

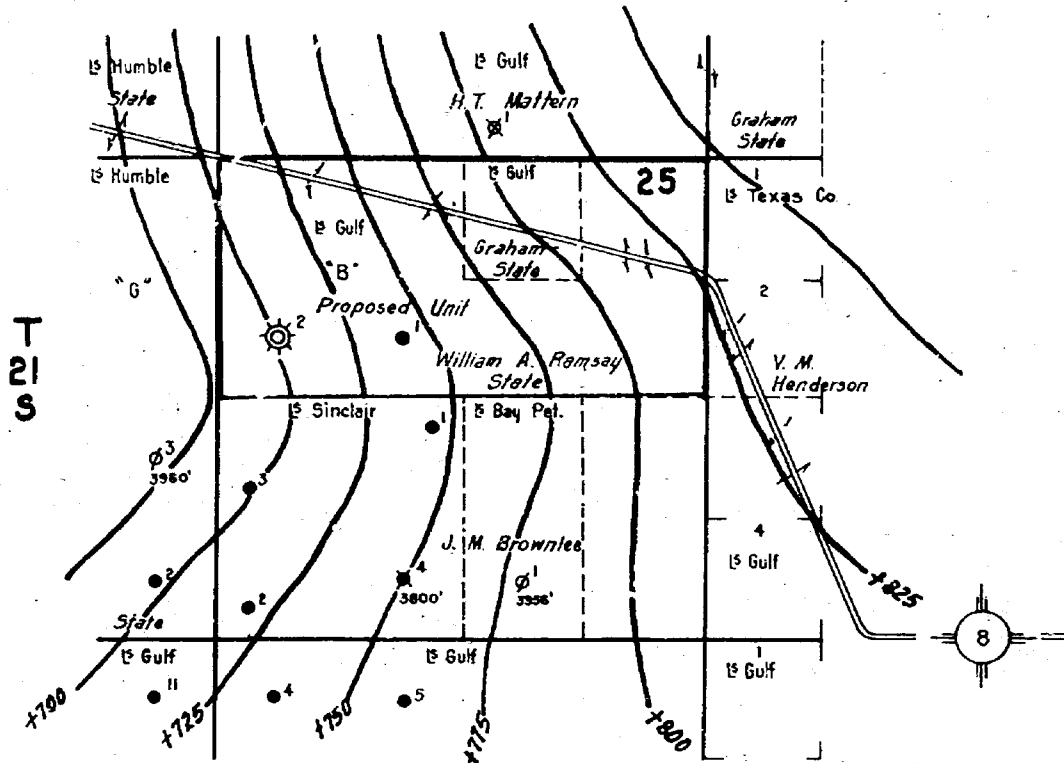
Case No.

910

Application, Transcript,
Small Exhibits, Etc.

Application of Gulf Oil Cor-
poration for new-standard gas unit, Arrow
type, No. A. Ramsey B No. 2 Well)

R - 36 - E



GULF OIL CORPORATION
FORT WORTH PRODUCTION DIVISION
Scale 1" = 2,000'

Plat Accompanying Application for
320-Acre Non-Standard Gas Unit

Gulf - William A. Ramsay "B" Lease

Structure Map Centeured on Top
of Yates Horizon

Contour Interval - 25'

000
MAIN OFFICE 000

2 OCT 1955 11 40

Case # 910

October 19, 1955

Campbell & Russell
J. P. White Building
Roswell, New Mexico

Re: Gulf State Ramsey
No. 2
Sec. 25-218-36E
Leases B-1732-1 and
A-1543-1

Attention: John P. Russell

Gentlemen:

We are enclosing two copies of application for communitization and two copies of Order of Approval or Communitization Agreement, which was approved by the Commissioner of Public Lands October 19, 1955.

We call your attention to correction in Lease number A-735, which should be changed to B-1732-1 covering the NW/4, E/2 NE/4, and SW/4 NE/4.

Please transmit to us a five dollar (\$5.00) filing fee at your earliest convenience.

Very truly yours,

E. S. WALKER
Commissioner of Public Lands

Encl.
cc: CCC-Santa Fe
MNR/m

Mr
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BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 910

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
ROOMS 105, 106, 107 EL CORTEZ BUILDING
TELEPHONE 7-9546
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
Santa Fe, New Mexico

May 18, 1955

IN THE MATTER OF:

Application of Gulf Oil Corporation for approval
of a 320-acre non-standard gas proration unit in
the Arrow Gas Pool, Lea County, New Mexico, to
consist of N/2 Section 25, Township 21 South,
Range 36 East, and to be dedicated to applicant's
William A. Ramsay "B" Well No. 2, located 1980'
FNL and 660' FWL of said Section 25.

Case No. 910

Before: Honorable John F. Simms, E. S. (Johnny) Walker, and
William B. Macey.

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 910.

MR. MALONE: Ross Malone, appearing for Gulf Oil Corporation
in Case No. 910.

D O N W A L K E R

having first been duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. MALONE:

Q Would you state your name to the Commission, please?

