

Case No.

1484

Application, Transcript,
Small Exhibits, Etc.

**CASE 1484: Gulf Oil Corp. application for
160-acre NS gas proration unit, 31-22S-38E,
Tubb Gas Pool (Scarborough Estate Well #2)**

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
Santa Fe, New Mexico
July 24, 1958

EXAMINER HEARING

TRANSCRIPT OF HEARING

Case 1484

DEARNLEY MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
3-6691 5-9546

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
Santa Fe, New Mexico
July 24, 1958

EXAMINER HEARING

IN THE MATTER OF:

Application of Gulf Oil Corporation for a non-
standard gas proration unit. Applicant, in the
above-styled cause, seeks the establishment of
a 160-acre non-standard gas proration unit in
the Tubb Gas Pool consisting of the NE/4 SE/4,
NE/4 NE/4, and the S/2 NE/4 of Section 31,
Township 22 South, Range 38 East, Lea County,
New Mexico, said unit to be dedicated to its
Scarborough Estate Well No. 2, 1880 feet from
the North line and 660 feet from the East line
of said Section 31.

: Case
: 1484

BEFORE: Mr. Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. PAYNE: Case 1484. Application of Gulf Oil Corporation
for a non-standard gas proration unit.

MR. KASTLER: If the Examiner please, my name is Bill
Kastler from Roswell, representing Gulf Oil Corporation, and our
witnesses in both Cases 1484 and 1485 will be Gerald J. Savage,
geologist, and J. Don Walker, proration engineer. May they be
sworn at this time, please?

(Witnesses sworn.)

MR. UTZ: Will there be any other appearances in this case?
If not, you may proceed.

MR. KASTLER: Mr. Savage, will you take the stand?

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GERALD J. SAVAGE

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

DIRECT EXAMINATION

By MR. KASTLER:

Q Would you please state your name and address and occupation with Gulf Oil Corporation?

A Gerald J. Savage, Roswell, New Mexico, production geologist for the Gulf Oil Corporation.

Q Have you previously qualified as an expert geologist to testify before the New Mexico Oil Conservation Commission?

A Yes, I have.

Q Are you familiar with Gulf's application in Case No. 1484?

A Yes, I am.

Q Will you please broadly outline what is being sought in that application?

A Gulf seeks a non-standard proration unit consisting of the Northeast quarter of the Northeast quarter, the Northeast quarter of the Southeast quarter, and the South half of the Northeast quarter of Section 31, Township 22 South, Range 38 East.

Q Have you prepared a location plat that shows readily the proposed unit?

A Yes, I have.

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

Q Referring now to Exhibit No. 1, Mr. Savage, would you state what all may be concerned on that paper?

A This exhibit specifically shows the Gulf-Scarborough Estate Lease in Section 31.

Q How is it designated?

A Outlined by means of a hashed line. It also shows the "T" shaped proposed gas proration unit to be assigned to Gulf's Scarborough Estate No. 2, and it also shows outlined in red the location of Gulf's Scarborough Estate No. 2.

Q Have you prepared or caused to be prepared an electric log which will show the completion data of the well involved?

A I have caused to be prepared copies of the electric log on Gulf's Scarborough Estate No. 2. This, which I have caused to be labeled Exhibit No. 2.

Q In Case 1484?

A Yes, sir.

(Marked Gulf's Exhibit No. 2,
for identification.)

Q Will you proceed to explain what can be seen on Exhibit No. 2?

A Specifically shown on this electric log is the top of the Tubb Formation at a depth of 6,000 feet, and the various perforations between the depths of 5,982 feet and 6,229 feet, such perforations being within the vertical limits of the Tubb Gas Pool.

Also shown is the initial potential which on February 18, 1958, through 2 3/8" tubing and 4" orifice flowed 2,100,000 cubic feet of gas per day with an 1800 pound back pressure, which gives us an estimated open-flow of 6,200,000 cubic feet of gas per day.

Q Have you prepared, or caused to be prepared, a structure map which shows the Tubb Formation?

A Yes, sir, I have copies of a contour map on top of the Tubb Formation.

Q Has this been labeled Gulf's Exhibit No. 3 in Case 1484?

A Yes, sir, it is.

(Marked Gulf's Exhibit No. 3,
for identification.)

Q Will you explain what is shown on Exhibit No. 3?

A Exhibit No. 3 shows contours on top of the Tubb Formation with a contour interval of 25 feet. Also shown is the pertinent Gulf lease and the location of Gulf's Scarborough Estate No. 2 outlined in red.

Q Based upon your knowledge of this area and your studies and examination of the contours, structures, can this area reasonably be supposed to be productive of gas in the Tubb Gas Pool?

A Yes, sir, it can. Specifically, there are several wells down dip and also up dip which are Tubb gas producers, and specifically Gulf's No. 2 T. R. Andrews located 1980 feet from the North and East lines of Section 32, and Gulf's T. R. Andrews No. 3,

located 1980 feet from the South and East lines of that same Section 32.

There are approved gas proration units down structure to the East and up structure to the North and West, and from this information it can be reasonably assumed that the proposed gas proration unit would be productive of Tubb gas.

Q Mr. Savage, were Exhibits No. 1, 2 and 3 either prepared by you or at your direction and under your supervision?

A Yes, sir.

MR. KASTLER: At this time, if the Examiner please, I would like to move for the admission of Exhibits No. 1, 2 and 3, Case No. 1484, into evidence.

MR. UTZ: Without objection they will be received.

MR. KASTLER: If the Examiner, please, I have no further direct testimony questions of Mr. Savage at this time. I plan now to introduce Mr. Walker and he will testify in more detail as to the production aspects and proration unit.

MR. UTZ: Are there questions of the witness?

CROSS EXAMINATION

By MR. UTZ:

Q Mr. Savage, are there any Tubb producing wells South of this proposed unit?

A No, sir, there aren't.

Q ~~Then is it my understanding that you base the productivity~~

of the Northeast, of the Southeast, on the fact it joins the pool and the 320 acre unit established to the East there in Section 32?

A I'm not sure I understand what you mean.

Q Well, let's just reiterate what you stated awhile ago, I believe, how you base the productivity of the proposed unit.

A It is my opinion that if gas is produced from a formation at one location down dip from a particular well, and that same formation is productive of gas from locations up dip, that the intervening acreage can also be assumed to be productive of gas in this immediate area.

Q I'm lost on your contour here. What contour interval runs through the Southeast quarter of Section 31?

A It is a contour interval of 25 feet.

Q 27-25, isn't it?

A Very nearly so, yes, sir.

Q What control do you have on the contour that runs through the Southeast quarter of Section 31?

A I have the control obtained from electric logs, subsea datum, computed on all of the wells in this area, although the datums aren't supplied by each well, the contours are the result of those datums. I wish to correct a statement that I believe you just made. You said 27-25 for our well. However, 27-25 is the contour line that just about goes through Gulf's No. 3 Scarborough Estate location.

Q That's the contour I had in question. I wanted to know

what control you had over the location of that contour.

A Of that contour. All right. We have the control from electric logs of all of the wells in Section 31 and Section 32.

Q Particularly your Scarborough No. 3?

A No. 3, yes, sir, Cities Service No. 2 State P Pan American No. 1, State T and all three of the wells on T. R. Andrews lease.

MR. UTZ: Any other questions of the witness? If not, the witness may be excused.

(Witness excused.)

DON WALKER

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

DIRECT EXAMINATION

By MR. KASTLER:

Q Would you please state your name, address and position?

A Don Walker, I am with Gulf Oil as division proration engineer located in Ft. Worth.

Q Have you previously qualified to testify as an expert before the New Mexico Oil Conservation Commission?

A Yes, sir.

Q And are you familiar with Gulf's application in Case No. 1484?

A I am.

Q Is it necessary to have an exception to Rule 5 of Order 586 involved in the granting of this application?

A Yes, sir, the Tubb rules, as set out in R-586, prescribes that we have 160 acre square quarter sections of a legal subdivision, I believe it's called of a section, and this is a "T" shaped proposed unit which would require an exception to that rule.

Q Do you have any information to add in connection with the completion of this well, would you give the history of it?

A This well was drilled as a new well and completed on March the 10th of this year, originally intended to make a Tubb gas, Drinkard dual. The total depth --

Q Drinkard oil?

A Drinkard oil. 7,060 feet was the total depth and the casing was set at that point and plugged back to 7052. Top of the cement behind the pipe was estimated 6425. The 7" casing was operated with F I gun at intervals from 5982 to 6229. The Drinkard oil zone was perforated with four one-inch jet holes per foot at intervals from 6813 to 7051.

I don't believe that Drinkard perforated zone was shown on the log, but that is the right interval.

Q This is a gas over oil dual completion, isn't it?

A Yes, sir, our application for approval of this was submitted, I believe, last November.

Q Would you outline the characteristics and ~~disposition~~ or proposed disposition of the gas?

A The well is not now connected. We are waiting on

connection from Permian Basin Pipeline Company and the gas is considered sweet.

Q Is there any fluid being made in the gas well?

A There was no fluid reported on the initial test. However, we expect to make fluid, some fluid incidental with the gas production.

Q Is this Scarborough No. 2 well the only Tubb gas well on the lease at this time?

A Yes, sir, there are three Drinkard wells and one Blinebry well which is No. 3, but this is the only Tubb gas well on this lease.

Q Is there any diversification of the royalty interest?

A No, the Scarborough lease is 320 acres and it is fee lands and there is no diversity of royalty ownership.

Q Would you testify to the ability of the wells to produce at the increased allowable rate?

A On the initial flow this well produced at the rate of 2100 MCF per day at 1800 pounds back pressure. During the year 1958 the Tubb Gas Pool allowable averaged 544 MCF allowable per day. During '57 the daily allowable averaged 385 MCF per day based on the capability of this well and the allowables which had been granted Tubb gas wells in the past. It's very much able to produce the 160 acre allowable.

Q Is it your belief and your opinion, based on your studies

and calculations, that all the acreage would be productive of gas from the Tubb Zone if this proposed non-standard proration unit were approved?

A I believe it is, yes.

Q If granted, would this application then result in the conservation of gas?

A And protection of correlative rights?

Q Yes.

A Yes, sir.

MR. KASTLER: Those are the only questions on direct testimony I have at this time.

MR. UTZ: Does anyone have a question of Mr. Walker?

CROSS EXAMINATION

By MR. FISHER:

Q Mr. Walker, is that No. 3 Scarborough Estate abandoned?

A No, sir. That is a Blinebry-Drinkard dual which is the subject of the next case, 1485, today.

Q You have an abandoned mark on this map.

A I guess, Mr. Fisher, that's just our designation of a gas-oil dual with the "X" across a completion dot.

By MR. PAYNE:

Q Is Section 31 in the Tubb Gas Pool?

A I understand that it is not at this time.

Q What would be your recommendation for putting it in?

