

CASE No.

5230

Application,
Transcripts,
Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 8, 1974

EXAMINER HEARING

IN THE MATTER OF:

Application of Gulf Oil Corporation
for the amendment of Order No. R-4079,
Lea County, New Mexico.

Case No.
5230

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Thomas Derryberry, Esq.
Legal Counsel for the
Commission
State Land Office Bldg.
Santa Fe, New Mexico

For the Applicant:

Charles C. Hairston, Esq.
Legal Counsel for
Gulf Oil Corporation
Midland, Texas

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

CASE 5230

Page.....2.....

I N D E X

PAGE

CHARLES F. KALTEYER

Direct Examination by Mr. Hairston
Cross Examination by Mr. Stamets

3
8

E X H I B I T S

Applicant's Exhibits Nos.
1 through 4

Marked

Admitted

--

8

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

MR. STAMETS: We'll call the next case, 5230.

MR. DERRYBERRY: Case 5230. Application of Gulf Oil Corporation for the amendment of Order No. R-4079, Lea County, New Mexico.

MR. HAIRSTON: Mr. Examiner, I'm Charles C. Hairston, of Midland, Attorney representing Gulf, and I have one witness, Mr. C.F. Kalteyer.

MR. STAMETS: Are there any other appearances in this Case? The Witness will stand and be sworn, please.

(Witness sworn.)

CHARLES F. KALTEYER

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

DIRECT EXAMINATION

BY MR. HAIRSTON:

Q For the record would you please state your name, by whom you are employed and in what capacity?

A My name is Charles F. Kalteyer, I'm employed by Gulf Oil Corporation as District Proration Engineer in Midland, Texas.

Q Mr. Kalteyer, have you previously testified before this Commission and given your qualifications as a Petroleum Engineer?

A Yes, sir, I have.

Q And were your qualifications accepted?

A Yes, sir.

MR. STAMETS: The Witness is qualified.

BY MR. HAIRSTON:

Q What is Gulf seeking in this Application?

A Gulf is asking for the amendment of Oil Conservation Commission Order No. R-4079, which was granted December 8, 1970, which authorized Gulf to surface commingle production prior to measurement from the Hobbs (Grayburg-San Andres) and Hobbs-Blinebry Pools on its W.D. Grimes (NCT-B) Lease with production from the Hobbs (Grayburg-San Andres) Pool on its W.D. Grimes (NCT-A) Lease. Gulf now seeks to include Bowers (Seven-Rivers) Pool production from its W.D. Grimes (NCT-B) Lease with the above-mentioned production.

Q Now, what amendment was granted to Order No. R-4079 on October 8, 1971?

A The OCC amended Order R-4079 to provide for allocation of production on the basis of bi-monthly well productivity tests rather than on monthly tests.

Q Now, what is shown on Exhibit No. 1?

A Exhibit 1 is a plat depicting the location of

the W.D. Grimes (NCT-A) Lease and the (NCT-B) Lease. These Leases are outlined in red and identifies the 14 wells involved in this hearing. If you will note on the legend, the wells circled in pink are completed in the Hobbs (Grayburg-San Andres) Pool. The well, it would be one well, circled in blue is completed in the Hobbs-Blinebry Pool and the one well circled in green is completed in the Bowers (Seven-Rivers) Pool. The W.D. Grimes (NCT-A) Lease is described as the W/2 of Section 32 and the W.D. Grimes (NCT-B) Lease is described as the NW/4 of the NE/4, the E/2 of the NE/4 and the NE/4 of the SE/4 of Section 33, all in T-18S, R-38E, Lea County, New Mexico. The ownership of both tracts is identical as the property is under the same basic lease.

Q Now, why was the original request made to commingle production prior to measurement on these tracts?

A The W.D. Grimes (NCT-B) Lease tank battery which was located within the city limits of Hobbs had become surrounded by private residences, and we believed it to be desirable from a safety standpoint to move it from this inhabited area.

Q Do you have an exhibit depicting the arrangement of production lines from the Grimes (NCT-B) Lease?

A Yes. Our Exhibit 2 depicts the flowline arrangement for the four Hobbs (Grayburg-San Andres) wells on the Grimes Pool Lease as Wells Nos. 1, 2, 3 and 4, and then the one Hobbs-Blinebry well, Well No. 7, and the one Bowers (Seven-Rivers) well, Well No. 6. The flowlines are produced into the header consisting of one main 4" production line and a 4" test line which will carry production from the (NCT-B) Lease to the Grimes (NCT-A) Lease battery.

Q Now, do you have an exhibit depicting the W.D. Grimes (NCT-A) Lease tank battery?

A Yes, sir. Exhibit 3 is a schematic diagram indicating how the flowlines from the Grimes (NCT-B) Lease will tie into the header with the Hobbs (Grayburg-San Andres) Pool wells on the W.D. Grimes (NCT-A) Lease.

Q Will the commingling of the Hobbs (Grayburg-San Andres), Hobbs-Blinebry and Bowers (Seven-Rivers) production result in any reduction of revenue?

A No, I believe it will not. The average gravity of the 578 barrels per day (Grayburg-San Andres) is 34.9° API, the 36 barrels per day Blinebry oil is 34.8° and the 11 barrels per day Bowers (Seven-Rivers) is 39.0°. If anything, the 39.0° gravity oil will upgrade the other production and result in a slight increase in the overall

KALTEYER-DIRECT

CASE 5230

Page.....7.....

revenue.