A Don Walker.

Q You live in Fort Worth, Mr. Walker?

A Yes, sir.

Q Employed by Gulf Oil Corporation?

A That is right.

Q In what capacity?

A I am the Division Proration Engineer and have been so em-
ployed for the last three and a half years.

ADA DEARNLEY & ASSOCIATES
STENOGRAPHIC REPORTERS
ALBUQUERQUE, NEW MEXICO
TELEPHONE 3-6651

Q You have not previously testified before this Commission, have you, Mr. Walker? A No, sir.

Q You have testified before other Commissions?

A That is right.

Q How long have you been with Gulf?

A I went to work for Gulf in 1935, and deducting four years for Army service, it leaves a net of sixteen years. I worked about seven years in the field and about three and a half years in the reservoir and reserves and evaluation work before I got into this proration field.

MR. MALONE: Are the witness's qualifications satisfactory?

MR. MACEY: They are.

Q Are you familiar with the application filed by Gulf in Case No. 910? A Yes, sir.

Q The purpose of that application is what?

A This is an application of Gulf Oil Corporation for approval of 320 non-standard, in the Arrow Gas Pool to consist of the north half of Section 25, T 21 south, R 36 east, to be dedicated to our William A. Ramsay "B" No. 2, located 1980 feet from the north line and 660 from the west line of Section 25.

Q Have you caused a plat to be prepared showing the acreage which it is proposed to include in the unit?

A Yes, sir, I have.

(Marked Gulf Oil Corporation's Exhibit No. 1, for identification.)

Q Has that plat been marked as Gulf's Exhibit 1?

A Yes, sir.

Q Have you caused a plat to be prepared showing the relationship of the proposed unit to other approved units in the area?

A I have.

(Marked Gulf's Exhibits Nos. 2,
3 and 4, for identification.)

Q Have you caused a plat to be prepared showing the contouring
of the area on top of the Yates? A Yes, sir.

Q Were these plats prepared under your supervision, Mr.
Walker? A They were.

Q Who is the owner of the leasehold estate as to all of the
acreage included in the proposed unit?

A Gulf Oil Corporation.

Q By whom are the royalty interests owned?

A State of New Mexico.

Q What well is it proposed to attribute the acreage to?

A The William A. Ramsay "B" No. 2, located I believe as
stated before, 1980 feet from the north line and 660 from the
west line of Section 25, T 21, R 36.

Q From what gas pool is that well producing?

A From the Arrow Gas Pool.

Q I invite your attention to the fact that a producing oil
well is shown on Gulf's Exhibit 1 which is the proposed unit. From
what pool is that oil well producing?

A It is producing Grayburg oil from the Arrowhead.

Q Can you give us a brief history of the William A. Ramsay
"B" State No. 2 well?

A This well was plugged back from an old Arrowhead oil
producer to an Arrow Gas Pool producer on June 18, 1951. It was
turned into the Eunice Gas System on December 28, 1951, and is now
producing within the vertical limits of the Arrow Gas Pool. The
perforated interval, it is perforating through casing from 3720 to

3630 and from 3580 to 3530.

Q Do you have available a sample log of this well?

A Yes, sir, we do have a sample log and it is indicated on the sample log as the top of the Queen formation, and the perforated interval.

Q Has that Exhibit been marked Gulf's Exhibit 4?

A Yes, sir.

Q What information do you have as to the ability of this well to produce the proposed allowable in the event the unit is approved?

A This well is presently assigned a 160 acre allowable of approximately 770 M.C.F. per day. If the 320 acre is assigned as proposed, the allowable would be approximately twice that amount of 1520 M.C.F. per day. The well produced 3,190 M.C.F. at a pressure of 638 P.S.I.A. during the test in May of 1953.

Q In your opinion is all of the acreage which would be included in the proposed unit reasonably productive of gas?

A Yes, sir.

Q On what do you base that conclusion?

A Based on offset wells in the immediate area as well as the contours on top of the Yates, which would indicate the rest of our 320 acre lease there to be productive. On the basis of this, I believe the unit can be, the total unit can reasonably be assumed to be productive of gas.

Q In connection with the application for administrative approval of this unit, was notice given to the adjoining operators?

A Yes, sir. I was looking for the application, I don't see it, but I am sure it was.

Q Were any protests received? A None.

Q In your opinion is it practical to combine the acreage which you propose to add to the existing unit, with any other existing well in the area?

A We don't feel that it is, no, sir.

Q Would this unit permit Gulf to recover its just and equitable share of the gas in the pool?

A Yes, sir. We feel that it would.

Q If the unit is not approved, what would be required for Gulf to do so?

A Gulf would have to drill another gas well on the east 160 and we consider this an unnecessary waste of expenditure.

Q In your opinion would the approval of Gulf's application prevent waste and protect correlative rights of owners in the pool?

A Yes, sir.

MR. MALONE: We offer in evidence Gulf's Exhibits 1, 2, 3 and 4.

