

production & exception to  
04 and 107. San Juan County

Case No.

1697

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Application, Transcript,  
Small Exhibits, Etc.

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1697

TRANSCRIPT OF HEARING

June 24, 1959

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

I N D E X

<u>WITNESS</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>
HAROLD BUDD	4	12	

3

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
June 24, 1959

-----  
IN THE MATTER OF: )

Application of Universal Oil )  
Corporation for the creation )  
of a new oil pool for Gallup )  
production, and for an exception )  
to Rules 104 and 107 for wells )  
in said pool. Applicant, in the )  
above-styled cause, seeks an order )  
creating a new pool for Gallup )  
production to be designated the )  
Shiprock-Gallup Oil Pool and )  
located in Sections 16 and 17, )  
Township 29 North, Range 18 West, )  
San Juan County, New Mexico. )  
Applicant further seeks the )  
promulgation of pool rules to )  
permit wells in said pool to be )  
located closer than 660 feet )  
to the nearest producing well in )  
exception to Rule 104, and to )  
permit certain exceptions to the )  
casing requirements of Rule 107 )  
of the Commission Rules and )  
Regulations. )  
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CASE NO.  
1697

BEFORE:

ELVIS A. UTZ, Examiner.

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: The hearing will come to order. The next  
case on the docket will be 1697.

MR. PAYNE: Case 1697. Application of Universal Oil  
Corporation for the creation of new oil pool for Gallup production

and for an exception to Rules 104 and 107 for wells in said pool.

MR. VERITY: George L. Verity, Farmington, for the applicant.

MR. UTZ: Any other appearances in this case? If not, you may swear the witness.

(Witness sworn.)

HAROLD BUDD

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

DIRECT EXAMINATION

BY MR. VERITY:

Q State your name, please.

A Harold Budd.

Q Mr. Budd, what is your occupation?

A I am a consulting petroleum geologist and Geological Engineer.

Q Do you have a degree?

A I have a B.S. and M.S. degree in Geology from M.S.U.

Q When were you graduated from there?

A 1950.

Q Have you been pursuing your professions since that time?

A Yes, I have.

Q Are you familiar with the San Juan Basin in the Four

Corners area?

A Yes.

Q And more particularly are you familiar with Sections 16 and 17, Township 29 North, Range 18 West, San Juan County, New Mexico?

A Yes, sir.

Q Have you had occasion to make a particular study of the shallow sands in that vicinity?

A Yes, I have.

Q Mr. Budd, I hand you what the Reporter has marked Exhibit 1. Will you tell us what it is, please?

A This is a map of the recent discovery in Section 16, 17, 29, 18.

Q Discovery of what?

A We drilled test well No. 1 there and it was dry in the Dakota. We plugged and abandoned it, but we did have some oil shows in the Gallup sands by 1120 feet.

Q Since that time did you complete that well as a producer then?

A We tried to in the Gallup but we were unsuccessful in doing so.

Q First why do you think you were unsuccessful in completing it?

A Well, the formations exposed to drilling mud and

water and we think probably the sand was hydrated and a mud block resulted.

Q And that well was located where?

A In the southeast of the southeast of the northeast of Section 1729 North, 18 West.

Q All right. Now, if you will please proceed with your further development?

A After the oil shows we went in and drilled wells 2, 3, -- 2 was drilled to a hundred feet and found minor amounts of oil there in the Gallup. 3, up in the northeast corner had oil shows but we were not able to complete it successfully.

Q Is the location of each of these wells that you have numbered indicated on Exhibit 1 --

A Yes.

Q -- by the number?

A Shown by the number. They were drilled in the order that they were numbered. We drilled 4, 5, 6, and 7 and found that they are capable of producing small amounts of oil from the Gallup sand at approximately a hundred feet.

Q By a small amount of oil what do you mean?

A 2 to 3 barrels per day.

Q Is there other geological information which you have been able to avail yourself of in this vicinity that indicates the presence or absence of the Gallup sand?



A There are seismic holes drilled in the area and there were some other holes drilled that indicate the oil shows in the Gallup where I have sketched this line in.

Q From that information then have you formed an opinion as to the extent of this Gallup pay?

A Geographic extent I think is the field outline here.

Q As you have indicated on this map?

A Yes.

Q How thick a sand body do you have in the Gallup pay area?