Q Are there top allowables involved in this commingling?

A Yes, sir, on the W.D. Grimes (NCT-A) Lease we have one Hobbs (Grayburg-San Andres) well which is top allowable, and that is Well No. 7. There are also two wells which have their allowables limited due to high gas-oil ratio on the same lease. The W.D. Grimes (NCT-B) Lease has three wells in the Hobbs (Grayburg-San Andres) Pool which have their allowables limited due to high ratio.

Q How do you propose to allocate production?

A Allocation of production will be on the basis of bi-monthly well tests.

Q Do you have any letter from your purchaser agreeing to purchase the oil in commingled conditions which you propose?

A Yes, sir. Our Exhibit 4 is a letter from Shell Oil Company agreeing to the purchase of the allowable produced from the Bowers (Seven-Rivers) Pool commingled with the presently commingled Hobbs (Grayburg-San Andres) and Hobbs-Blinbry production from the W.D. Grimes (NCT-A) and (NCT-B) Leases.

Q Mr. Kalteyer, were the exhibits that have been

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

KALTEYER-DIRECT
CROSS

CASE 5230

Page..... 8

presented in this Hearing, were they prepared by you or under your supervision?

A Yes, they were.

MR. HAIRSTON: Mr. Examiner, at this time I would like to formally move for the introduction and acceptance of Exhibits 1 through 4.

MR. STAMETS: Exhibits 1 through 4 will be admitted into evidence.

(Whereupon, Applicant's Exhibits Nos. 1 through 4 were admitted into evidence.)

MR. HAIRSTON: I believe that concludes our presentation, Mr. Examiner.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Kalteyer, you mentioned one top-allowable well and about five high GOR wells. Is this situation significantly different from what you had before?

A I think we had three top-allowable wells the time before and also had some limited ratio wells.

Q So basically there is no difference between the testing procedures that were in effect than the type of wells that you had when this was previously approved?

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

A That is correct.

Q And this, in your opinion will provide adequate measurement for the Bowers' oil?

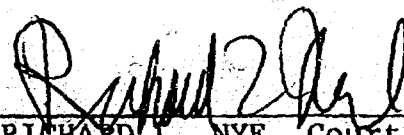
A Yes.

Q As well as all the other oil

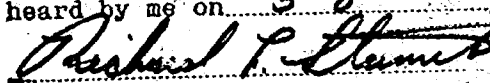
MR. STAMETS: Are there any other questions of this Witness? He may be excused. If there is nothing further we will take this Case under advisement.

STATE OF NEW MEXICO)
COUNTY OF SANTA FE) SS.

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing be-
for the New Mexico Oil Conservation Commission was
reported by me, and the same is a true and correct record
of the said proceedings, to the best of my knowledge,
skill and ability.


RICHARD L. NYE, Court Reporter

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5230
heard by me on 5-8, 1974


Richard P. Starnes, Examiner
New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

June 4, 1974

I. R. TRUJILLO
CHAIRMAN

**LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER**

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

Mr. Charles C. Hairston
Gulf Oil Corporation
Box 1150
Gulf Building
Midland, Texas 79701

Re: CASE NO. 5230

ORDER NO. R-4079-B

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.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

| | |
|-------------|-----------------------------------|
| Hobbs OCC | <u> x </u> |
| Artesia OCC | <u> </u> |
| Aztec OCC | <u> </u> |

Other _____

CASE 5239: Southeastern nomenclature case calling for the creation and extension of certain pools in Lea and Eddy Counties, New Mexico.

(a) Create a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Ojo Chiso-Morrow Gas Pool. The discovery well is the Brunson & McKnight, Inc. Ojo Chiso Unit Well No. 1 located in Unit E of Section 23, Township 22 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM
Section 23: W/2

(b) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Delaware production and designated as the Washington Ranch-Delaware Gas Pool. The discovery well is the Black River Corporation BR 4 Federal Well No. 3 located in Unit H of Section 4, Township 26 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 24 EAST, NMPM
Section 4: NE/4

(c) Extend the West Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 1: All
Section 2: E/2
Section 12: All

(d) Extend the Atoka-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 12: W/2

(e) Extend the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 27: S/2
Section 35: W/2

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 7: All
Section 11: All

(f) Extend the Burton Flat-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 35: W/2

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 11: All

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. 5230
Order No. R-4079-B

APPLICATION OF GULF OIL CORPORATION
FOR THE AMENDMENT OF ORDER NO.
R-4079, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 8, 1974,
at Santa Fe, New Mexico, before Examiner, Richard L. Stamets.

NOW, on this 4th day of June, 1974, the Commission,
a quorum being present, having considered the testimony, the
record, and the recommendations of the Examiner, 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 by Order No. R-4079, dated December 8, 1970, the
Commission granted Gulf Oil Corporation an exception to Rules
303 and 309 of the Commission Rules and Regulations to commingle,
prior to measurement, production from the Hobbs (Grayburg-San
Andres) and Hobbs-Blinberry Pools on applicant's W. P. Grimes
NCT-B Lease and to commingle, prior to measurement, the
aforesaid production with the Hobbs (Grayburg-San Andres)
production from applicant's W. D. Grimes NCT-A Lease, said
NCT-A lease being located in Section 32 and said NCT-B lease
being located in Section 33, both in Township 18 South, Range 38
East, NMPM, Lea County, New Mexico.

