

Mestion, Transcript,

Mild Exhibits, Etc.

# BEFORE THE OIL COMSERVATION CONNISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE REARING CALLED BY THE OIL CONSERVATION COMMISSION OF NEW MEXICO FOR THE PURPOSE OF COMBIDERING:

> CASE No. 2559 Order No. 2+2255

APPLICATION OF GULF OIL CORPORATION FOR AN AMENDMENT OF BULE 112-A.

### ORDER OF THE COMMISSION

### BY THE COMULSSION:

This cause came on for hearing at 9 o'clock a.m. on May 16, 1962, at Hobbs, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

MOW, on this  $\frac{7\,\mathrm{th}}{}$  day of June, 1962, the Commission, a quorum being present. having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

### PINDS:

- (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 the applicant, Gulf Oil Corporation, seeks an amendment of Rule 112-A to delete that portion of said rule which requires that offset operators be notified of the taking of packer-leakage tests.
- (3) That the applicant further proposes that said Rule 112-A be amended to provide for notification to an offset operator of the taking of a packer-leakage test where that offset operator has previously requested that such notification be given.
- (4) That inasmuch as the proposed rule change will neither cause waste nor impair correlative rights and will ease the administrative burden of many operators, the subject application should be approved.

CASE No. 2559 Order No. R-2255

### IT IS THEREFORE ORDERED:

That Paragraph (c) of Section VI of Rule 112-A is hereby amended to read in its entirety as follows:

(c) The operator shall commence a segregation test and/or packer-leskage test not later than seven (7) days after actual multiple completion of the well. Segregation tests and/or packer-leakage tests shall also be made any time the packer is disturbed and at such other intervals as the Commission may prescribe. The operator shall also make all other tests and determinations deemed necessary by the Commission. The Commission shall be notified of the time such tests are to be commesced and tests may be witnessed by the Commission at its election. Representatives of offset operators may witness such tests at their election and shall advise the producer in writing if they desire to be notified when such tests are to be conducted. Results of such tests shall be filed with the Commission within fifteen (15) days after the completion of tests; provided, however, that in the event a segregation test or packer-leakage test indicates that there is communication between the separate strata, the operator shall immediately notify the Commission and commence remedial action on the well.

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

> STATE OF NEW MEXICO OIL COMSERVATION COMMISSION

EDWIN L. MECHEN, Chairman

6, 01

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

esr/



# State of New Wexico

# Oil Conservation Commission

Land Commissioner E. S. Johnny Wälker Member



STATE GEOLOGIST A. L. PORTER, JR. SECRETARY — DIRECTO

P. O. BOX 87

June 7, 1962

Mr. Bill Eastler Gulf Oil Corporation Box 669 Roswell, New Mexico Case No. 2559 Order No. 3-2255 Applicant:

Gulf Oil Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

Carbon copy of order also sent to:

Hobbs OCC \_\_\_\_X

Artesia OCC \_\_\_X

OTHER\_\_\_\_

Case 2559

# Gulf Oil Corporation

ROSWELL PRODUCTION DISTRICT

1982 APRADELL 9 196221

P. O. Drawer 1938 Roswell, New Mexico

W. A. Shellshear
DISTRICT MANAGER
F. O. Mortlock
DISTRICT EXPLORATION
MANAGER
M. I. Taylor
DISTRICT PRODUCTION
MANAGER
H. C. VIVIAN
DISTRICT SERVICES MANAGER

Oil Conservation Commission State of New Mexico Post Office Box 871 Santa Fe, New Mexico

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

Re: Application of Gulf Oil Corporation for a Hearing to Consider the Revision of a Portion of Statewide Rule 112-A, Multiple Completions

Gentlemen:

Gulf Oil Corporation respectfully requests that a hearing be scheduled to consider the revision of a portion of Paragraph (c), Section VI of Statewide Rule 112-A Multiple Completions. The proposed change would not require notification to offset operators when packer leakage tests are to be made unless such offset operators request in writing to be notified. In support of this application, the following is submitted.

- (1) Applicant believes that the provision for notification of offset operators is an unnecessary burden since it has been our experience that very few, if any, offset operators have ever witnessed such tests.
- (2) Applicant will propose that Paragraph (c), Section VI of Statewide Rule 112-A be revised to read as follows: [The Operator shall commence a segregation test and/or packer leakage test not later than seven (7) days after actual multiple completion of the well. Segregation tests and/or packer leakage tests shall also be made any time the packer is disturbed and at such other intervals as the Commission may prescribe. The Operator shall also make all other tests and determinations deemed necessary by the Commission. The Commission shall be notified of the time such tests are to be commenced. Tests may be witnessed by the Commission at their election. Representatives of offset operators may witness such tests at their election and shall advise the producer in writing if they desire to be notified when such tests are to be conducted. Results of such tests shall be filed with the Commission within fifteen (15) days after the completion of tests; provided, however, that in the event a segregation test or packer leakage test indicates that there is communication between the separate strata, the Operator shall immediately notify the Commission and commence remedial action on the well."