A Well, it's probably a series of 2 or 3 very thin lenses that wouldn't add up to more than 5 or 6 feet of net pay, cumulative.

Q What kind of bottom hole pressure do you have?

A About 25 pounds at the most, probably less than that.

Q Does this indicate an absence of any gas?

A We have found no gas at all.

Q Then what is the reservoir energy that causes the oil to enter the bore hole so that it can be produced?

A We feel it's gravity drive.

Q Do these factors play a part in how large an area you can drain with one well?

A Yes. The very thin reservoirs and lack of gas energy in there leaves us only gravity, drive makes us believe that

it is necessary to space these wells rather closely in order to effectively drain the field.

Q How large an area do you think that one well can bring?

A Two and a half acres.

Q Is it feasible to produce this Gallup sand from this depth on two and a half acres from a economical standpoint?

A Well, one well wouldn't be feasible. At a hundred feet it doesn't cost much to drill them, but it doesn't produce much oil either, so it would take a large number of wells to just maintaining a pumper.

Q What is your cost of drilling and completing a well in this shallow sand?

A About \$2500 per well.

Q And have you calculated the recovery per two and a half acres?

A It's about a thousand barrels per acre, we think, or 2500 barrels per well.

Q Then with the present price of oil it is feasible to drill it on two and a half acres?

A Yes.

Q And are there any economics that make it necessary to drill it on closer spacing than you would possibly under other circumstances?

A Yes, we do have a small production here and to justify the cost of the pumper out there and the necessary equipment to produce an oil field, we are going to have to have substantial rate of income from those wells, and I think it's to our advantage to go in there and drill a number of them and produce them simultaneously than to have a small number of wells and have a longer life to them.

Q In other words, you mean to shorten the economic life of your field so that it can be a more profitable operation while it's operating?

A We almost have to, yes.

Q How are you drilling these wells and what is your completion program on them, Mr. Budd?

A Well, we use shot hole rigs to drill the holes with, and we have found that using either air or oil as a circulating fluid results in better recovery. We have been setting a minimum of casing in these holes because on an operation such as this expenses should be kept to a minimum.

Q In other words, there isn't a great margin of profit in this operation?

A If any at all.

Q But you think you can make it a economical and efficient operation if it's properly conducted?

A Right.

Q Now, then, do you think it's necessary to set both a surface string and a flow string of casing in these wells?

A No, there is no surface water. We have drilled with air. There is no fluid down to the oil. We think the surface string would be superfluous here because there is no water to protect. We would like to set one string of pipe.

Q And the cost of pipe is a material item in this size of operation?

A Yes, it is.

Q You need then, do you, for permission to complete these wells with just one string of pipe acting as both your flow string and your surface string?

A That's correct.

Q As you have indicated on Exhibit 1 your 5 wells that you have drilled there to date are not on a two and one half acre pattern, are they?

A No, they are not.

Q And if the Commission grants two and one half acre spacing here, where would you suggest -- which two and one half acres would you suggest that the 5 wells you have completed there be allocated to?

A Well, I would suggest we start with No. 4 there, there would be allocated --

Q No. 4 is in the center of the southwest, southwest

northeast of 17, is that right?

A Right. And let it have the allowable for the northwest of the southwest of the southwest of the northeast.

Q Then it would be the well for the two and one half acres of which it is allocated on the southeast corner, right?

A Right.

Q And would you do likewise with the other wells?

A Yes.

Q That is, make them the well for the two and one half acres upon which they are allocated on the southeast corner?

A Yes, the two and one half acres west of the location.

Q On your normal pattern development, how close will this put a well to a lease line?

A It's a hundred and sixty-five feet.

Q And to the next well?

A 330 feet.

Q And you would like permission granting that?

A Yes.

Q Do you have common ownership of the 230 which have been developed at the present time?

A Yes, Universal has both of those.

MR. VERITY: I believe that's all.

MR. UTZ: Do you want to enter the exhibits?

MR. VERITY: Yes, we offer Exhibit 1 in evidence.

MR. UTZ: Without objection Exhibit 1 will be entered in evidence. Are there questions of the witness?

CROSS EXAMINATION

BY MR. PAYNE:

Q Mr. Budd, no wells have been drilled in this Section 16, have they?

A Producing wells, no, sir.

Q What evidence do you have that this pool covers the area which you would like to have designated as this new pool?