(3) That the applicant, Gulf Oil Corporation, now seeks
an amendment of Order No. R-4079, to include in the commingling
authority therein granted Bowers-Seven Rivers production from
its W. D. Grimes NCT-B lease.

(4) That applicant proposes to allocate the production to
each of said leases and pools on the basis of bi-monthly well
tests.

-2-

Case No. 5230
Order No. R-4079-B

(5) That approval of the subject application will allow the applicant to continue to take desirable safety precautions, will result in economic savings to the applicant, prevent waste, and protect correlative rights, provided that the facilities for commingling production are modified to provide for individual testing for each of the wells added to such facilities by virtue of this order.

(6) That Order No. R-4079, as amended by Order No. R-4079-A, should be amended to provide for bi-monthly testing of wells.

IT IS THEREFORE ORDERED:

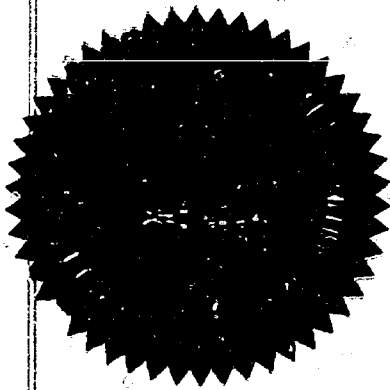
(1) That Order (1) of Order No. R-4079, dated December 8, 1970, is hereby amended to read as follows:

"(1) That the applicant, Gulf Oil Corporation, is hereby authorized to commingle prior to measurement production from the Hobbs (Grayburg-San Andres), Hobbs Blinbry, and Bowers-Seven Rivers Pools from wells on the W. D. Grimes NCT-B Lease comprising the NW/4 NE/4, E/2 NE/4, and NE/4 SE/4 of Section 33, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico."

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



I. R. Trujillo
I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

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

S E A L

dr/

CASE 5233: Application of Burleson & Huff for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down to and including the Queen formation underlying the SW/4 of Section 29, Township 25 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico, to be dedicated to its Jenkins Well No. 3 located 760 feet from the South line and 1980 feet from the West line of said Section 29. Also to be considered will be the cost of recompleting and equipping said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in recompleting and equipping said well.

CASE 5234: Application of Atlantic Richfield for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard gas proration unit comprising the S/2 of Section 14, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its McDonald WN State Wells Nos. 1 and 27 located in Units L and O, respectively, of said Section 14.

CASE 5235: Application of Atlantic Richfield Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the N/2 of Section 9, Township 21 South, Range 26 East, Eddy County, New Mexico, to form a standard 320-acre unit to be dedicated to a well to be drilled at a standard location for said unit, and pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of said Section 9 to form a standard 320-acre unit to be dedicated to a well to be drilled at a standard location for said unit, if it is determined that said Section 9 should be developed on 320-acre spacing. Applicant further seeks a provision in said order that would pool all mineral interests in the Pennsylvanian formation underlying all of said Section 9 to form a standard 640-acre unit to be dedicated to a well to be drilled at a standard location for said unit if it is determined that said Section 9 should be developed on 640-acre spacing. Also to be considered will be the cost of drilling and completing said well, or wells, and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well, or wells, and a charge for risk involved in drilling said well, or wells.

CASE 5236: Application of Atlantic Richfield Company for five unorthodox oil well locations and an administrative procedure, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of five oil wells in the Horseshoe-Gallup Oil Pool in Township 31 North, Range 16 West, San Juan County, New Mexico, to be drilled at the following points:

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 8, 1974

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

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 4790: (Reopened) (Continued from April 10, 1974, Examiner Hearing)

In the matter of Case No. 4790 being reopened pursuant to the provisions of Order No. R-4370, which order established temporary rules for the Dublin-Ellenburger Gas Pool, Lea County, New Mexico, including a provision for 640-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing units.

CASE 5220: (Continued from the April 25, 1974, Examiner Hearing)

Application of Atlantic Richfield Company for an unorthodox gas well location and non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its McDonald State WN Well No. 24 located 1780 feet from the North line and 660 feet from the West line of Section 25, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to a 320-acre non-standard gas proration unit comprising the N/2 of said Section 25.

CASE 5229: Application of Texas International Petroleum Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Lower-Federal Well No. 1 located in Unit H of Section 31, Township 20 South, Range 30 East, Golden Lane Field, Eddy County, New Mexico, in such a manner as to produce Strawn and Morrow gas through parallel strings of tubing.

CASE 5230: Application of Gulf Oil Corporation for the amendment of Order No. R-4079, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4079 which authorized the commingling of Hobbs Grayburg-San Andres and Hobbs-Blinbry production from its W. D. Crimes "A" and "B" leases in Sections 32 and 33, Township 18 South, Range 38 East, Lea County, New Mexico, to include in said commingling authority Bowers-Seven Rivers production.

CASE 5231: Application of Mesa Petroleum Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Nash Unit Area comprising 5,124 acres, more or less, of State, Federal and fee lands in Township 23 South, Ranges 29 and 30 East, Eddy County, New Mexico.

CASE 5232: Application of Texas Pacific Oil Company, Inc. for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Phantom Draw Unit Area comprising 8,465 acres, more or less, of Federal, State and fee lands in Township 26 South, Range 31 East, Eddy County, New Mexico.