A ~~We would recommend that Section 31 be brought within the~~

boundary of the Tubb Gas Pool as defined.

Q Mr. Walker, do you have any plans at this time to drill a Tubb Gas Well on the balance of the Scarborough Estate lease?

A It was the intention of forming this unit in this shape to allow us to drill another Tubb well and completely develop this 320 acre lease.

MR. PAYNE: Thank you.

By MR. UTZ:

Q Do you have any idea, Mr. Walker, where that well would be drilled?

A No, sir, I believe I would have to ask Mr. Savage on that if they have any actual plans as yet.

MR. SAVAGE: It is our plan to make that location 1980 feet from the South and West lines of Section 31.

Q Mr. Walker, I believe that we now have an NSP No. 425 which covers 120 acres of this unit? A Yes, sir.

Q Were you aware of that?

A Yes, sir. That was authorized some time ago. Let me see the exact date of that.

Q It was authorized April 14, 1958.

A April 14 of this year, and I was surprised when I found that we weren't producing that gas yet.

Q The text of your application is to form a 160 acre new unit, isn't that correct?

A That was the way it was written, but it probably should have been to extend the presently approved unit as set forth in NSP 425 to increase it from 140 to 160 acres.

MR. PAYNE: Do you wish to amend your application at this time in that regard?

A If we could do it, I would appreciate having that opportunity, yes.

MR. PAYNE: I believe your application as presently drafted is better since the NSP 425 was an administrative order. If your application here is granted, we'll just expand administrative Order NSP 425.

A That will be fine with us.

Q Mr. Walker, do you have any idea what the producing line pressures are at this time in this area?

A I'm afraid that I don't.

Q Who would be your purchaser?

A Permian Basin Pipeline Company.

Q The 6,200,000 was an absolute open-flow that Mr. Savage stated, was it not?

A Yes, sir.

Q Do you happen to have a copy of that test?

A I'm sorry, I don't have one with me, but I'll be glad to furnish you with a copy of the test.

Q The point I want to make in this questioning is the ability of the well to produce its allowable at existing line pressures.

A Yes, sir.

Q Do you have any idea as to what the deliverability of the well would be, at the existing line pressures?

A It estimated on this February 18 test, it did produce at the rate of 2100 MCF per day with 1800 pound back pressure. Based on allowables which have been current the past two years, in 1956 it was 544 MCF per day and in 1957 it was 385 MCF per day, the 2100 MCF with 1800 pound back pressure, which certainly far exceeds the likely line pressure, indicates to me that we are capable, this well is capable of producing 160 acre allowable.

MR. UTZ: Are there any other questions of the witness?
If not, the witness may be excused.

(Witness excused.)

Any other statements to be made in this case? If not, the case will be taken under advisement. We will proceed to Case 1485.

C E R T I F I C A T E

STATE OF NEW MEXICO)
 : SS
 COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at 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 ^{6th} day of *Aug*, 1958.

Ada Dearnley
 Notary Public-Court Reporter

My commission expires:

June 19, 1959.

I do hereby certify that the foregoing is
 a true and correct transcript of the proceedings in
 the *State of New Mexico* of *1958*,
 heard by me on *July 25*, 1958.
James H. [Signature]
 New Mexico Oil Conservation Commission

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

August 7, 1958

C
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P
Y

Mr. Bill Kastler
Gulf Oil Corporation
P.O. Box 669
Roswell, New Mexico

Dear Mr. Kastler:

We enclose two copies of Orders R-1227, R-1229, and R-1230 issued August 6, 1958, by the Oil Conservation Commission in Cases 1486, 1484, and 1485, respectively, which were heard on July 24th at Santa Fe before an examiner.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

bp
Encls.

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. 1484
Order No. R-1229

APPLICATION OF GULF OIL CORPORATION
FOR THE ESTABLISHMENT OF A 160-ACRE
NON-STANDARD GAS PRORATION UNIT IN
THE TUBB GAS POOL, LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on July 24, 1958, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 6th day of August, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Elvis A. Utz, 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 applicant, Gulf Oil Corporation, is the owner of the Scarborough Estate Lease which includes the NE/4 SE/4, NE/4 NE/4, and the S/2 NE/4 of Section 31, Township 22 South, Range 38 East, NMPM, Lea County, New Mexico.

(3) That applicant is the owner and operator of the Scarborough Estate Well No. 2, located 1880 feet from the North line and 680 feet from the East line of said Section 31, and dually completed in the Tubb Gas Pool and Drinkard Pool.

(4) That by Administrative Order MSP-425 applicant was granted a 120-acre non-standard gas proration unit in the Tubb Gas Pool for the above-described Scarborough Estate Well No. 2, said unit consisting of the NE/4 NE/4 and the S/2 NE/4 of said Section 31.

(5) That the applicant seeks the establishment of a 160-acre non-standard gas proration unit in the Tubb Gas Pool, such unit to consist of the NE/4 SE/4, NE/4 NE/4, and the S/2 NE/4 of said Section 31 and to be dedicated to the aforementioned Scarborough Estate Well No. 2.

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Case No. 1484
Order No. R-1229

(6) That approval of the subject application will not cause waste nor impair correlative rights.

(7) That the subject application should be granted.

IT IS THEREFORE ORDERED:

(1) That Administrative Order MSP-425 be and the same is hereby superseded.

(2) That the application of Gulf Oil Corporation for the establishment of a 160-acre non-standard gas proration unit in the Tubb Gas Pool, consisting of the NE/4 SE/4, NE/4 NE/4, and the S/2 NE/4 of Section 31, Township 22 South, Range 38 East, NMPL, Lea County, New Mexico, be and the same is hereby granted. Said unit is to be dedicated to the applicant's Scarborough Estate Well No. 2, located 1880 feet from the North line and 660 feet from the East line of said Section 31.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E. L. Mechem

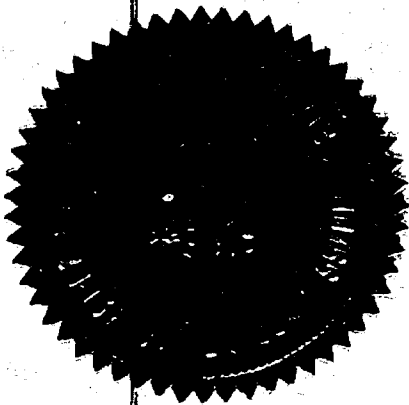
EDWIN L. MECHEM, Chairman

Murray E. Morgan

MURRAY E. MORGAN, Member

A. L. Porter, Jr.

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



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OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 7-25-58

CASE 1484

Hearing Date 7-24-58

My recommendations for an order in the above numbered cases are as follows:

1. That the application be approved as requested for a NSP in the Duff Gas pool consisting of the NE NE, S/2 NE, NESE sec. 31-22S-38E.
2. The unit well will be the Gulf-Searbrough-Estab # 2, 1880/N, 660/E - 31-22S-38E a dual completion in the Duff Gas Pool and Dimbeck oil Pool.
3. NSP-425 an administrative order should be superseded by this order.

W. A. Miller

Staff Member



PETROLEUM AND ITS PRODUCTS

GULF OIL CORPORATION

P. O. DRAWER 1290 FORT WORTH 1, TEXAS

E. HOSFORD
DIVISION PRODUCTION COORDINATOR

June 16, 1958

FORT WORTH
PRODUCTION DIVISION

Oil Conservation Commission
State of New Mexico
P. O. Box 871
Santa Fe, New Mexico

Re: Application for 160-acre Tubb Non-Standard Gas Pro-
ration Unit to be Assigned to Gulf's Scarborough Estate
Well No. 2

Gentlemen:

Gulf Oil Corporation respectfully submits application for a 160-acre non-standard gas proration unit in the Tubb Gas Pool consisting of the NE/4 of the SE/4 and the NE/4 and the S/2 of the NE/4 of Section 31, T-22-S, R-38-E, Lea County, New Mexico. It is respectfully requested that this matter be set for Examiner Hearing at an early date.

The following facts are offered in support of this application:

- (1) The above described 160 acres comprises a portion of the Gulf owned and operated Scarborough Estate Lease, as shown on the attached plat.
- (2) The proposed unit well, Gulf's Scarborough Estate Well No. 2, located 1880 feet from the north line and 660 feet from the east line of said Section 31, was dually completed so as to produce gas from the Tubb gas zone and oil from the Drinkard. The 7-inch casing, which was set and cemented at 7060 feet with 600 sacks, was perforated opposite the Tubb gas zone with FI Gun at 5982', 6129', 6163', 6185', 6201', and 6229'. On February 19, 1958, the Tubb gas zone flowed at a maximum rate of 2000 MCF with 1800 pound back pressure. Estimated open flow is 6200 MCF per day.
- (3) Gulf Oil Corporation is requesting that the above described acreage be established as a 160-acre non-standard Tubb gas proration unit in exception to Rule 5 of NMOCC Order R-586.
- (4) By copy of this letter of application, all operators owning interests in the section involved and all

June 16, 1958

operators within 1500 feet of the proposed unit well are notified of the intent of Gulf Oil Corporation to form the proposed non-standard gas proration unit.

Respectfully submitted,

GULF OIL CORPORATION

By:

E. Hosford
Division Production Coordinator *M*

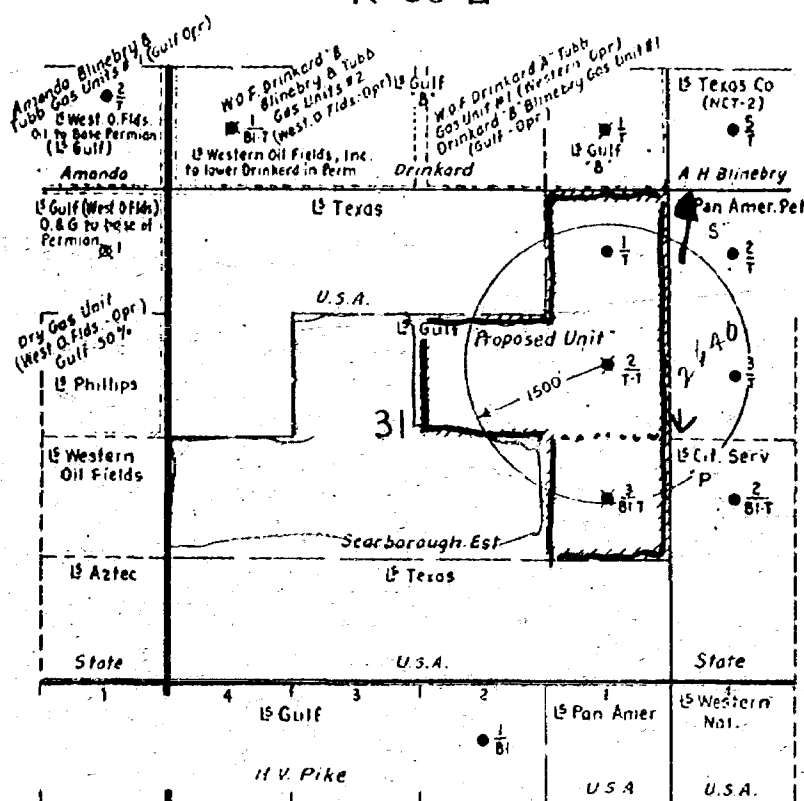
cc: Oil Conservation Commission
P. O. Box 2045
Hobbs, New Mexico

Cities Service Oil Company
P. O. Box 97
Hobbs, New Mexico

Pan American Petroleum Corporation
P. O. Box 899
Roswell, New Mexico

The Texas Company
P. O. Box 1270
Midland, Texas

R 38 E



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

Proposed 160-Acre Non-Standard
Tubb Gas Unit Assigned to
Gulf's Scarborough Estate
Well No. 2

DOCKET: EXAMINER HEARING JULY 24, 1958

Oil Conservation Commission 9 a.m., Mabry Hall, State Capitol, Santa Fe, NM

The following cases will be heard before Elvis A. Utz, Examiner:

CASES 1195 & 1433: Application of Graridge Corporation for an order amending Order No. R-972. Applicant, in the above-styled cause, seeks an order amending Order No. R-972 to approve a development pattern for the entire water flood project operated by the applicant in the Caprock-Queen Pool, Chaves and Lea Counties, New Mexico, and to permit administrative approval for the conversion of water injection wells in said project, which is within the limits of the North Caprock Queen Unit No. One authorized by Commission Order No. R-1145.