A There are some seismic holes over there that penetrate the Gallup zone, shot holes.

Q Did they have oil show?

A Yes, sir. You can see the cuttings there. You can still get a faint odor out of them.

Q Now, these wells that you have completed, what size is the tubing string that you are using for the casing?

A Two inch.

Q Is that ID or OD?

A ID. No, it's OD, excuse me.

Q Is the Shell Oil Company the only offset operator?

A Yes, sir.

Q Have they been notified of your amendment?

MR. VERITY: Yes, they have, if you will permit me to answer that.

MR. PAYNE: That's all. Thank you.

MR. UTZ: Mr. Nutter.

BY MR. NUTTER:

Q Mr. Budd, what do you propose as the horizontal limits of the pool at this present time?

A I think it's a sand lense that pinches out in all directions there.

Q Well, if the Commission should define this pool and establish rules for the pool we would have to know the area. Do you propose that only the 240 acres being the southwest of the northeast of Section 17 and the southeast of the northwest be delineated as the pool at the present time?

A No, sir. In the application we have asked for the north half and the north half of the south half of 17, and the north half and the south half of 16.

Q I see. Now, Mr. Budd, you stated that you didn't feel a surface string was necessary because there was no fluid down to the oil. Now, in the event that you contemplated a deeper well in this area, do you not feel it would be advisable to set surface strings so you would have something to fasten the blow-out preventers to?

A If a deeper well was drilled within the field I would like to see that section protected, yes, sir. I don't think there is any gas danger there, but the water and mud do have a very

definite detrimental effect on the sand. We have found that out.

Q So you wouldn't be adverse to a rule that would require blow-out preventers and surface pipe in the event that a well in this field were drilled to a deeper tubing?

A No, sir, not a bit. I think it would help us.

Q Now, what means do you use to lift the oil from the producing formation to the surface here?

A We have been experimenting with a number of techniques, windmills, we have a small surface pump, we have a submersible pump.

Q Now, you don't have enough gas produced with this oil to provide the power for an engine?

A No, we use a light plant generator with butane.

MR. NUTTER: I see. I believe that is all, thank you.

MR. UTZ: Are there any other questions?

MR. UTZ: Actually, Mr. Budd, your Numbers 2, 4, 5, 6 and 7 wells are the only wells that you have in this area capable of producing?

A Yes, sir.

MR. UTZ: Mr. Nutter.

BY MR. NUTTER:

Q Mr. Budd, you stated that the present production from the wells is from 2 to 3 barrels per day. Now, in the event you



should encounter wells in this area that would produce more than 2 to 3 barrels, you would still be willing with the order that the Commission might enter here to restrict 40 acre allowable for the San Juan Basin, is that correct?

A Yes, sir, that is correct.

MR. VERITY: Mr. Porter and Mr. Nutter, in our application we requested that the north half of 16, the north half of 17, and the north half of the south half of 17, and the north half of the south half of 17 be included in this pool. But this Exhibit 1 gives a more accurate description of what we think is the lateral limit of it, and that is what we actually want spaced and included within the pool. Now, as you can see all of the northeast quarter of 16 and the north half of the southeast of 16 we think are out now. We thought that part of them were in at that time. Also you could probably take out the northwest to the northwest of 17 and the northwest of the southwest of 17, but the perimeter line as indicated on Exhibit 1 is what we believe it is in, and should at this time be included in the pool and field rules applicable to. We think probably the production is going to decline or at least the sand is thin in all directions and this line is not hard and fast. The just limit will be commercial.

MR. NUTTER: Mr. Budd, would also the north half of the north half of 16 would be out?

A Yes, we would have no objection to it being ommitted.

MR. UTZ: Actually you only have 240, don't you, Mr. Budd, that are proven productive?

A Yes, sir.

MR. VERITY: That isn't quite correct, is it, Mr. Budd? Your No. 1 Well you think could be a producer by drilling another well where you have the mud and the water off?

A Yes, drilling another well I think we could make wells here and possibly over in 16.

Q Do you think the conditions there in your No. 1 Well were as favorable in the wells you have completed?

A It appeared so from the samples.

MR. PORTER: Of course, you are just asking for a 40 acre allowable for any number of wells?

A Yes, at 3 barrels a day it will take 15 wells to make the allowable.

MR. PORTER: You might get one that is above average.