MR. MACEY: Without objection they will be received.
Do you have anything further?

MR. MALONE: Nothing further on Case 910.

CROSS EXAMINATION

By MR. MONTGOMERY:

Q What is done with the gas after it is used for the gas lift in the oil?

A I don't believe I have that information available. Just a minute, maybe I can tell.

Q I was referring to Rule 404 or 3 where it says "after completion of natural gas well, no gas from such well shall be used to gas lift oil wells unless oil-gas produced is processed in gasoline

plants and beneficial thereafter without waste".

A I assume it is being handled accordingly, but I will have to get a positive answer for you.

Q It is not being flared?

A So far as I know it isn't.

MR. MACEY: The well produces into your Eunice Gas System?

A Yes, sir.

Q Doesn't Gulf contemplate the eventual abandonment of that system?

A We have been working toward the elimination of the gas lift. We have reduced the system drastically because we had to, and as far as we have been able to we have put wells on pumps to eliminate the gas lift system.

MR. MACEY: Does the approval of this unit, would you have to do any communitization work in regard to the two state leases involved?

A I believe we would. There is a 40 acre Graham State lease involved, which we would have to get the approval of the Land Commissioner. I believe that it is our understanding that it is the Land Commissioner's office' desire that they are approved here first before presented to them.

MR. MACEY: Anyone have anything further in this Case 910? If not we will take the case under advisement.

C E R T I F I C A T E

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings in the matter of Case No. 910, was taken by me on May 18, 1955, that the same is a true and correct record to the best of my knowledge, skill and ability.

Ada Dearnley
Reporter

**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. 910
Order No. R-659**

**THE APPLICATION OF GULF OIL
CORPORATION FOR AN ORDER
GRANTING APPROVAL OF AN EXCEPTION
TO RULE 5 (a) OF ORDER NO. R-520 IN
THE ESTABLISHMENT OF A 320-ACRE NON-
STANDARD GAS PRORATION UNIT IN THE
ARROW GAS POOL CONSISTING OF THE NORTH
HALF OF SECTION 25, TOWNSHIP 21 SOUTH,
RANGE 36 EAST, NMPM, LEA COUNTY, NEW
MEXICO, AND THE ASSIGNMENT OF SAID
ACREAGE TO APPLICANT'S WILLIAM A. RAMSAY
"B" WELL NO. 2, LOCATED 1980 FEET FROM THE
NORTH LINE AND 660 FEET FROM THE WEST LINE
OF SAID SECTION 25.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m. on May 18, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 14th day of July 1955, the Commission, a quorum being present, having considered the records and the testimony adduced, and being fully advised in the premises,

FINDS:

- (1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.
- (2) That pursuant to the provisions of Rule 5 (a) of Order No. R-520, the Commission has power and authority to permit the formation of a gas proration unit consisting of other than a legal section after notice and hearing by the Commission.
- (3) That the applicant, Gulf Oil Corporation, is the owner of an oil and gas lease covering the NW/4, E/2 NE/4 and the SW/4 NE/4 of Section 25, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, which lease consists of approximately 280 acres.
- (4) That the applicant, Gulf Oil Corporation, is the owner of an oil and gas lease covering the NW/4 NE/4 of Section 25, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, which lease consists of approximately 40 acres.

(5) That the applicant, Gulf Oil Corporation, proposes to communitize the above-described leases to form a non-standard proration unit consisting of 320 acres, more or less.

(6) That applicant, Gulf Oil Corporation, has a producing gas well on the aforesaid lease or leases known as the William A. Ramsay "B" Well No. 2, located 1980 feet from the north line and 660 feet from the west line of Section 25, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico.

(7) That the aforesaid well was originally completed as an oil well in the Arrowhead Pool in December, 1944, and was recompleted as a gas well in the Arrow Gas Pool in June, 1951, which date precedes the effective date of Order No. R-529.

(8) That the aforesaid well is located within the horizontal limits of the Arrow Gas Pool, and is completed within the vertical limits of the Arrow Gas Pool.

(9) That all of the acreage to be included in the proposed proration unit, before or after successful conclusion of communitization negotiations, may be reasonably assumed to be productive of gas from the Arrow Gas Pool.

(10) That there have been no objections to the formation of the proposed 320-acre non-standard proration unit.

(11) That unless a proration unit consisting of applicant's above-described acreage is permitted, applicant will be deprived of the full use and value of the acreage and the gas well located thereon.

(12) That the creation of the gas proration unit herein described is in the interests of conservation and the protection of correlative rights.

IT IS THEREFORE ORDERED:

(1) That a non-standard gas proration unit consisting of the following described acreage is hereby created:

TOWNSHIP 21 South, RANGE 36 East, NMPM
NW/4, E/2 NE/4, and SW/4 NE/4 of Section 25

containing 280 acres, more or less.

(2) That applicant's well, William A. Ramsay "B" Well No. 2, located 1980 feet from the north line and 660 feet from the west line of Section 25, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, shall be granted an allowable in the proportion that the above-described 280-acre unit bears to the standard or orthodox unit for the Arrow Gas Pool, all until further order of the Commission.