(Case 5236 continued from Page 1)

1975 feet from the North line and 890 feet from the West line of Section 28; 150 feet from the North line and 1375 feet from the East line of Section 33; 2580 feet from the South line and 295 feet from the West line of Section 35; 2605 feet from the North line and 2580 feet from the East line of Section 32; and 2540 feet from the South line and 2570 feet from the East line of Section 36.

Applicant further seeks an administrative procedure for the approval without notice and hearing of additional unorthodox locations for infill wells to be drilled within the Atlantic Horseshoe-Gallup Unit Area.

CASE 5237: Application of General American Oil Company of Texas for sixteen unorthodox oil well locations and an administrative procedure, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of sixteen oil wells in the Grayburg-Jackson Pool, Eddy County, New Mexico, to be drilled at the following points: 1295 feet from the South line and 1345 feet from the East line of Section 13; 1345 feet from the North line and 25 feet from the East line, 1295 feet from the North line and 2615 feet from the East line, 1295 feet from the North and East lines, 1295 feet from the South line and 2615 feet from the West line, 1345 feet from the South line and 25 feet from the East line, and 2615 feet from the South line and 1345 feet from the East line of Section 23; 1345 feet from the North and West lines, 2615 feet from the South line and 25 feet from the West line, 2615 feet from the South line and 1295 feet from the West line, 2615 feet from the South and West lines, 1345 feet from the South line and 2615 feet from the East line, and 1295 feet from the South line and 1345 feet from the West line of Section 24; and 25 feet from the North line and 2615 feet from the East line of Section 26, all in Township 17 South, Range 29 East, and 1295 feet from the North line and 2665 feet from the East line and 25 feet from the North line and 2615 feet from the East line of Section 30, Township 17 South, Range 30 East.

Applicant further seeks the adoption of an administrative procedure whereby additional infill wells at unorthodox locations could be drilled on its leases in this area without notice and hearing.

CASE 5238: Application of Yates Petroleum Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation through the indicated perforated interval of the following wells in Township 17 South, Range 25 East, Eagle Creek-San Andres Pool, Eddy County, New Mexico: from 1286 feet to 1456 feet in its Federal B2 Well No. 6 located in Unit N of Section 21; from 1270 feet to 1440 feet in its Ingram Jackson BV Well No. 2 located in Unit D of Section 26; and from 1295 feet to 1372 feet in its Gissler AV Well No. 1 located in Unit C of Section 23. Applicant further seeks an administrative procedure for approval of additional salt water disposal into the San Andres formation in the subject pool without notice and hearing.

Examiner Hearing - Wednesday - May 8, 1974

Dockets Nos. 12-74 and 13-74

-7-

(w) Extend the Winchester-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 35: S/2

CASE 5208: (Continued from the April 25, 1974, Examiner Hearing)

Application of S. P. Yates for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to Order No. R-3221, as amended, authority to dispose of produced salt water in an unlined surface pit on its Federal LC 065598 lease in the SW/4 SW/4 of Section 4, and the NE/4 of Section 5, Township 17 South, Range 30 East, Square Lake Pool, Eddy County, New Mexico.

Docket No. 13-74

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 15, 1974

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

The following cases will be heard before Daniel S. Nutter, Examiner or Richard L. Stamets, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas from seventeen prorated pools in Lea, Eddy, Roosevelt, and Chaves Counties, New Mexico, for June, 1974;
- (2) Consideration of the allowable production of gas from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for June, 1974.

(g) Extend the Cabin Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM
Section 11: N/2

(h) Extend the Crossroads-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM
Section 26: NE/4

(i) Extend the Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 6: SE/4

(j) Extend the Fowler-Devonian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM
Section 10: NE/4

(k) Extend the Indian Basin-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM
Section 31: All
Section 32: All

(l) Extend the Penasco Draw San Andres-Yeso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 12: NW/4

(m) Extend the Quail Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 17: E/2

(n) Extend the Rocky Arroyo-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 22 EAST, NMPM
Section 7: E/2
Section 8: SW/4

- (o) Extend the Sand Dunes-Cherry Canyon Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 26: NW/4 SE/4

- (p) Extend the North Vacuum-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
Section 1: NE/4

- (q) Extend the Vada-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM
Section 13: NE/4

- (r) Extend the Wantz-Granite Wash Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 26: NE/4

- (s) Extend the Washington Ranch-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 24 EAST, NMPM
Section 12: N/2