MR. UTZ: Actually, Mr. Budd, what would be the matter with expanding the pool as the 40 acre tract were proven productive? How would that be detrimental to you?

A Not a bit, sir. We have no objection to that at all.

MR. UTZ: Any other questions. If there are not the witness may be excused.

(Witness excused.)

MR. UTZ: Any other statements to be made in this case? If there are none the case will be taken under advisement.

STATE OF NEW MEXICO )  
 : ss  
 COUNTY OF BERNALILLO )

I, Ned A. Greenig, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached transcript of proceedings before the Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript by me and/or under my personal supervision and that the same is a true and correct record to the best of my knowledge, skill and ability.

Witness my hand and seal this the 8<sup>th</sup> day of July, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Ned A. Greenig  
 Notary Public

My Commission Expires:  
 May 5, 1963

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1697, heard by me on June 24, 1959.

John A. Mc, Examiner  
 New Mexico Oil Conservation Commission

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Date 7-2-59

CASE NO. 1697

HEARING DATE 6-24-59

My recommendations for an order in the above numbered case(s) are as follows:

1. Establish a pool for Gallup <sup>oil</sup> production to be known as the Shiprock - Gallup oil Pool, consisting of 28 N-18 W, sec. 17, SE/4 NW/4 & SW/4 NE/4.
2. The spacing rule should provide ~~for~~ that a well shall not be drilled closer than 165 ft. from a 40 ac. boundary (1/4 sec.) or closer than 300 ft. from another well. The usual administrative procedure for topographical conditions.
3. Allow the use of one production string, minimum size of 2" O.D. nominal pipe with cement circulated to surface. Such ~~production string~~ <sup>production string</sup> shall be set no higher than the top of the highest oil show in the Gallup formation.
4. A proration unit shall consist of a 40 Acres.

Staff Member

Thos. H. [Signature]

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

July 17, 1939

Mr. George Verity  
152 Petroleum Center Building  
Farmington, New Mexico

Dear Mr. Verity:

On behalf of your client, Universal Oil Corporation,  
we enclose two copies of Order No. R-1438 issued on  
July 15, 1939, by the Oil Conservation Commission in  
Case No. 1697.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

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Enclosures

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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. 1697  
Order No. R-1438

APPLICATION OF UNIVERSAL OIL  
CORPORATION FOR THE CREATION  
OF A NEW OIL POOL FOR GALLUP  
PRODUCTION IN SECTIONS 16 AND  
17, TOWNSHIP 29 NORTH, RANGE  
18 WEST, SAN JUAN COUNTY, NEW  
MEXICO, AND FOR CERTAIN EXCEP-  
TIONS TO RULES 104 AND 107 FOR  
WELLS IN SAID POOL

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 8:00 o'clock a.m. on June 24, 1959, 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 15<sup>th</sup> day of July, 1959, 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 on the basis of a discovery well drilled 1980 feet from the North line and 2310 feet from the East line of Section 17, Township 29 North, Range 18 West, NMPM, San Juan County, New Mexico, to a depth of less than 100 feet, the applicant, Universal Oil Corporation, seeks an order creating a new pool for Gallup production to be known as the Shiprock-Gallup Oil Pool and to comprise the N/2 and the N/2 S/2 of Section 16 and the N/2 and N/2 S/2 of Section 17, Township 29 North, Range 18 West, NMPM, San Juan County, New Mexico.

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Case No. 1697  
Order No. R-1438

(3) That only the SE/4 NW/4 and the SW/4 NE/4 of said Section 17 have been proven productive of oil from the Gallup formation and the Shiprock-Gallup Oil Pool should encompass this acreage only.

(4) That the applicant seeks an exception to Rule 104 of the Commission Rules and Regulations to provide that wells drilled in said Shiprock-Gallup Oil Pool may be located 165 feet from the outer boundary line of the quarter-quarter section on which they are located and to provide that they may be located 300 feet from the nearest well producing from the same common source of supply.

(5) That the applicant further seeks an exception to Rule 107 of the Commission Rules and Regulations to authorize slim-hole completions in said Shiprock-Gallup Oil Pool.

(6) That the subject application should be approved.