(3) That, upon successful conclusion of communitization negotiations, a non-standard gas proration unit consisting of the following described acreage shall be created:

Order No. R-659

TOWNSHIP 21 South, RANGE 36 East, NMPM
N/2 Section 25

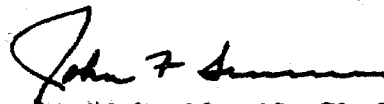
containing 320 acres, more or less, that the creation of said proration unit shall be effective on the date said communitization is approved by the Commissioner of Public Lands of the State of New Mexico.

(4) That, for the purposes of gas proration, the acreage included in said non-standard gas proration unit shall be assigned to Gulf Oil Corporation's William A. Ramsay "B" Well No. 2, which well is located as hereinabove described.

(5) That said well shall be granted an increased allowable dating from the first day of the month next following that month in which the Commission is formally notified in writing of the communitization of a 320-acre tract described above, and that the allowable granted shall be in the proportion that 320 acres bears to the acreage in a standard or orthodox gas proration unit in the Arrow Gas Pool, all until further order of the Commission.

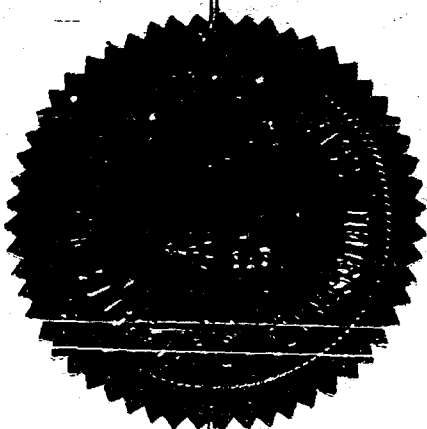
DONE at Santa Fe, New Mexico on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JOHN F. SIMMS, Chairman


E. S. WALKER, Member


W. B. MACKEY, Member and Secretary



OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

July 18, 1955

Gulf Oil Corporation
P.O. Drawer 1390
Fort Worth, 1, Texas

Gentlemen:

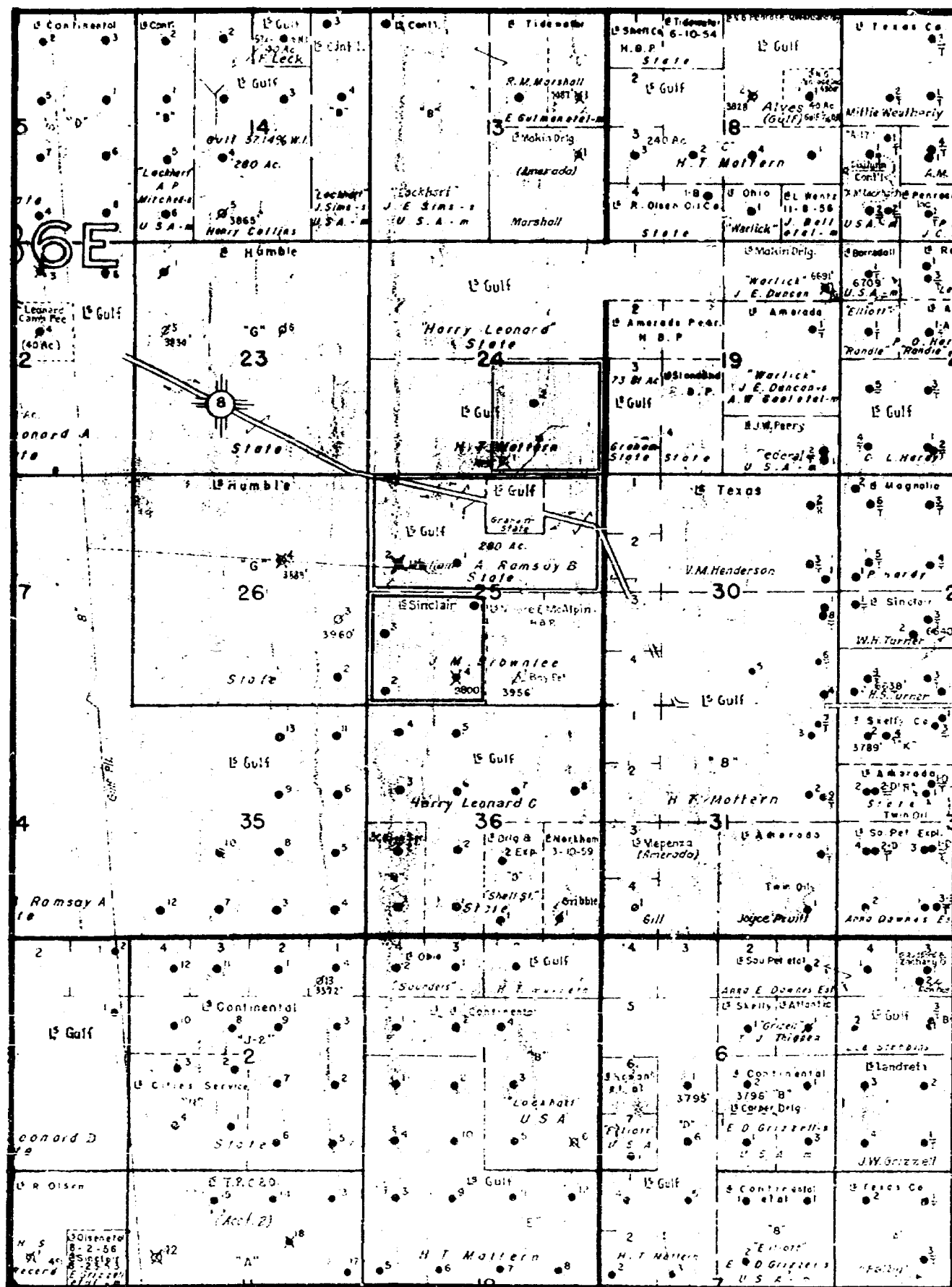
We enclose a copy of Order R-659 issued on July 14, 1955,
by the Oil Conservation Commission in Case 910, which was heard
at the May 18th hearing upon your company's application.