CASE 1482: Application of Aztec Oil and Gas Company for an unorthodox gas well location. Applicant, in the above-styled cause, seeks an order authorizing an unorthodox gas well location in the Blanco Mesaverde Gas Pool for its Culpepper-Martin No. 2 Well, 990 feet from the South and East lines of Section 30, Township 32 North, Range 12 West, San Juan County, New Mexico.

CASE 1483: Application of Atlantic Refining Company for a non-standard oil proration unit. Applicant, in the above-styled cause, seeks an order establishing a 53.98-acre non-standard oil proration unit in the Horseshoe Gallup Pool consisting of the SE/4 SE/4 of Section 32, and that portion of the SW/4 SW/4 of Section 33 which lies within the Navajo Reservation (14.53 acres), all in Township 31 North, Range 16 West, San Juan County, New Mexico.

CASE 1484: Application of Gulf Oil Corporation for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks the establishment of a 160-acre non-standard gas proration unit in the Tubbs Gas Pool consisting of the NE/4 SE/4, NE/4 NE/4, and the S/2 NE/4 of Section 31, Township 22 South, Range 38 East, Lea County, New Mexico, said unit to be dedicated to its Scarborough Estate Well No. 2, 1880 feet from the North line and 660 feet from the East line of said Section 31.

CASE 1485: Application of Gulf Oil Corporation for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks the establishment of a 160-acre non-standard gas proration unit in the Blinebry Gas Pool consisting of the NE/4 SE/4, NE/4 NE/4, and the S/2 NE/4 of Section 31, Township 22 South, Range 38 East, Lea County, New Mexico, said unit to be dedicated to its Scarborough Estate No. 3 Well, 1980 feet from the South line and 660 feet from the East line of said Section 31.

CASE 1486: Application of Gulf Oil Corporation for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks the establishment of a 320-acre non-standard gas proration unit in the Eumont Gas Pool consisting of Lots 13 and 14 and the SW/4 of Section 2, and the N/2 NW/4 of Section 11, all in Township 21 South, Range 36 East, Lea County, New Mexico, said unit to be dedicated to its J. F. Janda "D" Well No. 1, 1980 feet from the South line and 660 feet from the West line of said Section 2.

CASE 1487: Application of Ohio Oil Company for two non-standard gas proration units in the Tubb Gas Pool and two non-standard gas proration units in the Blinebry Gas Pool. Applicant, in the above-styled cause, seeks an order establishing 160-acre non-standard gas proration units in both the Blinebry Gas Pool and the Tubb Gas Pool, each consisting of the S/2 NE/4, NW/4 SE/4, and the NE/4 SW/4 of Section 24, Township 22 South, Range 37 East, Lea County, New Mexico, said units to be dedicated to its dually completed J. L. Muncy Well No. 2 in the NE/4 SW/4 of said Section 24. Applicant further seeks the establishment of 160-acre non-standard gas proration units in both the Blinebry Gas Pool and Tubb Gas Pool, each consisting of the E/2 SE/4, SW/4 SE/4, and the SE/4 SW/4 of said Section 24, said units to be dedicated to its J. L. Muncy Well No. 3 in the SE/4 SW/4 of said Section 24 and Well No. 1 in the SE/4 SE/4 of said Section 24 respectively.

CASE 1488: Application of Western Natural Gas Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Wimberly No. 5 Well, 990 feet from the North line and 2310 feet from the West line of Section 24, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Justis-Ellenburger Pool and oil from an undesignated Montoya pool through parallel strings of tubing.

CONTINUED CASE

This case will be heard before Daniel S. Nutter, Examiner:

CASE 1478: In the matter of the application of R. Olsen Oil Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 160-acre non-standard gas proration unit in the Tubb Gas Pool consisting of the N/2 NW/4, SW/4 NW/4, and NW/4 SW/4 of Section 25, Township 22 South, Range 37 East, Lea County, New Mexico.

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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. 728
Order No. R-586

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION UPON
ITS OWN MOTION FOR AN ORDER
AMENDING, REVISING OR ABROGATING
EXISTING RULES AND REGULATIONS OF
THE OIL CONSERVATION COMMISSION,
AND/OR PROMULGATING RULES AND
REGULATIONS, RELATING TO GAS POOL
DELINEATION, GAS PRORATION, AND
OTHER RELATED MATTERS, AFFECTING
OR CONCERNING THE TUBB, BYERS-
QUEEN, AND JUSTIS GAS POOLS, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m. on June 16, 1954, July 15, 1954, August 18, 1954 and September 16, 1954, at Santa Fe, New Mexico, and on October 20, 1954 at Hobbs, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 11th. day of April, 1955, the Commission, a quorum being present, having considered the records, evidence and 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 under date of January 1, 1950, the Commission issued its Order No. 850 creating the Justis Gas Pool, and that said Order No. 850 defined the horizontal and vertical limits thereof. That on February 17, 1953, the Commission issued Order No. R-264 creating the Tubb and Byers-Queen Gas Pools, and defining the horizontal and vertical limits of said gas pools. That by Order No. R-264 and subsequent orders the Commission extended the horizontal and vertical limits of the Justis Gas Pool. That by Order R-407 the vertical limits of the Tubb Gas Pool were extended.

(3) That under date of September 28, 1953, the Commission issued its Orders Nos. R-373, R-375, and R-376 and under date of November 10, 1953, the Commission issued its Orders Nos. R-373-A, R-375-A and R-376-A, providing rules, definitions and procedures to be followed in prorating gas in the Tubb, Justis, and Byers-Queen gas pools, respectively; and by subsequent orders issued after due notice and hearing, the Commission allocated production of gas in said pools commencing January 1, 1954.

(4) That the Tubb, Byers-Queen and Justis Gas Pools are separate gas reservoirs and should be defined vertically and horizontally as set forth in this order.

(5) That the producing capacity of the gas wells in the Tubb, Byers-Queen and Justis Gas Pools is greater than the market demand for gas from each of such pools.

(6) That in order to prevent waste it is necessary to allocate and prorate the gas production among the gas wells in the Tubb, Byers-Queen, and Justis Gas Pools in accordance with provisions of this order.

(7) That the protection and proper recognition of correlative rights as such rights are defined by Section 26 (h) Chapter 168, New Mexico Session Laws of 1949, require that the gas production from the Tubb, Byers-Queen and Justis Gas Pools be prorated, in accordance with the terms and provisions of this order.

(8) That the Rules and Regulations hereinafter set forth in this order are in all respects in the interests of conservation and provide for the allocation of the allowable production among the gas wells in the Tubb, Byers-Queen and Justis Gas Pools upon a reasonable basis and give appropriate recognition to correlative rights.

(9) That no evidence was presented to justify a change in the size of the standard gas well unit in the Tubb, Byers-Queen, or Justis Gas Pools from 160-acres.

(10) That in order to prevent waste and protect correlative rights, the special rules contained in this order should be adopted to govern the production from wells completed or recompleted in such a manner that the bore hole of the well is open in more than one common source of supply.

(11) That in order to prevent waste a "no-flare" rule should be adopted to prohibit the flaring, venting, or wasting of natural gas or any other type of gas in any of the gas pools referred to and affected by this order.

IT IS THEREFORE ORDERED:

(1) That the Tubb Gas Pool heretofore created, shall have vertical limits which extend from a point 100 feet above the "Tubb Marker" to a point 225 feet below the "Tubb Marker", as said marker is designated in Order R-464. The horizontal limits of the Tubb Gas Pool shall be the area as described in Exhibit "A", attached hereto and made a part hereof.

(2) That the Byers-Queen Gas Pool, heretofore created, shall have vertical limits which include all of the Queen formation. The horizontal limits of the Byers-Queen Gas Pool shall be the area as described in Exhibit "B", attached hereto and made a part hereof.

(3) That the Justis Gas Pool, heretofore created, shall have vertical limits which extend from the top of the Glorieta formation to a point 200 feet immediately below the Glorieta datum. The horizontal limits of the Justis Gas Pool shall be the area as described in Exhibit "C", attached hereto and made a part hereof.

(4) That special pool rules applicable to the Tubb Gas Pool be, and the same hereby are promulgated as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE TUBB GAS POOL**

Well Spacing and Acreage Requirements for Drilling Tracts.

RULE 1. Any well drilled a distance of one mile or more outside the boundary of the Tubb Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile outside the boundary of the Tubb Gas Pool shall be spaced, drilled, operated and prorated in accordance with the regulations in effect in the Tubb Gas Pool.

RULE 2. Each well drilled or recompleted within the Tubb Gas Pool on a standard proration unit after the effective date of this rule shall be drilled not closer than 660 feet to any boundary line of the tract nor closer than 330 feet to a quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Tubb Gas Pool prior to the effective date of this order at a location conforming to the spacing requirements effective at the time said well was drilled shall be considered to be located in conformance with this rule.

RULE 3. The Secretary-Director of the Commission shall have authority to grant exception to the requirements of Rule 2 without notice and hearing where a verified application therefor has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1980-foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all operators within such radius, together with a stipulation that proper notice has been given said operators at the addresses given. The Secretary-Director of the Commission shall wait at least 20 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

RULE 4. The provisions of Statewide Rule 104, Paragraph (k), shall not apply to the Tubb Gas Pool located in Lea County, New Mexico.