IT IS THEREFORE ORDERED:

(1) That a new pool in San Juan County, New Mexico, classified as an oil pool for Gallup production be and the same is hereby created and designated as the Shiprock-Gallup Oil Pool, consisting of the following-described acreage:

TOWNSHIP 29 NORTH, RANGE 18 WEST, NMPM  
Section 17: SE/4 NW/4 and SW/4 NE/4

(2) That for allowable purposes, the 40-acre proportional factor for pools from 0 to 5000 feet shall apply to said Shiprock-Gallup Oil Pool.

(3) That special rules and regulations for said Shiprock-Gallup Oil Pool be and the same are hereby promulgated as hereinafter set forth.

SPECIAL RULES AND REGULATIONS FOR THE  
SHIPROCK-GALLUP OIL POOL

RULE 1. Each well drilled in the Shiprock-Gallup Oil Pool shall be located no nearer than 165 feet to the outer boundary of the quarter-quarter section on which it is located and shall be located no nearer than 300 feet to the nearest well producing from the same common source of supply; provided, however, that said 300-foot restriction shall not be applicable to wells projected to or completed in the Gallup formation which offset wells which were drilling to or completed in the Shiprock-Gallup Oil Pool on the effective date of these rules.



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Case No. 1697  
Order No. R-1438

RULE 2. The Secretary-Director shall have authority to grant exceptions to Rule 1 without notice and hearing where an application therefor has been filed in due form and the necessity for the exception is based on topographical conditions.

Applicants shall furnish all operators owning acreage within 330 feet of the proposed location a copy of the application to the Commission and shall stipulate to the Commission that proper notice has been furnished to all such operators. The Secretary-Director may approve the application if, after a period of twenty (20) days, no such operator has objected. The Secretary-Director may grant immediate approval upon receipt of waivers of objection from all such operators.

RULE 3. The slim-hole method of completion may be utilized in the Shiprock-Gallup Oil Pool, provided, however, that the tubing used as a substitute for casing shall be no smaller than 2-3/8 inch OD and no larger than 2-7/8 inch OD and shall be set at least to the top of the productive interval in the well; provided, further, that cement shall be circulated to the surface.

RULE 4. No 40-acre proration unit shall produce in excess of the 40-acre top unit allowable for wells in the 0-5000 foot depth range in Northwest New Mexico.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
JOHN BURROUGHS, Chairman

  
MURRAY E. MORGAN, Member

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



vem/

June 24th  
-2- Hearing

June 24th

No. 23-59

CASE 1696: Application of Caulkins Oil Company for a triple completion. Applicant, in the above-styled cause, seeks an order authorizing it to triple complete its Breech "F" Well No. PMD-8, located in the NE/4 NE/4 of Section 34, Township 27 North, Range 5 West, Rio Arriba County, New Mexico, in such a manner as to produce gas from the South Blanco-Pictured Cliffs Pool, gas from the Mesaverde formation, and gas from the Dakota formation through parallel strings of tubing.

CASE 1697: Application of Universal Oil Corporation for the creation of a new oil pool for Gallup production, and for an exception to Rules 104 and 107 for wells in said pool. Applicant, in the above-styled cause, seeks an order creating a new pool for Gallup production to be designated the Shiprock-Gallup Oil Pool and located in Sections 16 and 17, Township 29 North, Range 18 West, San Juan County, New Mexico. Applicant further seeks the promulgation of pool rules to permit wells in said pool to be located closer than 660 feet to the nearest producing well in exception to Rule 104, and to permit certain exceptions to the casing requirements of Rule 107 of the Commission Rules and Regulations.

CASE 1698: Application of Shell Oil Company for an exception to Rule 502 I (a). Applicant, in the above-styled cause, seeks an order which would exempt all wells in the Carson Unit Area and all other Shell wells in Township 25 North, Ranges 11 and 12 West, Bisti-lower Gallup Oil Pool, San Juan County, New Mexico, from the daily tolerance provisions of Rule 502 I (a) of the Commission Rules and Regulations.

CASE 1195: Application of Graridge Corporation for capacity allowables for certain wells in a water flood project. Applicant, in the above-styled cause, seeks an order authorizing capacity allowables for three wells in the project area of its water flood in the Caprock-Queen Pool in Lea and Chaves Counties, New Mexico.

CASE 1196: Application of Graridge Corporation for an order amending Order No. R-966. Applicant, in the above-styled cause, seeks an order amending Order No. R-966 to establish administrative procedures for development of its Artesia Water Flood Projects No. 2 and 3, Artesia Pool, Eddy County, New Mexico, and for approval of unorthodox locations for 27 wells in said projects, for authority to convert six wells in said projects to water injection, and for capacity allowables for five wells in said projects.