Very truly yours,

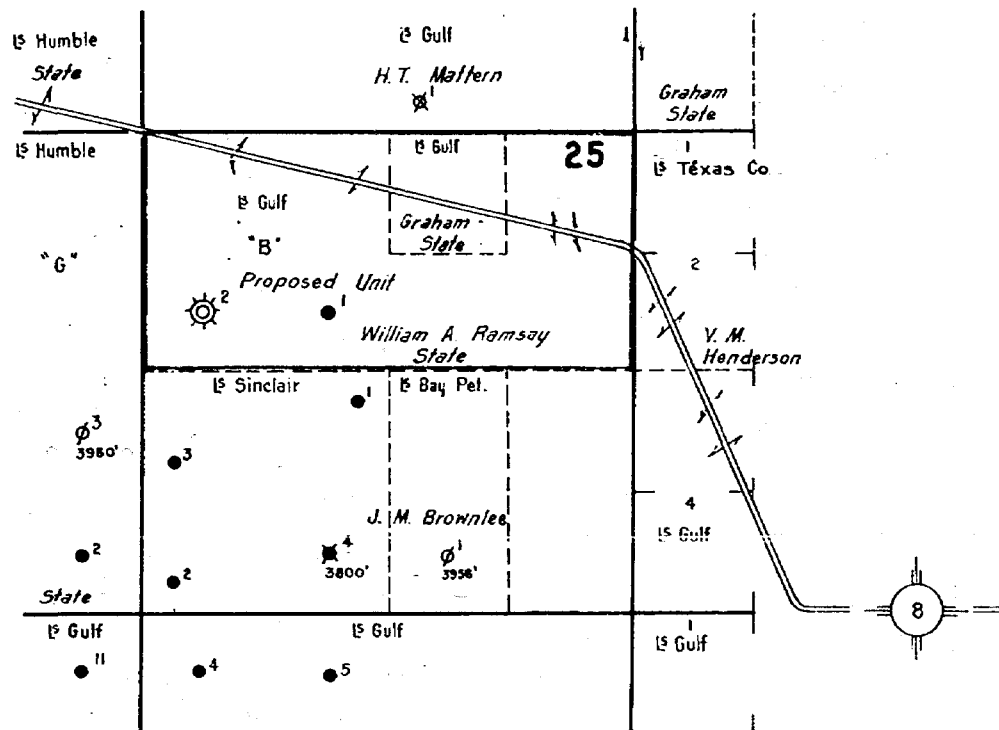
W. B. Macey
Secretary - Director

WMH:brp
Enclosure

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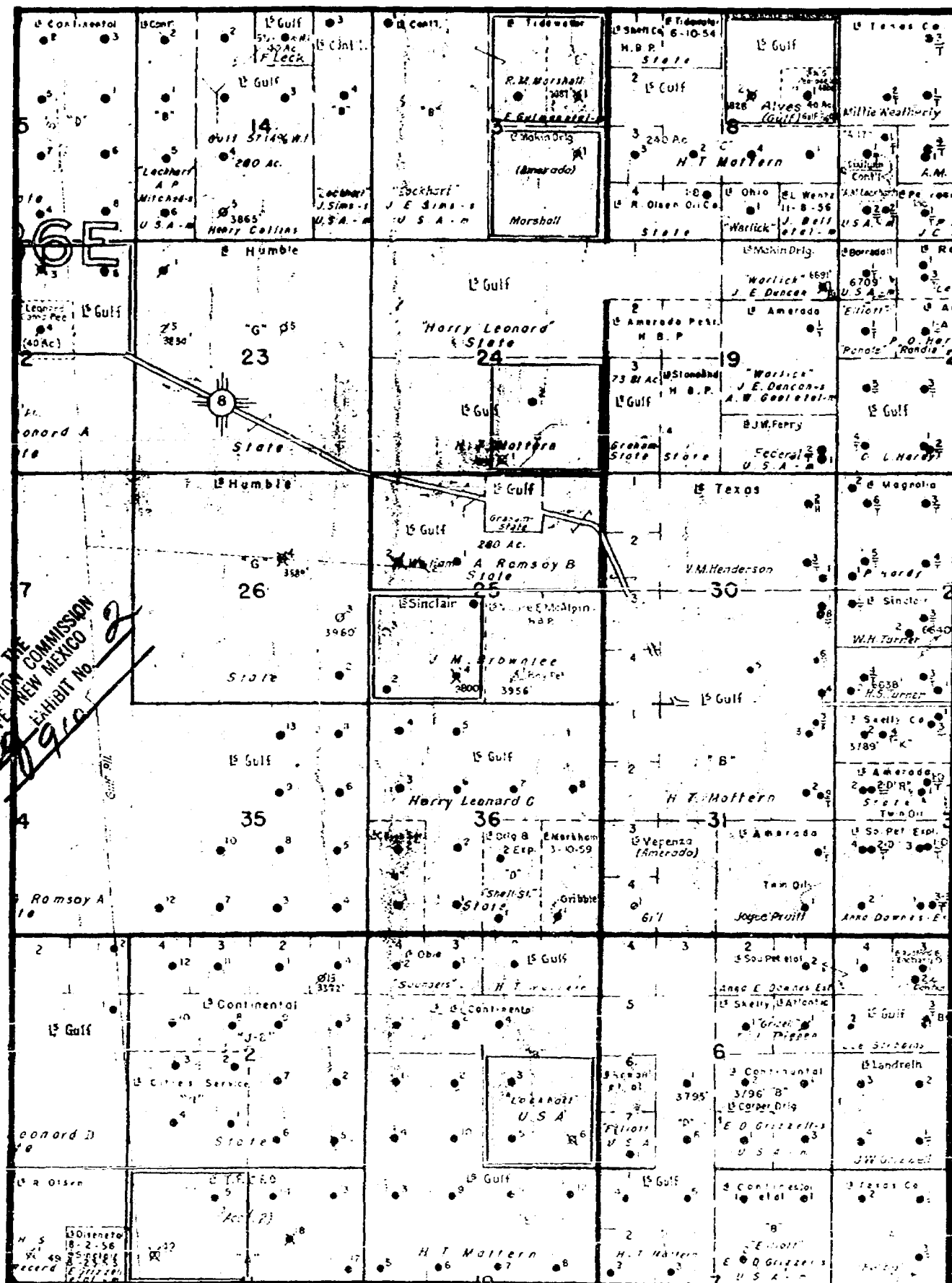