GAS PRORATION

RULE 5. (a) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Tubb Gas Pool, a standard proration unit shall consist of between 158 and 162 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (quarter-section) of the U. S. Public Land Surveys with a well located at least 660 feet from the nearest property lines;

(b) The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio of the area of such non-standard proration unit expressed in acres to the area of 160 acres. Any gas proration unit containing between 158 and 162 acres shall be considered to contain 160 acres for the purpose of computing allowables.

(c) A non-standard gas proration unit of less than 160 acres may be formed after notice and hearing by the Commission, or by administrative approval under the provisions of Paragraph (d) of this Rule. Non-standard gas proration units of more than 160 acres may be formed only after notice and hearing by the Commission.

(d) The Secretary-Director of the Commission shall have authority to grant an exception to Rule 5 (a) without Notice and Hearing where a verified application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

2. The non-standard gas proration unit lies wholly within a single governmental section.

3. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas from the Tubb Gas Pool.

4. The length or width of the non-standard gas proration unit does not exceed 2640 feet.

5. The applicant presents written consent in the form of waivers from (a) all operators owning interests in the quarter section in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit, and (b) all operators owning interests within 1500 feet of the well to which such gas proration unit is proposed to be allocated.

6. In lieu of sub-paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary-Director of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

RULE 6. (a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Tubb Gas Pool and other relevant data and shall fix the allowable production of the Tubb Gas Pool.

RULE 7. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Tubb Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 8. In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "supplemental" nomination, showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Tubb Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month.

"Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

Included in the monthly proration schedule shall be:

- (a) A summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month,
- (b) A tabulation of the net allowable, and production for the second preceding month together with a cumulative overage or underage computation,
- (c) A tabulation of the current and net-allowables for the preceding month,

- (d) A tabulation of current monthly allowables for the ensuing proration month,
- (e) A tabulation of the acreage assigned each well ~~well~~ together with a tabulation of the acreage factor assigned each well. For the purpose of allocation a proration unit of 160 acres shall be assigned an acreage factor of 1.00; a proration unit of 80 acres a factor of 0.50, etc.

The allowable assigned to any well capable of producing its normal gas allowable in the Tubb Gas Pool shall be the same proportion of the total remaining allowable allocated to said pool after deducting allowables of marginal wells that the number of acres contained in the gas proration unit for that well bears to the acreage contained in all gas proration units assigned to non-marginal wells in the Tubb Gas Pool.

The Commission shall include in the proration schedule the gas wells in the Tubb Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Tubb Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable.

If during a proration month the acreage assigned a well is increased by Commission order or as otherwise provided in this order the increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following approval of such increase by the Commission.

BALANCING OF PRODUCTION

RULE 9. Underproduction: The dates 7:00 a.m., January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

If at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size, the marginal

well shall be reclassified as a non-marginal well and its allowable adjusted accordingly.

If during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to the extent that it should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Proration Manager may reclassify a well at any time if production data or deliverability tests reflect the need for such a reclassification.

RULE 10. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut-in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES

RULE 11. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 12. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104, Form C-110 and the plat described above, or the date of application for a non-standard gas proration unit as provided in Rule 5, whichever date is the later.

RULE 13. The monthly gas production from each well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced.

Each purchaser or taker of gas in the Tubb Gas Pool shall submit a report to the Commission so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was purchased or taken.

Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

Forms C-111 and C-114 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copy being sent to Box 2045, Hobbs, New Mexico.

Form C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, compressors, combustion engines and other similar lease equipment shall not be charged against the well's allowable; further, the production of intermediate or low-pressure gas derived from the staging of the well fluids need not be charged against the well's gas allowable, provided that said intermediate or low-pressure gas is utilized in accordance with the provisions of Order R-464.

RULE 14. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

RULE 15. No gas, either dry gas or casinghead gas, produced from the Tubb Gas Pool shall be flared or vented.

PROVIDED FURTHER, After the effective date of this order no well shall be completed or recompleted in such a manner that the producing zone of the Tubb Gas Pool and the producing zone of any other common source of supply are both open in the same well bore unless specifically authorized by order of the Commission after notice and hearing. Dual completions may be effected in accordance with the provisions of Rule 112-A of the Commission's Rules and Regulations.

Any well presently completed in such a manner that the well bore is open to more than one common source of supply shall be assigned to the applicable pool by the Commission staff. Any operator of any well completed in such a manner shall submit to the Commission office at Hobbs, New Mexico, all pertinent well completion data on Form C-105, together with electric logs, sample logs, drill stem test records, etc. All data shall be submitted in duplicate on or before May 15, 1955. Failure of any operator to submit the required data will result in cancellation of Form C-110 and subsequent cancellation of allowables.

If the operator is not satisfied with the well's assignment he may apply for a hearing on the matter in accordance with Commission Rule 1203.

PROVIDED FURTHER, That in filing Form C -101 "Notice of Intention to Drill or Recomplete" all operators shall strictly comply with the provisions of Rule 104, paragraph (e).

PROVIDED FURTHER, That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Proration Manager shall notify the operator of the well and the purchaser in writing of the date of allowable cancellation and the reason therefor.

PROVIDED FURTHER, That special pool rules applicable to the Byers-Queen Gas Pool be, and the same hereby are promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE BYERS-QUEEN GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts.

RULE 1. Any well drilled a distance of one mile or more outside the boundary of the Byers-Queen Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile outside the boundary of the Byers-Queen Gas Pool shall be spaced, drilled, operated and prorated in accordance with the regulations in effect in the Byers-Queen Gas Pool.

RULE 2. Each well drilled or recompleted within the Byers-Queen Gas Pool on a standard proration unit after the effective date of this rule shall be drilled not closer than 660 feet to any boundary line of the tract nor closer than 330 feet to a quarter-quarter section line or sub-division inner boundary line. Any well drilled to and producing from the Byers-Queen Gas Pool prior to the effective date of this order at a location conforming to the spacing requirements effective at the time said well was drilled shall be considered to be located in conformance with this rule.

RULE 3. The Secretary-Director of the Commission shall have authority to grant exception to the requirements of Rule 2 without notice and hearing where a verified application therefor has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1980-foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all operators within such radius, together with a stipulation that proper notice has been given said operators at the addresses given. The Secretary-Director of the Commission shall wait at least 20 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

RULE 4. The provisions of Statewide Rule 104, Paragraph (k), shall not apply to the Byers-Queen Gas Pool located in Lea County, New Mexico.

GAS PRORATION

RULE 5. (a) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Byers-Queen Gas Pool, a standard proration unit shall consist of between 158 and 162 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Surveys with a well located at least 660 feet from the nearest property lines;

(b) The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio of the area of such non-standard proration unit expressed in acres to the area of 160 acres. Any gas proration unit containing between 158 and 162 acres shall be considered to contain 160 acres for the purpose of computing allowables.

(c) A non-standard gas proration unit of less than 160 acres may be formed after notice and hearing by the Commission, or by administrative approval under the provisions of Paragraph (b) of this Rule. Non-standard gas proration units of more than 160 acres may be formed only after notice and hearing by the Commission.

(d) The Secretary-Director of the Commission shall have authority to grant an exception to Rule 5 (a) without Notice and Hearing where a verified application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

2. The non-standard gas proration unit lies wholly within a single governmental section.

3. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas from the Byers-Queen Gas Pool.

4. The length or width of the non-standard gas proration unit does not exceed 2640 feet.

5. The applicant presents written consent in the form of waivers from (a) all operators owning interests in the quarter section in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit, and (b) all operators owning interests within 1500 feet of the well to which such gas proration unit is proposed to be allocated.

6. In lieu of sub-paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary-Director of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

RULE 6. (a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Byers-Queen Gas Pool and other relevant data and shall fix the allowable production of the Byers-Queen Gas Pool.

RULE 7. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Byers-Queen Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 8. In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "supplemental" nomination, showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Byers-Queen Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month.

"Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

Included in the monthly proration schedule shall be:

- (a) A summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month,
- (b) A tabulation of the net allowable, and production for the second preceding month together with a cumulative overage or underage computation,
- (c) A tabulation of the current and net allowables for the preceding month,

- (d) A tabulation of current monthly allowables for the ensuing proration month,
- (e) A tabulation of the acreage assigned each well together with a tabulation of the acreage factor assigned each well. For the purpose of allocation a proration unit of 160 acres shall be assigned an acreage factor of 1.00; a proration unit of 80 acres a factor of 0.50, etc.

The allowable assigned to any well capable of producing its normal gas allowable in the Byers-Queen Gas Pool shall be the same proportion of the total remaining allowable allocated to said pool after deducting allowables of marginal wells that the number of acres contained in the gas proration unit for that well bears to the acreage contained in all gas proration units assigned to non-marginal wells in the Byers-Queen Gas Pool.

The Commission shall include in the proration schedule the gas wells in the Byers-Queen Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Byers-Queen Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable.

If during a proration month the acreage assigned a well is increased by Commission order or as otherwise provided in this order the increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following approval of such increase by the Commission.

BALANCING OF PRODUCTION

RULE 9. Underproduction: The dates 7:00 a. m., January 1, and 7:00 a. m., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

If at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable adjusted accordingly.

If during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to the extent that it should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Proration Manager may reclassify a well at any time if production data or deliverability tests reflect the need for such a reclassification.

RULE 10. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut-in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES

RULE 11. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 12. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104, Form C-110 and the plat described above, or the date of application for a non-standard gas proration unit as provided in Rule 5.

RULE 13. The monthly gas production from each well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced.

Each purchaser or taker of gas in the Byers-Queen Gas Pool shall submit a report to the Commission so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was purchased or taken.

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Order No. R-586

Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

Forms C-111 and C-114 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copy being sent to Box 2045, Hobbs, New Mexico.

Form C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used in the lease for consumption in lease houses, treaters, compressors, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

DEFINITIONS

RULE 14. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

RULE 15. No gas, either dry gas or casinghead gas, produced from the Byers-Queen Gas Pool shall be flared or vented.

PROVIDED FURTHER, After the effective date of this order no well shall be completed or recompleted in such a manner that the producing zone of the Byers-Queen Gas Pool and the producing zone of any other common source of supply are both open in the same well bore unless specifically authorized by order of the Commission after notice and hearing. Dual completions may be effected in accordance with the provisions of Rule 112-A of the Commission's Rules and Regulations.

Any well presently completed in such a manner that the well bore is open to more than one common source of supply shall be assigned to the applicable pool by the Commission staff. Any operator of any well completed in such a manner shall submit to the Commission office at Hobbs, New Mexico, all pertinent well completion data on Form C-105, together with electric logs, sample logs, drill stem test records, etc. All data shall be submitted in duplicate on or before May 15, 1955. Failure of any operator to submit the required data will result in cancellation of Form C-110 and subsequent cancellation of allowables.