CASE 1185: Application of Graridge Corporation for an order amending Order No. R-952. Applicant, in the above-styled cause, seeks an order amending Order No. R-952 to establish administrative procedures for development of its Artesia Water Flood Project No. 1, Artesia Pool, Eddy County, New Mexico, and for approval of unorthodox locations for fifteen wells in said project, and for capacity allowables for five wells in said project.

CASE 1699: Application of J. W. Brown for an order authorizing a pilot water flood project. Applicant, in the above-styled cause seeks an order authorizing it to institute a pilot water flood project in the Brown Pool, Chaves County, New Mexico, by the injection of water into the Queen formation through four wells located in the SE/4 NW/4 of Section 26, Township 10 South, Range 26 East, Chaves County, New Mexico.

DOCKET: EXAMINER HEARING JUNE 24, 1959

OIL CONSERVATION COMMISSION - 1120 CERRILLOS ROAD, HIGHWAY DEPARTMENT  
AUDITORIUM, 8 a.m., SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or A. L. Porter, Jr., Secretary-Director.

CONTINUED CASE

CASE 1666: Application of Sunray Mid-Continent Oil Company for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its Central Bisti-Lower Gallup Sand Unit embracing approximately 7389 acres of federal, state, and allotted Indian lands in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

NEW CASES

CASE 1692: Application of Continental Oil Company for the establishment of a non-standard gas proration unit in the Tubb Gas Pool. 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 lot 15, the N/2 SE/4 and the SE/4 SE/4 of Section 3, Township 21 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to applicant's Hawk B-3 Well No. 2-T, located 1650 feet from the South and East lines of said Section 3.

CASE 1693: Application of Amerada Petroleum Corporation for three non-standard oil proration units. Applicant, in the above-styled cause, seeks an order establishing three 43.7 acre non-standard oil proration units for Mississippian production in the SE/4 of Section 11, Township 13 South, Range 38 East, Lea County, New Mexico. Applicant further seeks approval of one unorthodox oil well location.

CASE 1694: Application of Texas Crude Oil Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing it to dually complete its Big Eddy Unit 1-30 Well, located in the SE/4 SE/4 of Section 30, Township 20 South, Range 31 East, Eddy County, New Mexico, in such a manner as to produce oil from an undesignated Tansil pool and to produce oil from an undesignated Delaware pool through parallel strings of tubing.

CASE 1695: Application of Texaco, Inc. for a triple completion, for permission to commingle the production from three separate pools, and for the establishment of two non-standard gas proration units. Applicant, in the above-styled cause, seeks an order authorizing it to triple complete its A. H. Blinbry NCT-4 Well No. 1, located in the SE/4 SE/4 of Section 31, Township 22 South, Range 38 East, Lea County, New Mexico, in such a manner as to permit production from the Blinbry formation, production of gas from the Tubb Gas Pool, and production of oil from the Drinkard Pool through tubing, the annulus via cross-over, and tubing respectively. Applicant further seeks the establishment of a 160-acre non-standard gas proration unit in both the Tubb Gas Pool and Blinbry Gas Pool each consisting of the S/2 S/2 of said Section 31. Applicant further seeks permission to commingle the liquid production from the Blinbry, Tubb, and Drinkard formations underlying said acreage.