BEFORE THE
OIL CONS. AVIATION COMMISSION
SANTA FE, NEW MEXICO
EXHIBIT No. 1
CASE 910

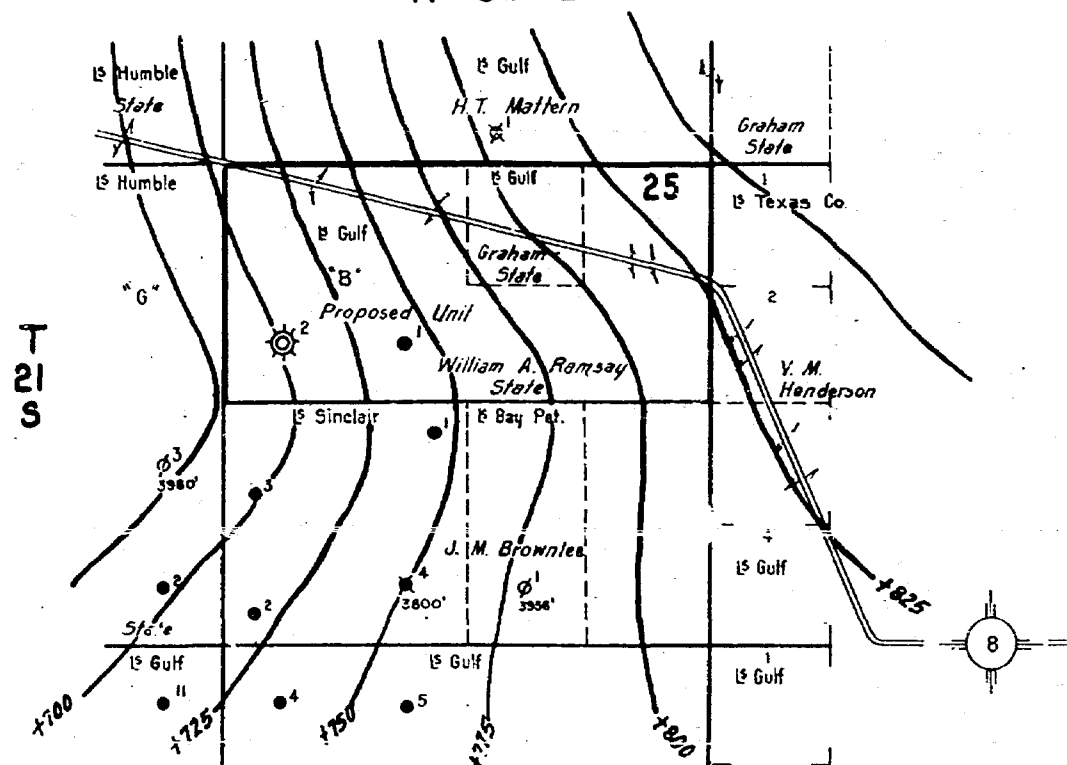
GULF OIL CORPORATION
FORT WORTH PRODUCTION DIVISION
Scale 1" = 2,000'