If the operator is not satisfied with the well's assignment he may apply for a hearing on the matter in accordance with Commission Rule 1203.

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Case No. 728

Order No. R-586

PROVIDED FURTHER, That in filing Form C-101 "Notice of Intention to Drill or Recomplete" all operators shall strictly comply with the provisions of Rule 104, paragraph (e).

PROVIDED FURTHER, That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Proration Manager shall notify the operator of the well and the purchaser in writing of the date of allowable cancellation and the reason therefor.

PROVIDED FURTHER, That special pool rules applicable to the Justis Gas Pool be, and the same hereby are promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE JUSTIS GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts.

RULE 1. Any well drilled a distance of one mile or more outside the boundary of the Justis Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile outside the boundary of the Justis Gas Pool shall be spaced, drilled, operated and prorated in accordance with the regulations in effect in the Justis Gas Pool.

RULE 2. Each well drilled or recompleted within the Justis Gas Pool on a standard proration unit after the effective date of this rule shall be drilled not closer than 660 feet to any boundary line of the tract nor closer than 330 feet to a quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Justis Gas Pool prior to the effective date of this order at a location conforming to the spacing requirements effective at the time said well was drilled shall be considered to be located in conformance with this rule.

RULE 3. The Secretary-Director of the Commission shall have authority to grant exception to the requirements of Rule 2 without notice and hearing where a verified application therefor has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1980-foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all operators within such radius, together with a stipulation that proper notice has been given said operators at the addresses given. The Secretary-Director of the Commission shall wait at least 20 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

RULE 4. The provisions of Statewide Rule 104, Paragraph (k), shall not apply to the Justis Gas Pool located in Lea County, New Mexico.

GAS PRORATION

RULE 5. (a) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Justis Gas Pool, a standard proration unit shall consist of between 158 and 162 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Surveys with a well located at least 660 feet from the nearest property lines;

(b) The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio of the area of such non-standard proration unit expressed in acres to the area of 160 acres. Any gas proration unit containing between 158 and 162 acres shall be considered to contain 160 acres for the purpose of computing allowables.

(c) A non-standard gas proration unit of less than 160 acres may be formed after notice and hearing by the Commission, or by administrative approval under the provisions of Paragraph (d) of this Rule. Non-standard gas proration units of more than 160 acres may be formed after notice and hearing by the Commission.

(d) The Secretary-Director of the Commission shall have authority to grant an exception to Rule 5 (a) without Notice and Hearing where a verified application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.
2. The non-standard gas proration unit lies wholly within a single governmental section.
3. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas from the Justis Gas Pool.
4. The length or width of the non-standard gas proration unit does not exceed 2640 feet.
5. The applicant presents written consent in the form of waivers from (a) all operators owning interests in the quarter-section in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit, and (b) all operators owning interests within 1500 feet of the well to which such gas proration unit is proposed to be allocated.

6. In lieu of sub-paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

RULE 6. (a) The Commission after notice and hearing, shall consider the nominations of gas purchasers from the Justis Gas Pool and other relevant data and shall fix the allowable production of the Justis Gas Pool.

RULE 7. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Justis Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 8. In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a supplemental nomination, showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Justis Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month.

"Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

Included in the monthly proration schedule shall be:

- (a) A summary of the total pool allocation for that month showing nominations, and adjustments made for under-
age or overage applied from a previous month,
- (b) A tabulation of the net allowable, and production for
the second preceding month together with a cumulative
overage or underage computation,
- (c) A tabulation of the current and net allowables for the
preceding month,

- (d) A tabulation of current monthly allowables for the ensuing proration month,
- (e) A tabulation of the acreage assigned each well together with a tabulation of the acreage factor assigned each well. For the purpose of allocation a proration unit of 160 acres shall be assigned an acreage factor of 1.00; a proration unit of 80 acres a factor of 0.50, etc.

The allowable assigned to any well capable of producing its normal gas allowable in the Justis Gas Pool shall be the same proportion of the total remaining allowable allocated to said pool after deducting allowables of marginal wells that the number of acres contained in the gas proration unit for that well bears to the acreage contained in all gas proration units assigned to non-marginal wells in the Justis Gas Pool.

The Commission shall include in the proration schedule the gas wells in the Justis Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Justis Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable.

If during a proration month the acreage assigned a well is increased by Commission order or as otherwise provided in this order the increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following approval of such increase by the Commission.

BALANCING OF PRODUCTION

RULE 9. Underproduction: The dates 7:00 a.m., January 1, and 7:00 a.m., July 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

-19-

Case No. 728

Order No. R-586

If at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable adjusted accordingly.

If during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to the extent that it should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Proration Manager may reclassify a well at any time if production data or deliverability tests reflect the need for such a reclassification.

RULE 10. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut-in until it is in balance.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

GRANTING OF ALLOWABLES

RULE 11. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 12. Allowables to newly completed gas wells shall commence on the date of connection to a gas transportation facility, as determined from an affidavit furnished to the Commission (Box 2045, Hobbs, New Mexico) by the purchaser, or the date of filing of Form C-104, Form C-110 and the plat described above, or the date of application for a non-standard gas proration unit as provided in Rule 5.

RULE 13. The monthly gas production from each well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced.

Each purchaser or taker of gas in the Justis Gas Pool shall submit a report to the Commission so as to reach the Commission on or before the 20th day of the month next succeeding the month in which the gas was purchased or taken.

Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule.

Forms C-111 and C-114 referred to herein shall be submitted in duplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copy being sent to Box 2045, Hobbs, New Mexico.

Form C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas; provided, however, that gas used on the lease for consumption in lease houses, treaters, compressors, combustion engines and other similar lease equipment shall not be charged against the well's allowable.

RULE 14. The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

RULE 15. No gas, either dry gas or casinghead gas, produced from the Justis Gas Pool shall be flared or vented.

PROVIDED FURTHER, After the effective date of this order no well shall be completed or recompleted in such a manner that the producing zone of the Justis Gas Pool and the producing zone of any other common source of supply are both open in the same well bore unless specifically authorized by order of the Commission after notice and hearing. Dual completions may be effected in accordance with the provisions of Rule 112-A of the Commission's Rules and Regulations.

Any well presently completed in such a manner that the well bore is open to more than one common source of supply shall be assigned to the applicable pool by the Commission staff. Any operator of any well completed in such a manner shall submit to the Commission office at Hobbs, New Mexico, all pertinent well completion data on Form C-105, together with electric logs, sample logs, drill stem test records, etc. All data shall be submitted in duplicate on or before May 15, 1955. Failure of any operator to submit the required data will result in cancellation of Form C-110 and subsequent cancellation of allowables.

If the operator is not satisfied with the well's assignment he may apply for a hearing on the matter in accordance with Commission Rule 1203.

PROVIDED FURTHER, That in filing Form C-101 "Notice of Intention to Drill or Recomplete" all operators shall strictly comply with the provisions of Rule 104, paragraph (e).

PROVIDED FURTHER, That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Proration Manager shall notify the operator of the well and the purchaser in writing of the date of allowable cancellation and the reason therefor.

EXHIBIT "A"

Horizontal limits of the Tubb Gas Pool

TOWNSHIP 21 SOUTH, RANGE 37 EAST

All of Secs. 3, 9, 10, 15, 16, 17
All of Secs. 20 to 23, and 26 to 29 incl.
SW/4, & Lots 3, 4, 5, 6, 11, 12, 13, 14 of Sec. 2
SE/4, & Lots 1, 2, 7, 8, 9, 10, 15, 16 of Sec. 4
E/2 of Sec. 8
W/2 of Sec. 11
W/2 of Sec. 14
E/2 of Sec. 19
W/2 of Sec. 25
E/2 of Sec. 30
E/2 of Sec. 31
All of Secs. 32 to 36 incl.

TOWNSHIP 22 SOUTH, RANGE 37 EAST

All of Secs. 1 to 5 incl.
E/2 Sec. 6
All Secs. 8 to 16 incl.
E/2 Sec. 21
All Secs. 22 to 25 incl.

TOWNSHIP 22 SOUTH, RANGE 38 EAST

W/2 Sec. 6
W/2 Sec. 7
W/2 Sec. 18
All Secs. 19 & 30

EXHIBIT "B"

Horizontal limits of the Byers-Queen Gas Pool

TOWNSHIP 18 SOUTH, RANGE 38 EAST

All Secs. 29 to 32 incl.

-22-

Case No. 728

Order No. R-586

EXHIBIT "C"

Horizontal limits of the Justis Gas Pool

TOWNSHIP 25 SOUTH, RANGE 37 EAST

SW/4 Sec. 1

SE/4 Sec. 2

E/2 Sec. 11

W/2 Sec. 12

All Sec. 13

E/2 Sec. 14

E/2 Sec. 23

W/2 Sec. 24

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

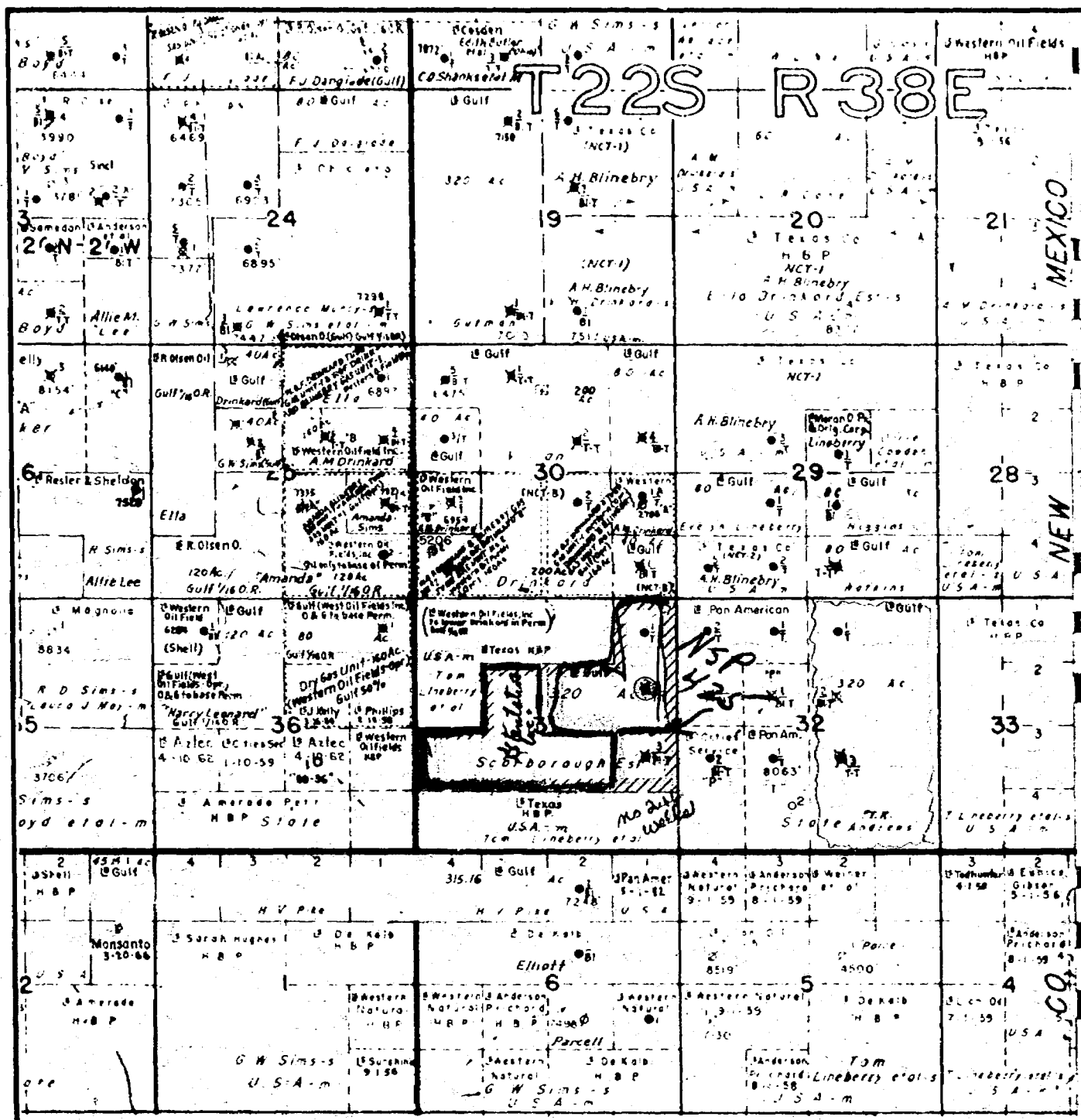
JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