- CASE 1337: Application of Gulf Oil Corporation for an order amending Order No. R-1093-A. Applicant, in the above-styled cause, seeks an order amending Order No. R-1093-A to permit the commingling of Paddock production with the commingled Blinebry, Drinkard, and Langlie-Mattix production from its Learcy McBuffington lease consisting of the S/2 of Section 13, Township 25 South, Range 37 East, Justis Field, Lea County, New Mexico.
- CASE 1700: Application of Gulf Oil Corporation for permission to commingle the production from two separate leases: Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the East Millman Queen-Grayburg Pool from two separate non-contiguous leases in Township 19 South, Range 28 East, Eddy County, New Mexico.
- CASE 1703: Application of Tidewater Oil Company to commingle the production from several separate oil pools from two separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the intermediate grade crudes produced from its Coates "D" Lease comprising the SE/4 SW/4 of Section 24, Township 25 South, Range 37 East, Justis Field, Lea County, New Mexico, with the commingled production of all intermediate grade crudes produced from its Coates "C" Lease comprising the E/2, SE/4 NW/4, and the NE/4 SW/4 of said Section 24 and to pass such commingled production through its automatic custody transfer system.
- CASE 1704: Application of Cities Service Oil Company for capacity allowables for nine wells in a water flood project and for establishment of administrative procedure for expansion of said project. Applicant, in the above-styled cause, seeks an order authorizing capacity allowable for nine wells in the project area of its water flood project in the Caprock-Queen Pool, Chaves County, New Mexico. Said capacity allowables would be in exception to Order R-1128-A. Applicant further seeks establishment of an administrative procedure to expand said water flood project.
- CASE 1705: Application of Neville G. Penrose, Inc., for a capacity allowable for one well. Applicant, in the above-styled cause, seeks an order authorizing a capacity allowable for its Alston Well No. 2, located in the NW/4 NW/4 of Section 11, Township 14 South, Range 31 East, Caprock Queen Pool, Chaves County, New Mexico, due to a response from the adjoining Cities Service Oil Company water flood project. Said capacity allowable would be in exception to Order R-1128-A.

NEW MEXICO OIL CONSERVATION COMMISSION

Docket No. 23-59-a

In addition to the cases listed on Docket No. 23-59, the following cases will also be heard June 24, 1959, before Elvis A. Utz, Examiner, or A. L. Porter, Jr., Secretary-Director:

- CASE 1701: Application of Gulf Oil Corporation for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Learcy McBuffington Well No. 5, located in the NW/4 SE/4, Section 13, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to produce oil from an undesignated Paddock Pool and oil from the Justis-Ellenburger Pool through parallel strings of tubing.
- CASE 1702: Application of Humble Oil & Refining Company for an oil-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its South Four Lakes Unit Well No. 6, located in the SW/4 SE/4, Section 2, Township 12 South, Range 34 East, Lea County, New Mexico, in such a manner as to produce oil from a Four Lakes-Pennsylvanian Pool extension and gas from a Four Lakes-Devonian Gas Pool extension through parallel strings of tubing.
- CASE 1706: Application of Sunray Mid-Continent Oil Company for an order amending Order No. R-1414. Applicant, in the above-styled cause, seeks an order amending Order No. R-1414 to include the following additional acreage: NW/4 NW/4 of Section 6, Township 25 North, Range 12 West, and the SW/4 SW/4 of Section 31, Township 26 North, Range 12 West, San Juan County, New Mexico.

Place of hearing will be Highway Department Auditorium, 1120 Cerrillos Road, Santa Fe, New Mexico.

Time of hearing will be 8:00 o'clock a.m.

UNIVERSAL OIL CORPORATION  
BOX 516  
FARMINGTON, NEW MEXICO

May 18, 1959

Mr. A. L. Porter, Jr.  
New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Re: Application for the creation of a  
new pool and for special pool regu-  
lations in exception to current oil  
and gas rules and regulations.

Dear Sir:

Universal Oil Corporation requests a Hearing to consider the following re-  
quests and applications:

On or about March 10, 1959 Universal Oil Corporation drilled a well known  
as the Navajo No. 2, located 1980' from the north line and 2310' from the east  
line of Section 17, Township 29 north, Range 18 west, San Juan County, New Mex-  
ico. This well was drilled to a total depth of 100'. Oil was encountered in small  
quantities in the Gallup formation at approximately 80'. This well appears cap-  
able of producing approximately 2 barrels of 48° oil per day. In light of this  
discovery Universal Oil Corporation requests the following:

1. A new pool be created for this discovery consisting of the north half  
and the north half of the south half of section 16 and the north half and north  
half of the south half of section 17, Township 29 north, Range 18 west, San  
Juan County, New Mexico. This pool to be called SHIPROCK-GALLUP.

2. Rule 104, Paragraph C of the current rules and regulations of the  
New Mexico Oil Conservation Commission states that no well shall be drilled  
closer than 660' to the next well drilled to or producing from the same pool.  
The depths of the producing zone and the size of the wells are such that it  
will be economically feasible to drill more wells per forty acres than usual  
in order for each forty acre tract to make a top unit allowable.

We are not asking exception to that portion of paragraph C of rule 104  
which requires that a well be at least 330' from the boundary line of that forty  
acre tract but would like to drill inside locations 330' from the nearest well.