- (t) Extend the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

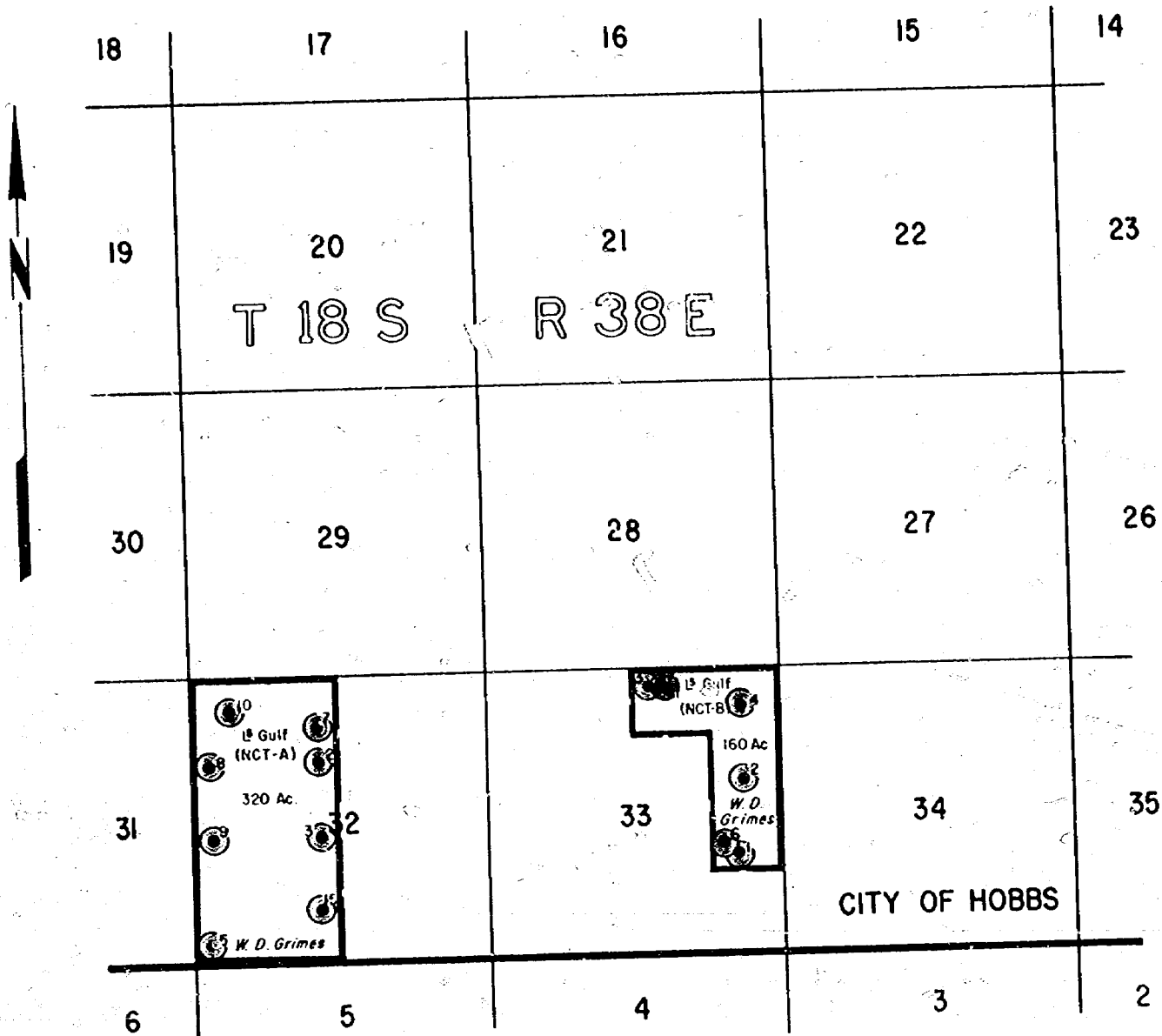
TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM
Section 17: All

- (u) Extend the Wilson-Pennsylvanian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 13: E/2

- (v) Extend the Winchester-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 35: S/2



PLAT OF
GULF OIL CORPORATION'S
W.D. GRIMES (NCT-A) and (NCT-B) LEASE
LEA COUNTY, NEW MEXICO

LEGEND

- Pertinent Lease
- Hobbs (Grayburg - San Andres) Pool
- Hobbs - Blinebry Pool
- Bowers (Seven Rivers) Pool