S E A L

ir



LEASE PLAT
SCARBOROUGH EST.

LEA COUNTY, NEW MEXICO

— LEGEND —

Pertinent Gulf Lease

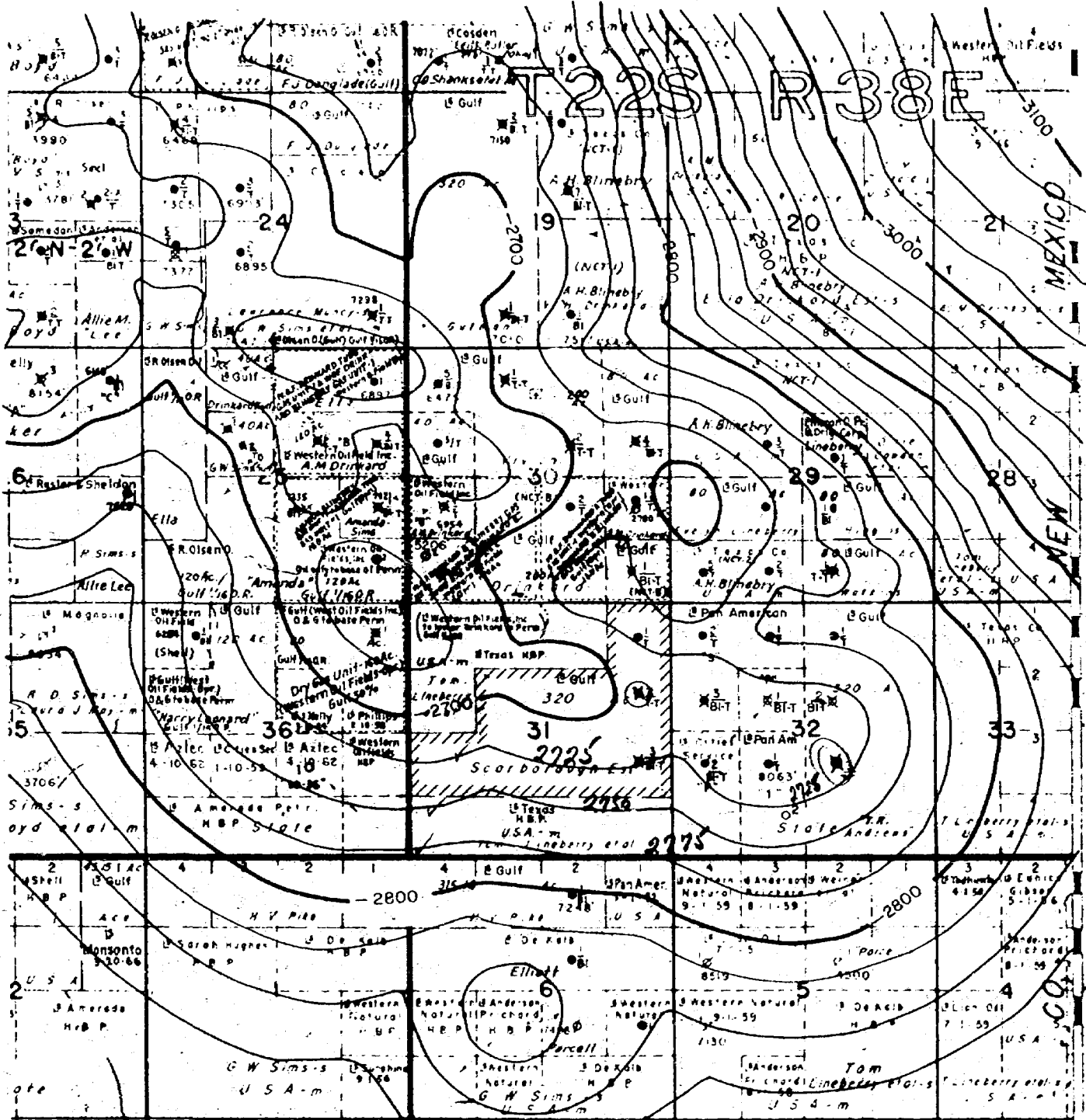
Pertinent Gulf Well

Gulf Oil Corporation July 24, 1958

Case No. 1484

Exhibit No. 1

ILLEGIBLE



Contour Map on Top of Tubb Formation

Case No. 1484 Exhibit No. 3

Gulf Oil Corporation July 24, 1958

GULF

ILLEGIBLE

Gulf Oil Corporation
Scarbrough Estate
MS-425
Sec. 31-1225-408E

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

April 14, 1958

Gulf Oil Corporation
P. O. Drawer 1290
Fort Worth 1, Texas

Attention: E. Hosford

Administrative Order NSP-425

Gentlemen:

Reference is made to your application for approval of a 120-acre non-standard gas proration unit in the Tubb Gas Pool consisting of the following acreage:

Township 22 South, Range 38 East, N1/4
Section 31: NE/4 NE/4 and S/2 NE/4

It is understood that this unit is to be dedicated to your Scarborough Estate Well No. 2, located 1980 feet from the North line and 660 feet from the East line of said Section 31.

By authority granted me under provisions of Rule 5 (d), of the Special Rules and Regulations for the Tubb Gas Pool, as set forth in Order R-586, you are hereby authorized to operate the above described acreage as a non-standard gas proration unit, with allowable to be assigned thereto in accordance with the pool rules, based upon the unit size of 120 acres.

Very truly yours,

A. L. PORTER, Jr.,
Secretary-Director

ALP/OEP/og

cc: Oil Conservation Commission - Hobbs
New Mexico Oil & Gas Engineering Committee - Hobbs

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PETROLEUM AND ITS PRODUCTS

GULF OIL CORPORATION

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

March 7, 1958

E. HOSFORD
DIVISION PRODUCTION COORDINATORFORT WORTH
PRODUCTION DIVISION

425
Due 4/13/58

Re: Application for 120-Acre
Non-Standard Gas Proration
Unit, Tubb Gas Pool, Com-
prising NE/4 and S/2 of NE/4
of Section 31, T-22-S, R-38-E,
Lea County, New Mexico

Oil Conservation Commission
State of New Mexico
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

Gulf Oil Corporation hereby makes application for approval
of a non-standard gas proration unit comprising NE/4 and S/2 of NE/4
of Section 31, T-22-S, R-38-E, Lea County, New Mexico, and in support
thereof states the following facts:

- (1) Gulf Oil Corporation is owner and operator of an oil and gas lease known as its Scarborough Estate Lease, Lea County, New Mexico, as shown on the attached plat.
- (2) Gulf Oil Corporation proposes that the above described acreage be established as a non-standard 120-acre gas proration unit in exception to Rule 5 (a) of Order R-586.
- (3) The Scarborough Estate Well No. 2, located 660 feet from the East line and 1980 feet from the North line of Section 31, T-22-S, R-38-E, Lea County, New Mexico, was completed February 18, 1958, as a gas well in the Tubb Gas Pool. The applicant proposes to use this well as the unit well.
- (4) The proposed non-standard gas proration unit will meet the requirements of Rule 5 (d) of the Oil Conservation Commission Order No. R-586 as follows:
 - (a) Contiguous quarter-quarter sections will comprise the unit.
 - (b) The proposed unit lies wholly within a single governmental section.

3-7-58

- (c) All acreage within the proposed unit may reasonably be presumed productive of gas.
 - (d) The length or width of the proposed unit does not exceed 5280 feet.
 - (e) Gulf Oil Corporation is lessee and operator of all the acreage comprising the proposed unit as shown on the attached plat, and by copy of this letter of application, all operators owning interest in the section in which the proposed unit is located and all operators within 1500 feet of the proposed unit well are notified by registered mail of the intent of Gulf Oil Corporation to form the proposed non-standard gas proration unit. (See attached affidavit.)
- (5) The approval of this application for a 120-acre non-standard gas proration unit will, in the opinion of the applicant, prevent waste, protect correlative rights and serve the best interest of conservation.

In view of the existence of the facts herein stated and compliance with the provisions of Rule 5 (d) of the Oil Conservation Commission's Order No. R-586, Gulf Oil Corporation requests that the Secretary of the Commission approve the above described non-standard gas proration unit to become effective as soon as possible. Gulf Oil Corporation further states that subsequent to filing for approval of this 120-acre unit, Gulf will request a hearing for approval of a 160-acre unit to consist of the NE/4 and S/2 of NE/4 and NE/4 of SE/4 of Section 31, T-22-S, R-38-E, Lea County, New Mexico.