3. Because of the very low bottom hole pressures at this depth it is  
Universal Oil Corporation's intention to complete their well open hole with  
casing set and cemented above the first oil show. Consequently Universal Oil  
Corporation request special field regulations permitting one string of pipe

*Doyle  
mailed  
6-12-59  
JP*

UNIVERSAL OIL CORPORATION  
BOX 516  
FARMINGTON, NEW MEXICO

to act as combination surface and production casing set and cemented above the producing zone.

Universal Oil Corporation requests the New Mexico Oil Conservation Commission to consider this application and schedule the appropriate Hearing at the earliest convenient date.

Thank you for your cooperation.

Sincerely,

*W. Russell Budd*

UNIVERSAL OIL CORPORATION

CC: Oil Conservation Commission  
Humble Oil & Ref. Co.  
C. F. Dunwoody  
Paul F. Barnhart

HB/ab

GEO. L. VERITY OFFICE OCC  
ATTORNEY AT LAW  
SUITE 152 PETROLEUM CENTER BUILDING  
FARMINGTON, NEW MEXICO 8:39  
TELEPHONE DAVIS 5-0203

June 19, 1959

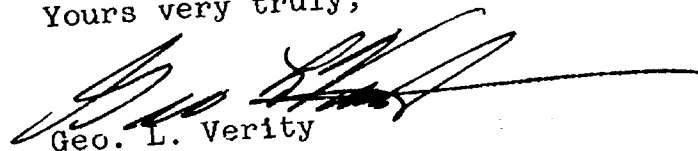
Oil Conservation Commission  
Box 871  
Santa Fe, New Mexico

Gentlemen:

Re: Case No. 1697  
Application of Universal Oil  
Corporation  
(Our file #1204)

Enclosed herewith is the original and two copies of an amendment to the application in the above numbered case which has been set down for hearing on June 24th. Copy of this amendment is being furnished Shell Oil Company, an off-setting operator, and Humble Oil & Refining Co., who holds the deep rights.

Yours very truly,

  
Geo. L. Verity

GLV/m  
2 encls



1939 JAN 11 AM 8:39  
BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN RE: APPLICATION OF UNIVERSAL OIL CORPORATION FOR ORDER CREATING A NEW OIL POOL FOR GALLUP PRODUCTION IN SECTIONS 16 AND 17, TOWNSHIP 29 NORTH, RANGE 18 WEST, SAN JUAN COUNTY, NEW MEXICO, AND FOR AN ORDER PROMULGATING POOL RULES ALLOWING SPACING IN EXCEPTIONS TO RULE 104 AND OTHER EXCEPTIONS TO RULE 107.

CASE NO. 1697

AMENDMENT TO APPLICATION

Comes now the above applicant and asks that its original application on file in the above styled and numbered cause be amended, and alleges and states:

1. That the <sup>new</sup>/Gallup oil pool described in applicant's original application is producing from a zone approximately 80 feet deep; and that in order that such pool can be economically developed and efficiently drained this Commission should enter an order allowing one (1) well to be drilled to each 2 1/2 acres in the producing area of the pool.

2. That this Commission should enter an order permitting operators in the pool to drill a well in the approximate center of each quarter, quarter, quarter, quarter section; that such order should grant an exception to Rule 104 so that wells can be drilled within 165 feet of the lease lines and within 330 feet of other wells producing from the formation with a reasonable tolerancetoward the center of the lease for surface obstructions.

WHEREFORE, applicant prays that its application be heard as originally set and that from the evidence to be adduced at such hearing the Commission enter an order as follows:

(1) Creating a new pool for the Gallups formation in Sections 16 and 17, of Township 29 North, Range 18 West, San Juan County, New Mexico, to be known as the Shiprock-Gallup Oil Pool.

(2) Establishing special field rules for the pool, permitting one well to be drilled in the approximate center of each quarter, quarter, quarter, quarter section, with a reasonable tolerance for surface obstructions toward the center of the pool; and permitting wells to be drilled within 165 feet of lease lines and within 330 feet of other producing wells.

(3) For an exception to Rule 107 as requested in the original application.

UNIVERSAL OIL CORPORATION

By 

(Geo. L. Verity) Attorney  
152 Petroleum Center Bldg.  
Farmington, New Mexico