Plat Accompanying Application for 320-Acre Non-Standard Gas Unit

Gulf - William A. Ramsay "B" Lease



R - 36 - E



BEFORE THE
OIL CONS. COMMISSION
SANTA FE, NEW MEXICO
EXHIBIT No. 3
CASE 910

GULF OIL CORPORATION
FORT WORTH PRODUCTION DIVISION
Scale 1" = 2,000'

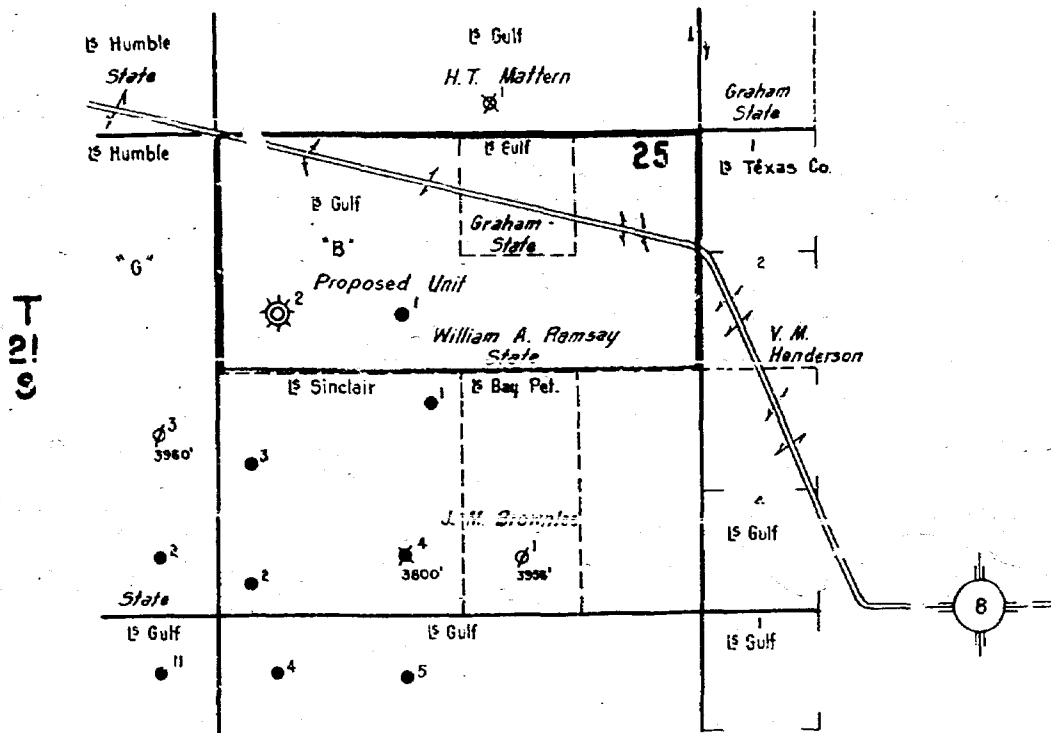
Plat Accompanying Application for
320-Acre Non-Standard Gas Unit

Gulf - William A. Ramsay "B" Lease

Structure Map Contoured on Top
of Yates Horizon

Contour Interval - 25'

R-36-E



GULF OIL CORPORATION
FORT WORTH PRODUCTION DIVISION
Scale 1" = 2,000'

Plat Accompanying Application for
320-Acre Non-Standard Gas Unit

Gulf - William A. Ramsay "B" Lease



PETROLEUM AND ITS PRODUCTS

GULF OIL CORPORATION

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

B. E. THOMPSON
DIVISION PRODUCTION MANAGER

FORT WORTH
PRODUCTION DIVISION

April 29, 1955

Re: Application for 320-acre Non-Standard
Gas Proration Unit, Arrow Gas Pool,
Comprising N/2 of Section 25, T-21-S,
R-36-E, Lea County, New Mexico

Oil Conservation Commission
State of New Mexico
Santa Fe, New Mexico

Gentlemen:

On January 5, 1955, Gulf Oil Corporation made written application for an exception to the New Mexico Oil Conservation Commission's Order No. R-520 in regard to the creation of a 320-acre non-standard gas proration unit in the Arrow Gas Pool to be located in Section 25, T-21-S, R-36-E, Lea County, New Mexico. By your letter of January 11, 1955, we were advised that according to Rule 5(a), Paragraph 3, of Order No. R-520, 160 acres is the maximum acreage that could be assigned administratively to our William A. Ramsay "B" Well No. 2 because of the well's location in respect to the south and west boundaries.