Respectfully submitted,

GULF OIL CORPORATION

By E. P. Mayfield
Division Production Coordinator

cc: Registered Mail - Return Receipt Requested

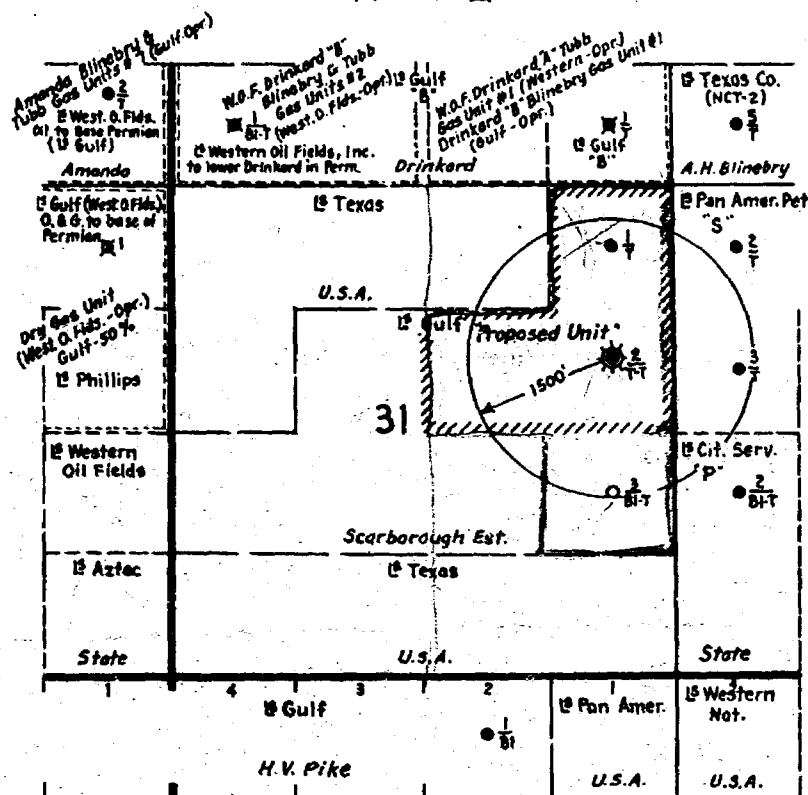
Cities Service Oil Company
Box 97
Hobbs, New Mexico

cc: Oil Conservation Commission
P. O. Box 2045
Hobbs, New Mexico

Pan American Petroleum Corporation
Box 899
Roswell, New Mexico

The Texas Company
Box 1270
Midland, Texas

R 38 E



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

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

Gulf - Scarborough Estate Lease

STATE OF TEXAS |
COUNTY OF TARRANT |

BEFORE ME, the undersigned authority, on this day personally
appeared D. L. HENRY of the
Fort Worth Production Division of Gulf Oil Corporation, who, after
being by me duly sworn, upon his oath states that, to the best of his
knowledge, the statements contained in the foregoing Application of
Gulf Oil Corporation, dated March 7, 1958, are
true and correct and that copies of such Application were duly deposited
on March 12, 1958, in the United States post
office as registered mail, with all charges prepaid, addressed to each
of the parties shown receiving carbon copies of such Application.

D. L. Henry
D. L. HENRY

SUBSCRIBED AND SWORN to before me by the said D. L. HENRY
this 12th day of March, 1958, to certify which witness
my hand and seal of office.

J. H. King, Jr. J. H. KING, JR.
Notary Public in and for Tarrant
County, Texas

My Commission Expires:

June 1, 1959

OIL CONSERVATION COMMISSION

BOX 2045

HOBBS, NEW MEXICO

DATE March 20, 1958

OIL CONSERVATION COMMISSION
BOX 871
SANTA FE, NEW MEXICO

Re: Proposed NSP _____

Proposed NSL _____

Proposed NFC _____

Proposed DC _____

Gentlemen:

I have examined the application dated 3/14/58
for the Gulf Oil Corp. Scarborough Estate #2 31-22-38
Operator Lease and Well No. S-T-R

and my recommendations are as follows:

O.K.—E.J.F.

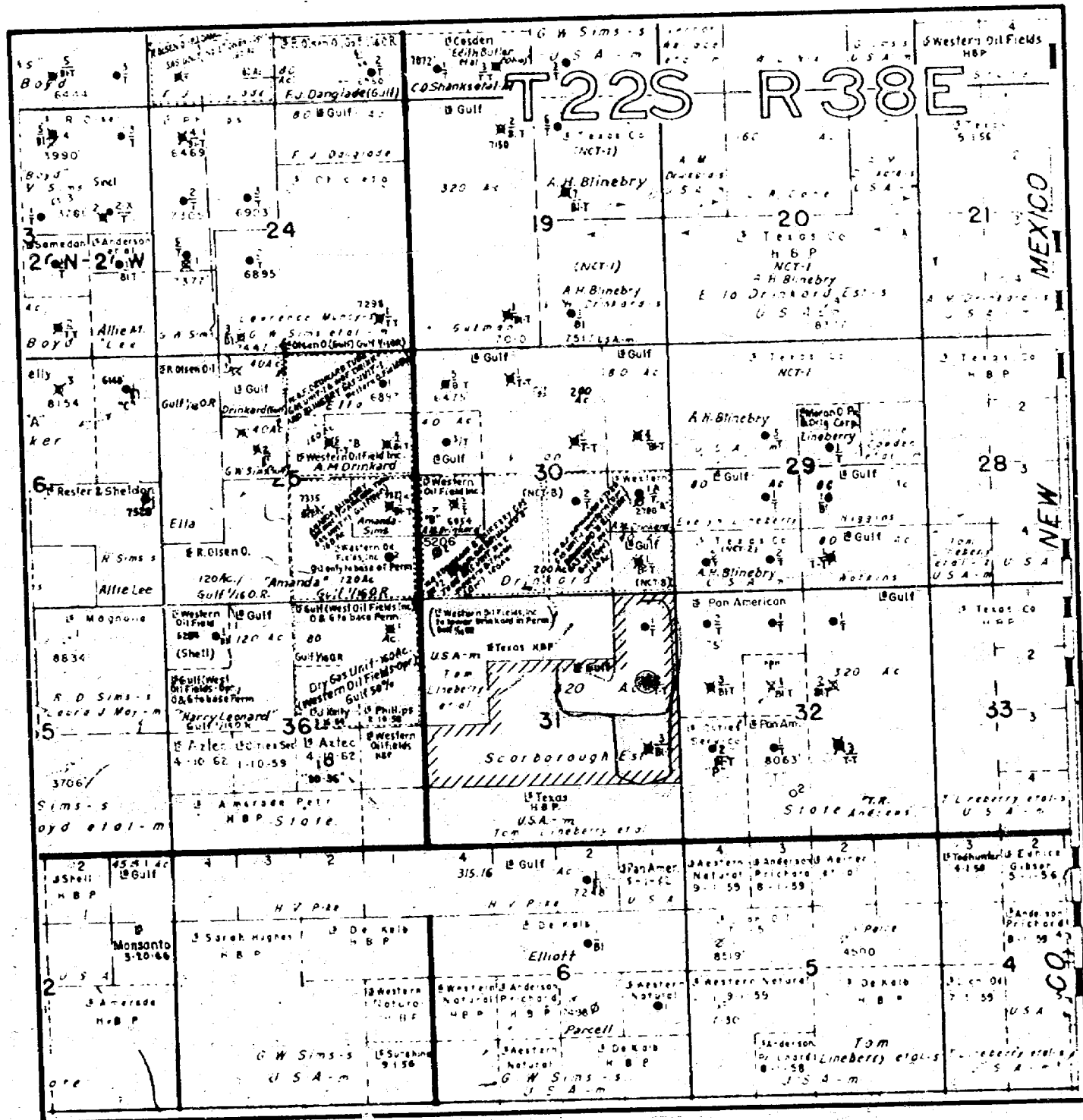
O.K.—J.W.R.

Yours very truly,

OIL CONSERVATION COMMISSION

E. J. Fischer

Engineer



LEASE PLAT
SCARBOROUGH EST.

LEA COUNTY, NEW MEXICO
— LEGEND —

- Pertinent Gulf Lease
 Pertinent Gulf Well

Oil Corporation July 24, 1958

Case No. 1484

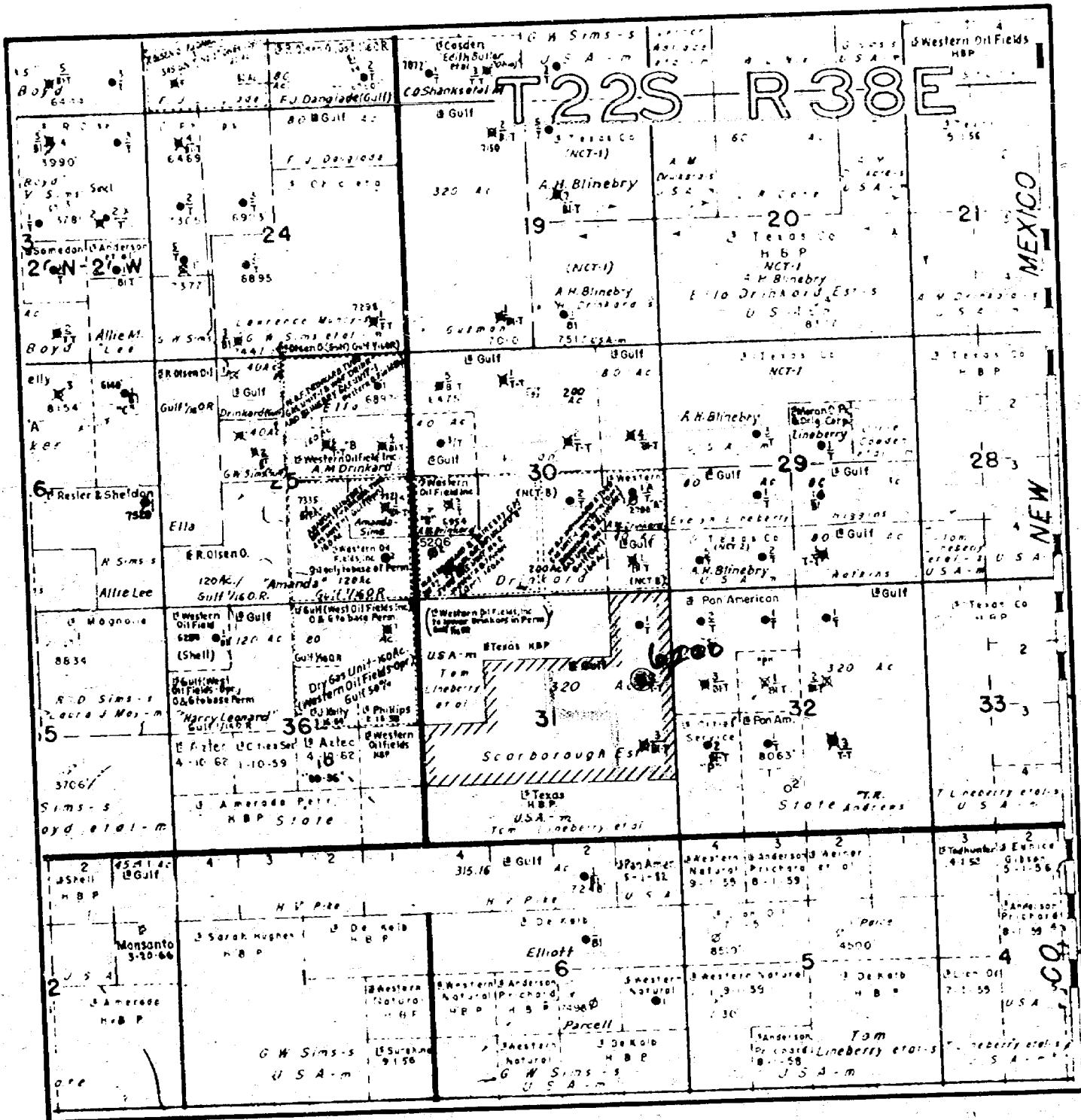
Exhibit No. 1

BEFORE EXAMINER UTZ

OIL CONSERVATION COMMISSION

EXHIBIT NO. 1 Gulf
CASE NO. 1484

ILLEGIBLE



LEASE PLAT
SCARBOROUGH EST.