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

EXHIBIT NO. 1

CASE NO. 5230

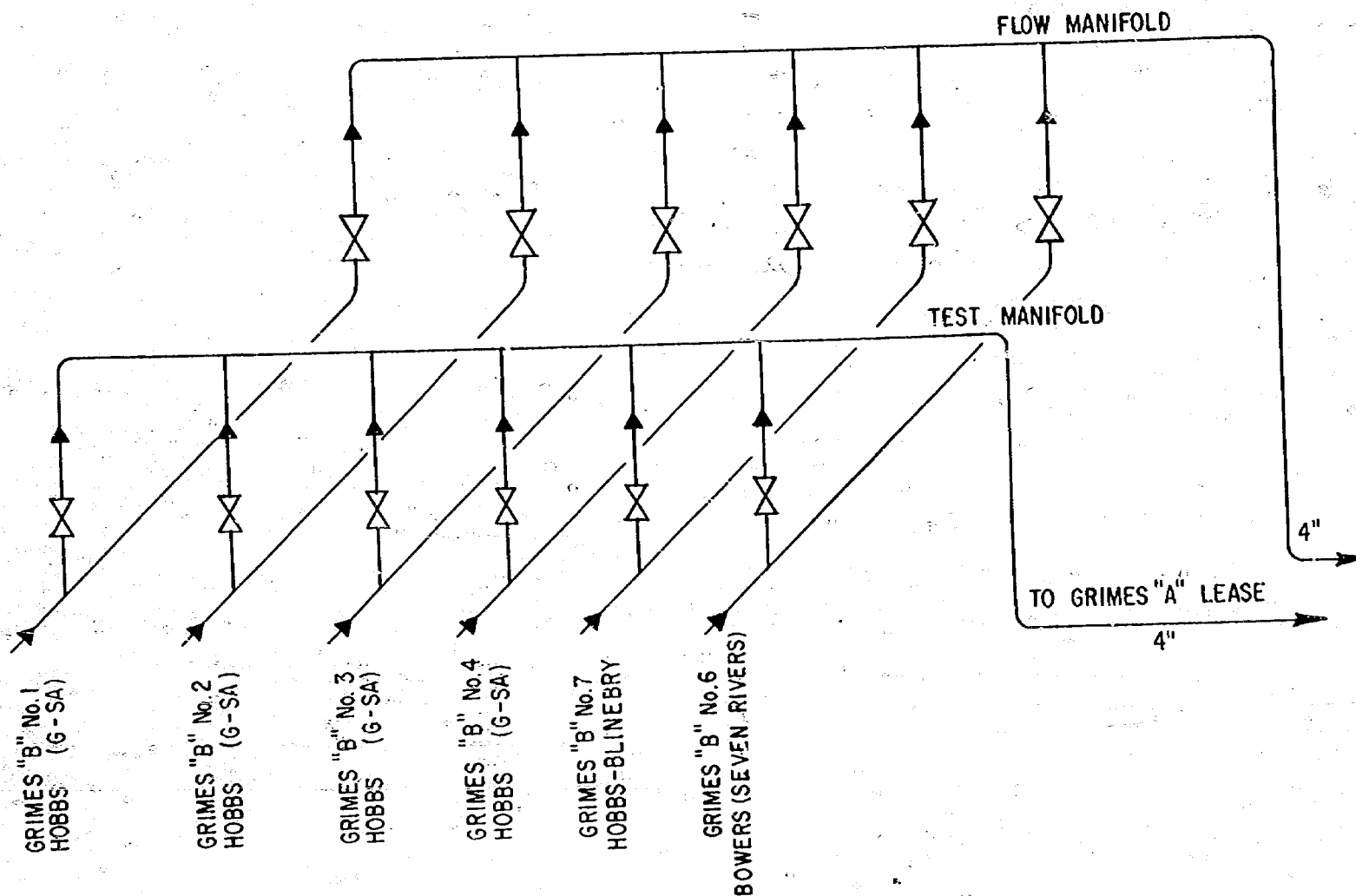
SUB Gulf Oil Corp

H 5-8-74

Exhibit No. 1
Case No. 5230
May 8, 1974

SCHEMATIC DIAGRAM
PROPOSED FLOW LINE HEADER

GULF OIL CORPORATION
W. D. GRIMES (NCT-B) LEASE



BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

EXHIBIT NO. 2

CASE NO. 5230

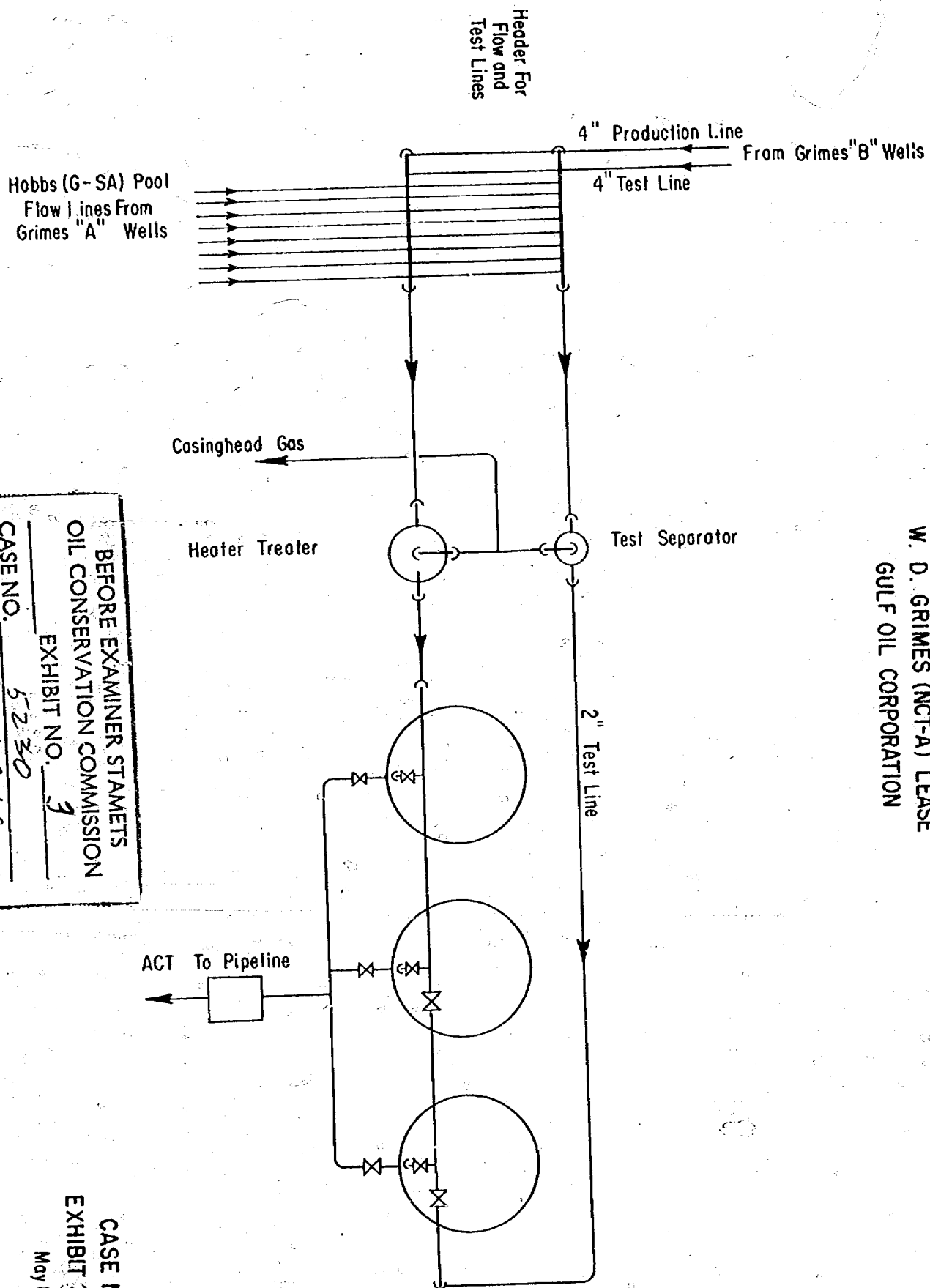
Submitted by Gulf Oil Corp

Hearing Date 5-8-74

CASE NO. 5230
EXHIBIT NO. 2

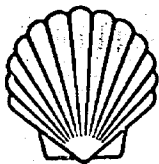
May 8, 1974

SCHEMATIC DIAGRAM
TANK BATTERY
W. D. GRIMES (NCT-A) LEASE
GULF OIL CORPORATION



BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION
CASE NO. 5230
EXHIBIT NO. 3
Submitted by Gulf Oil Corp
Hearing Date 5-8-74

CASE NO. 5230
EXHIBIT NO. 3
May 8, 1974



SHELL OIL COMPANY

PETROLEUM BUILDING
P.O. BOX 1509
MIDLAND, TEXAS 79701

April 23, 1974

Subject: Gulf Oil Corporation
W. D. Grimes NCT-B Lease
Bowers Pool
Lea County, New Mexico

Gulf Oil Corporation
Post Office Box 1150
Midland, Texas 79701

Attention Mr. C. W. Briggs

Gentlemen:

This is to confirm our conversation wherein it was agreed Shell Oil Company is agreeable to purchasing the allowable production of 11 b/d from Well No. 6 on the captioned lease commingled with existing Hobbs and Hobbs Blinbry production in your W. D. Grimes NCT A&B tank battery.

Please advise us when you actually commence the commingling so that we may adjust our records and notify our carrier to run the commingled crude oil for our account.

Yours very truly,

J. G. Hart
Raw Materials Supply
Field Operations-Midland

ERL

EXHIBIT NO. 4
CASE NO. 5230
MAY 8, 1974

| | |
|-----------------------------|---------------|
| BEFORE EXAMINER STAMETS | |
| OIL CONSERVATION COMMISSION | |
| EXHIBIT NO. | 4 |
| CASE NO. | 5230 |
| Submitted by | Gulf Oil Corp |
