A In every case we have complied with Blinebry Oil Pool rules, where you have to reduce the gas unit, and so we complied there.

Q And all the interest owners were protected in that respect?

A Yes, sir.

Q Isn't it also true that in some cases you have had to reduce your acreage to avoid a double dedication that, incidentally are an incident of that; in some cases, the 40-acre tract has been left unproductive where it was productive before by being allocated production?

A It has not up until this time. If we have Number 7 as

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a Blinebry Oil Well, then we would have no possibility of including that other 40 acres.

Q I call your attention to the Northeast of the Northeast of Section 31, originally dedicated to a 160-acre non-standard unit.

A Yes, sir.

Q Subsequently, when Well Number 2 was recompleted as an oil well, Well Number 1 there is a gas producer, isn't it?

A Well Number 1 was completed as a Blinebry oil well, so that 40 acres went out. That left 120, so when Number 2 was developed as a Blinebry oil well, that left the acreage Number 6 was on; it could not be dedicated. That was not contiguous except by a corner. That's when, in order not to leave that acreage out, we got the approval to put it into the other, which had 120 at that time.

MR. UTZ: Are there any other questions? This witness may be excused.

(Witness excused.)

MR. UTZ: Are there any other statements in this case? The case will be taken under advisement.

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