LEA COUNTY, NEW MEXICO
— LEGEND —

Pertinent Gulf Lease
 Pertinent Gulf Well
Gulf Oil Corporation July 24, 1958

Case No. 1484
Exhibit No. 1

ILLEGIBLE



PETROLEUM AND ITS PRODUCTS

GULF OIL CORPORATION

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

E. HOSFORD
DIVISION PRODUCTION COORDINATOR

June 16, 1958

FORT WORTH
PRODUCTION DIVISION

Oil Conservation Commission
State of New Mexico
P. O. Box 871
Santa Fe, New Mexico

Re: Application for 160-acre Tubb Non-Standard Gas Pro-
ration Unit to be Assigned to Gulf's Scarborough Estate
Well No. 2

Gentlemen:

Gulf Oil Corporation respectfully submits application for a 160-acre non-standard gas proration unit in the Tubb Gas Pool consisting of the NE/4 of the SE/4 and the NE/4 and the S/2 of the NE/4 of Section 31, T-22-S, R-38-E, Lea County, New Mexico. It is respectfully requested that this matter be set for Examiner Hearing at an early date.

The following facts are offered in support of this application:

- (1) The above described 160 acres comprises a portion of the Gulf owned and operated Scarborough Estate Lease, as shown on the attached plat.
- (2) The proposed unit well, Gulf's Scarborough Estate Well No. 2, located 1880 feet from the north line and 660 feet from the east line of said Section 31, was dually completed so as to produce gas from the Tubb gas zone and oil from the Drinkard. The 7-inch casing, which was set and cemented at 7060 feet with 600 sacks, was perforated opposite the Tubb gas zone with FI Gun at 5982', 6129', 6163', 6185', 6201', and 6229'. On February 19, 1958, the Tubb gas zone flowed at a maximum rate of 2000 MCF with 1800 pound back pressure. Estimated open flow is 6200 MCF per day.
- (3) Gulf Oil Corporation is requesting that the above described acreage be established as a 160-acre non-standard Tubb gas proration unit in exception to Rule 5 of NMOCC Order R-586.
- (4) By copy of this letter of application, all operators owning interests in the section involved and all

June 16, 1958

operators within 1500 feet of the proposed unit well are notified of the intent of Gulf Oil Corporation to form the proposed non-standard gas proration unit.

Respectfully submitted,

GULF OIL CORPORATION

By: E. Hosford
Division Production Coordinator M

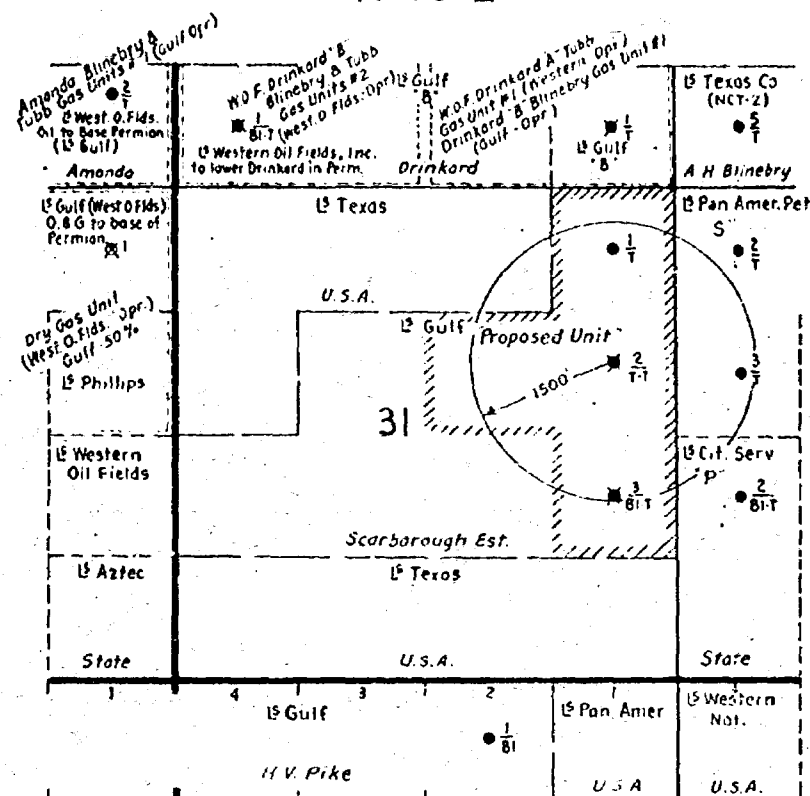
cc: Oil Conservation Commission
P. O. Box 2045
Hobbs, New Mexico

Cities Service Oil Company
P. O. Box 97
Hobbs, New Mexico

Pan American Petroleum Corporation
P. O. Box 899
Roswell, New Mexico

The Texas Company
P. O. Box 1270
Midland, Texas

R 38 E



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

Proposed 160-Acre Non-Standard
 Tubb Gas Unit Assigned to
 Gulf's Scarborough Estate
 Well No. 2



PETROLEUM AND ITS PRODUCTS

GULF OIL CORPORATION

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

E. HOSFORD
DIVISION PRODUCTION COORDINATOR

June 16, 1958

FORT WORTH
PRODUCTION DIVISION

Oil Conservation Commission
State of New Mexico
P. O. Box 871
Santa Fe, New Mexico

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Oil Conservation Commission

- 2 -

June 16, 1958

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Respectfully submitted,

GULF OIL CORPORATION

By: E. Hosford
Division Production Coordinator *M*

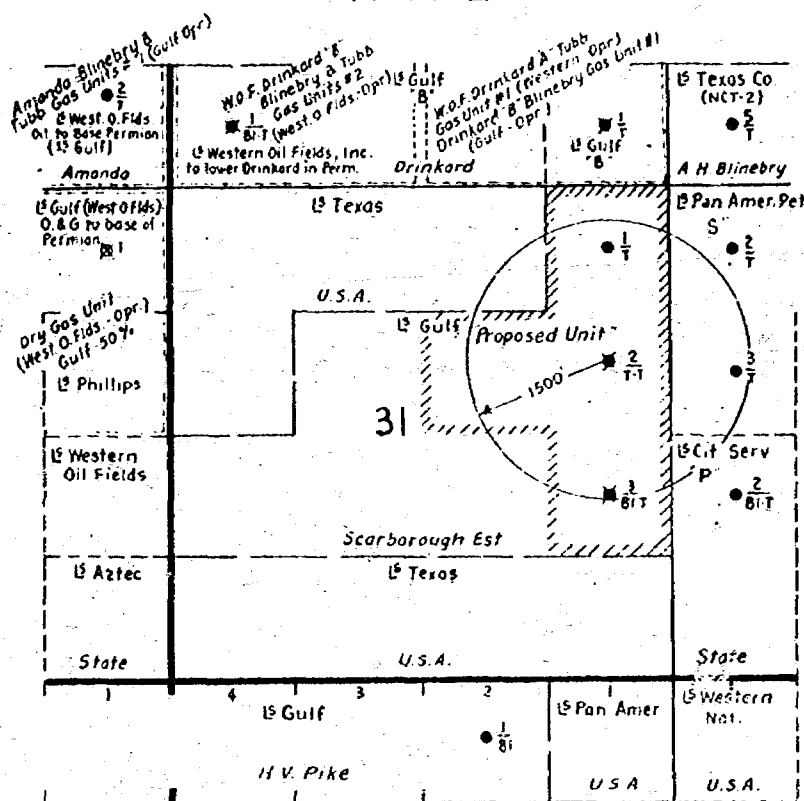
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Cities Service Oil Company
P. O. Box 97
Hobbs, New Mexico

Pan American Petroleum Corporation
P. O. Box 899
Roswell, New Mexico

The Texas Company
P. O. Box 1270
Midland, Texas

R 38 E



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

Proposed 160-Acre Non-Standard
Tubb Gas Unit Assigned to
Gulf's Scarborough Estate
Well No. 2

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. 1484
Order No. R-1229

APPLICATION OF GULF OIL CORPORATION
FOR THE ESTABLISHMENT OF A 160-ACRE
NON-STANDARD GAS PRORATION UNIT IN
THE TUBB GAS POOL, LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on July 24, 1958, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this August day of ~~July~~, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

(1) Usual

(2) That applicant, Gulf Oil Corporation, is the owner of the Scarborough Estate Lease which includes the NE/4 SE/4, NE/4 NE/4, and the S/2 NE/4 of Section 31, Township 22 South, Range 38 East, NMPM, Lea County, New Mexico.

(3) That applicant is the owner and operator of the Scarborough Estate Well No. 2, located 1880 feet from the North line and 660 feet from the East line of said Section 31, and dually completed in the Tubb Gas Pool and Drinkard Pool.

(4) That by Administrative Order NSP-425 applicant was granted a 120-acre non-standard gas proration unit in the Tubb Gas Pool for the above-described Scarborough Estate Well No. 2, said unit consisting of the NE/4 NE/4 and the S/2 NE/4 of said Section 31.

(5) That the applicant seeks the establishment of a 160-acre non-standard gas proration unit in the Tubb Gas Pool, such unit to consist of the NE/4 SE/4, NE/4 NE/4, and the S/2 NE/4 of said Section 31 and to be dedicated to the aforementioned Scarborough Estate Well No. 2.

(6) That approval of the subject application will not cause waste nor impair correlative rights.

(7) That the subject application should be granted.

IT IS THEREFORE ORDERED:

(1) That Administrative Order NSP-425 be and the same is hereby superseded.

(2) That the application of Gulf Oil Corporation for the establishment of a 160-acre non-standard gas proration unit in the Tubb Gas Pool, consisting of the NE/4 SE/4, NE/4 NE/4, and the S/2 NE/4 of Section 31, Township 22 South, Range 38 East, NMPM, Lea County, New Mexico, be and the same is hereby granted. Said unit is to be dedicated to the applicant's Scarborough Estate Well No. 2, located 1880 feet from the North line and 660 feet from the East line of said Section 31.

DONE at