| Hearing Date | 5-8-74 |

J. R. MODRALL
JAMES E. SPERLING
JOSEPH E. ROEHL
GEORGE T. HARRIS, JR.
DANIEL A. SISK
LELAND S. SEDBERRY, JR.
ALLEN C. DEWEY, JR.
FRANK H. ALLEN, JR.
JAMES P. SAUNDERS, JR.
JAMES A. PARKER
JOHN R. COONEY
KENNETH L. HARRIGAN
PETER J. ADAMS
DALE W. EK
DENNIS J. FALK
ARTHUR D. MELENDEZ
BRUCE D. BLACK
CHARLES J. NOYA
JOE R. G. FULCHER
MEL E. YOST
JAMES F. HOUGHTON
GEORGE J. HOPKINS

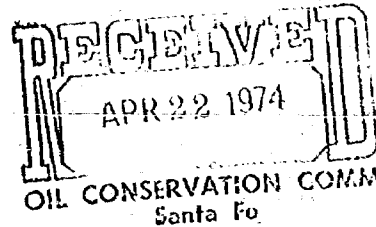
LAW OFFICES OF
MODRALL, SPERLING, ROEHL, HARRIS & SISK

PUBLIC SERVICE BUILDING
P. O. BOX 2168
ALBUQUERQUE, NEW MEXICO 87103

JOHN F. SIMMS (685-1954)
AUGUSTUS T. SEYMOUR
(907-1965)

TELEPHONE 243-4511
AREA CODE 505

April 18, 1974



Mr. A. L. Porter
Secretary-Director
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Application of Gulf Oil Corporation
to Amend Order No. 4079 Permitting
Commingle of Production, W. D.
Grimes (NCT-A) and W. D. Grimes
(NCT-B) Leases, Lea County, New
Mexico

Dear Mr. Porter:

Enclosed is Entry of Appearance on behalf of the
Applicant, Gulf Oil Corporation, in the above-
captioned application, which has been requested
for docketing at the Examiner's hearing on May 8,
1974.

Very truly yours,

James E. Sperling
James E. Sperling

/jv

Enclosure

cc: Mr. Robert W. Fuller, w/encl.
Divisional Attorney
Law Department
Gulf Oil Company - U.S.
P. O. Box 1150
Midland, Texas 79701

DOCKETED
Date *4-25-74*

BEFORE THE OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF GULF OIL CORPORATION TO AMEND
ORDER NO. R-4079 PERMITTING
COMMINGLING OF PRODUCTION, W. D.
GRIMES (NCT-A) AND W. D. GRIMES
(NCT-B) LEASES, LEA COUNTY, NEW
MEXICO

Case No. _____

ENTRY OF APPEARANCE

The undersigned, Modrall, Sperling, Roehl, Harris & Sisk,
of Albuquerque, New Mexico, hereby enter their appearance here-
in for the Applicant, Gulf Oil Corporation, with its house
counsel of Midland, Texas.