Therefore, Gulf Oil Corporation hereby resubmits the application for a 320-acre non-standard gas proration unit, comprising the N/2 of Section 25, T-21-S, R-36-E, Lea County, New Mexico, to be assigned to its William A. Ramsay "B" Well No. 2 in the Arrow Gas Pool. It is respectfully requested that the Commission place this matter on its Docket for the next regular Statewide Hearing on May 18, 1955.

The following facts are offered in support of this application:

- (1) The above-described 320 acres comprise the William A. Ramsay "B" State Lease covering the NW/4, E/2 NE/4, and the SW/4 NE/4 of Section 25, T-21-S, R-36-E and the Graham State Lease covering the NW/4 NE/4 of Section 25, T-21-S, R-36-E, Lea County, New Mexico, as shown on attached plat. Gulf Oil Corporation is the owner and operator of these two oil and gas leases.

April 29, 1955

- (2) Gulf Oil Corporation proposes that the above-described acreage be established as a non-standard 320-acre gas proration unit in exception to Rule 5(a) of Order No. R-520.
- (3) The William A. Ramsey "B" Well No. 2, located 1980 feet from the north line and 660 feet from the west line, Section 25, T-21-S, R-36-E, Lea County, New Mexico, was plugged back and recompleted on June 18, 1951, at a depth of 3729 feet as a gas well in the Arrow Gas Pool, and is producing from within the vertical limit of said gas pool as defined in New Mexico Oil Conservation Commission's Order No. R-520. The applicant proposes to use this well as the unit well.
- (4) No other Arrow Gas well is completed on the 320-acre proration unit proposed under this application.

Respectfully submitted,

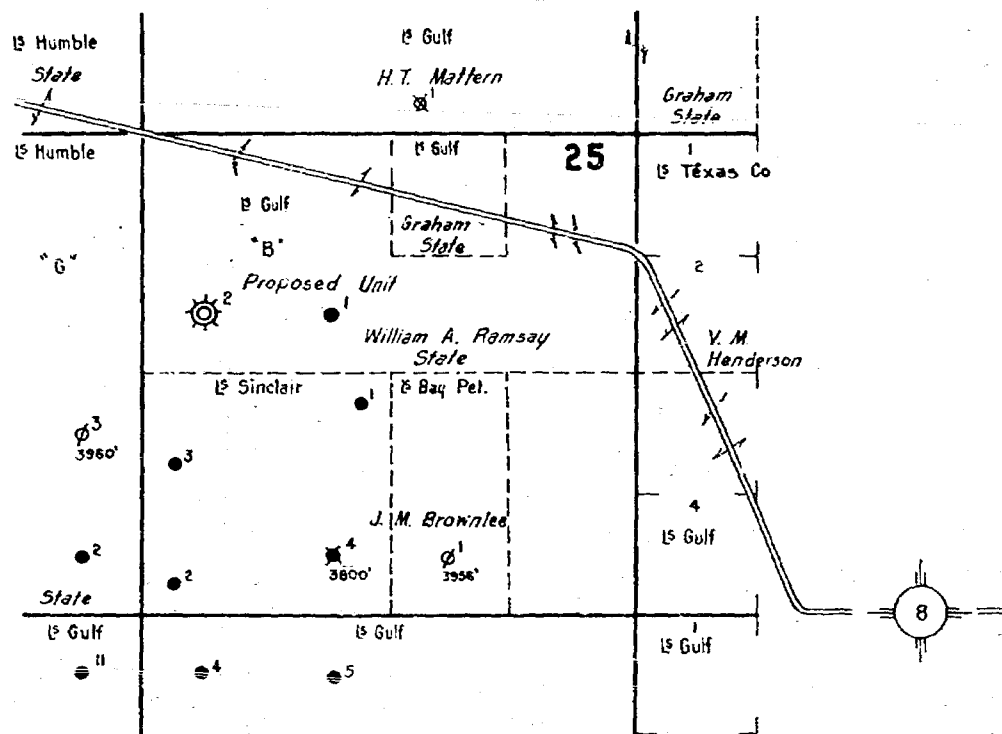
GULF OIL CORPORATION

By: RE Thompson
Division Production Manager

cc: New Mexico Oil Conservation Commission
P. O. Box 2045
Hobbs, New Mexico
Att'ns: Mr. A. L. Porter, Jr.

R - 36 - E

T
21
S



GULF OIL CORPORATION
FORT WORTH PRODUCTION DIVISION
Scale 1" = 2,000'

Plat Accompanying Application for
320-Acre Non-Standard Gas Unit

Gulf - William A. Ramsay "B" Lease