MODRALL SPERLING ROEHL HARRIS & SISK

By: 

Attorneys for Gulf Oil Corporation
P. O. Box 2168
Albuquerque, New Mexico 87103

DRAFT

jr/

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. 5230

Order No. R- 4079-B

APPLICATION OF GULF OIL CORPORATION
FOR THE AMENDMENT OF ORDER NO. R-4079,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 8, 19 74,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of May, 1974, the Commission,
a quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, 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 by Order No. R-4079, dated December 8, 1970, the
Commission granted Gulf Oil Corporation an exception to Rules 303
and 309 of the Commission Rules and Regulations to commingle, prior
to measurement, production from the Hobbs (Grayburg-San Andres)
and Hobbs-Blaine Pools on applicant's W. P. Grimes NCT-B Lease
and to commingle, prior to measurement, the aforesaid production
with the Hobbs (Grayburg-San Andres) production from applicant's
W. D. Grimes NCT-A Lease, said NCT-A lease being located in
Section 32 and said NCT-B lease being located in Section 33,
both in Township 18 South, Range 38 East, NMPM, Lea County, New Mexico.

Gulf Oil Company - U.S.

PRODUCTION DEPARTMENT
MIDLAND DISTRICT

Case 5230

April 11, 1974

P. O. Drawer 1150
Midland, Texas 79701

W. B. Hopkins
DISTRICT PRODUCTION MANAGER
J. L. Pike
DISTRICT OPERATIONS MANAGER
M. B. Moseley
DISTRICT SERVICES MANAGER
A. J. Evans, Jr.
DISTRICT ENVIRONMENTAL & SAFETY MANAGER
J. C. Howard
DISTRICT EMPLOYEE RELATIONS MANAGER

Oil Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

RECEIVED
APR 15 1974
OIL CONSERVATION COMMISSION
Santa Fe

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

Re: Application of Gulf Oil Corporation
to Amend Order No. R-4079 Permitting
Commingling of Production, W. D. Grimes
(NCT-A) and W. D. Grimes (NCT-B) Leases,
Lea County, New Mexico

Gentlemen:

It is respectfully requested that the above application be set on your Examiner
Hearing Docket of May 8, 1974.

By order No. R-4079 dated 12-8-70 and Order R-4079-A dated 10-8-71 Gulf Oil
Corporation was authorized to surface commingle prior to measurement of production
from the Hobbs (Grayburg-San Andres) and Hobbs-Blinbry Pools from wells on the
W. D. Grimes (NCT-B) Lease comprising the NW/4 NE/4, E/2 NE/4 and NE/4 SE/4 of
Section 33, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico, to
surface commingle prior to measurement the aforementioned commingled production
and production from the Hobbs (Grayburg-San Andres) Pool with wells on the W. D.
Grimes (NCT-A) Lease comprising the W/2 of Section 32, same township and range,
and to allocate the commingled production to each of the subject wells, pools and
leases on the basis of bi-monthly well tests.

Gulf now proposes to also surface commingle production from the Bowers Seven
Rivers Pool on the W. D. Grimes (NCT-B) Lease with the above mentioned production
and allocate the commingled production to each of the involved wells, pools,
and leases on the basis of bi-monthly well tests.

Yours very truly,

J. L. Pike
J. L. PIKE

CFK:jm

cc: New Mexico Oil Conservation Commission
P. O. Box 1980
Hobbs, New Mexico 88240



A DIVISION OF GULF OIL CORPORATION

DOCKET MAILED

Date 4-25-74

-2-

CASE NO. 5230

Order No. R-4079-A

(3) That the applicant, Gulf Oil Corporation, now seeks an amendment of Order No. R-4079, to include in the commingling authority therein granted Bowers-Seven Rivers production from its W. D. Grimes NCT-B lease.

(4) That applicant proposes to allocate the production to each of said leases and pools on the basis of bi-monthly well tests.

(5) That approval of the subject application will allow the applicant to continue to take desirable safety precautions, will result in economic savings to the applicant, prevent waste, and protect correlative rights, provided that the facilities for commingling production are modified to provide for ~~individual~~ individual testing for each of the wells added to such facilities by virtue of this order.

(6) That Order No. R-4079, *as amended by Order No. R-4079-A,* should be amended to provide for bi-monthly testing of wells.

IT IS THEREFORE ORDERED:

(1) That Order (1) of Order No. R-4079, dated December 8, 1974, is hereby amended to read as follows:

"(1) That the applicant, Gulf Oil Corporation, is hereby authorized to commingle prior to measurement production from the Hobbs (Grayburg-San Andres), Hobbs Blinbry, and Bowers-Seven Rivers Pools from wells on the W. D. Grimes NCT-B Lease comprising the NW/4 NE/4, E/2 NE/4, and NE/4 SE/4 of Section 33, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico."

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

CASE 5230: Application of GULF
FOR THE AMENDMENT OF ORDER NO.
R-4079, LEA COUNTY, NEW MEXICO.

Use Order No
R-4079-B