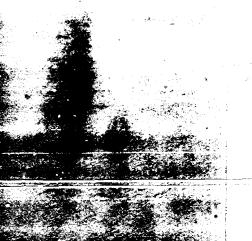
Respectfully submitted,

GULF OIL CORPORATION

JHH:ers

cc: New Mexico Oil Conservation Commission Post Office Box 2045 Hobbs, New Mexico W. A. Shellshear

GULF



# PAN AMERICAN PETROLEUM CORPORATION

OIL AND GAS BUILDING ----P-O-

KENNETH J. BARR Division Engineer

FORT WORTH 1, TEXAS ⊙ May 11, 1962

File:

GHF-209-986.510.1

Subject: Amendment of Statewide Rule 112-A

Case 2559

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

Dear Sir:

Reference is to Case 2559 on the regular hearing docket for May 16, 1962, which is on the application of Gulf Oil Corporation for amendment of Statewide Rule 112-A to delete the requirement in this rule to notify offset operators prior to conducting packer leakage tests. This is to advise that Pan American Petroleum Corporation concurs with Gulf's proposed amendment to Statewide Rule 112-A.

Yours very truly,

Kennette g. Ban

### DOCKET: REGULAR HEARING - WEDNESDAY - MAY 16, 1962

OIL CONSERVATION COMMISSION - 9 A.M., - HIGH SCHOOL AUDITORIUM - 1300 EAST SCHARBAUER, HOBBS, NEW MEXICO

### ALLOWABLE:

- (1) Consideration of the oil allowable for June, 1962.
- (2) Consideration of the allowable production of gas for June, 1962, for ten prorated pools in Lea and Eddy Counties, New Mexico, and also presentation of purchaser's nominations for said pools for the six-month period beginning July, 1962; consideration of the allowable production of gas for nine prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico, for June, 1962.

### CASE 2558:

Application of the Oil Conservation Commission, on its own motion and at the request of El Paso Natural Gas Company, to amend Rule 314.

It is proposed to amend Rule 314 by the addition of paragraph (i) thereto to further regulate the transportation of drip and to require the reporting of such transportation on Form C-110-A.

### CASE 2559:

Application of Gulf Oil Corporation for an amendment of Rule 112-A. Applicant, in the above-styled cause, seeks an amendment of Rule 112-A to delete that portion of said rule which requires that offset operators be notified of the taking of packer-leakage tests. Applicant further proposes that said rule be amended to provide for notification to an offset operator of the taking of such a test where the offset operator has previously requested that such notification be given.

### CASE 2560:

In the matter of the hearing called on the motion of the Oil Conservation Commission to consider the revision of Rules 201 and 1105 to eliminate the requirement that offset operators be notified prior to the commencement of well plugging operations.

### CASE 2561:

In the matter of the hearing called on the motion of the Oil Conservation Commission to consider revising Rule III, Deviation Tests and Whipstocking. Applicant, in the above-styled cause, seeks an order revising Rule III to read in its entirety as follows:



### RULE 111. DEVIATION TESTS AND WHIPSTOCKING

- (a) Any well which is drilled or deepened with rotary tools shall be tested at reasonably frequent intervals to determine the deviation from the vertical and a tabulation thereof filed with Form C-105, Well Record. When such deviation averages more than five degrees in any 500-foot interval, no oil or gas shall be sold until it has been established that the bottom of the hole is on the proration unit assigned to the well by means of a deviational and directional survey. In lieu of said survey, the operator may, with specific approval of the Commission, establish the location of the bottom of the hole by filing a notarized tabulation of all deviation tests, assuming the deviation from the vertical and the drift to be in a constant and continuous direction to the nearest boundary of the proration unit.
- (b) No well shall be whipstocked and directionally drilled without special permission from the Commission. Permission to whipstock to straighten a crooked hole, to sidetrack junk in the hole, or to control a blow-out may be obtained from the appropriate District Office of the Commission on Commission Form C-102 with copies of said Form C-102 being furnished all offset operators. Permission to whipstock for any other reason will be granted only after notice and hearing. Upon completion of any whipstocked well and prior to producing any oil or gas therefrom, a deviational and directional survey shall be conducted and a report thereof filed with the Commission.
- <u>CASE 2562:</u> Southeastern New Mexico nomenclature case calling for an order creating new pools and extending certain existing pools in Eddy, Lea and Roosevelt Counties, New Mexico.
  - (a) Create a new oil pool for San Andres production, designated as the CLR-San Andres Pool, and described as:

TOWNSHIP 8 SOUTH, RANGE 34 EAST, NMPM Section 31: NW/4

(b) Create a new oil pool for Delaware production, designated as the North Double X-Delaware Pool and described as:

TOWNSHIP 24 SOUTH, RANGE 32 EAST, NMPM Section 11: SE/4

(c) Create a new oil pool for Blinebry production, designated as the Oil Center-Blinebry Pool and described as:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM Section 4: Lots 9, 10, 15 & 16



Docket No. 15-62

(d) Create a new gas pool for Morrow production, designated as the Quail Ridge-Morrow Gas Pool, and described as:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM

Section 21: W/2 Section 28: N/2

(e) Create a new oil pool for Permo Pennsylvanian production designated as the East Saunders Permo-Pennsylvanian Pool and described as:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM Section 17: SW/4

(f) Create a new oil pool for Drinkard production, designated as the Vacuum-Drinkard Pool and described as:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM Section 7: N/2 NW/4

(g) Extend the Artesia Pool to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM Section 34: NW/4

(h) Extend the Atoka-Pennsylvanian Gas Pool to include:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM Section 19: E/2

(i) Extend the Blinebry Gas Pool to include:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM Section 30: N/2

(i) Extend the Drinkard Pool to include:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

Section 19: NE/4 SW/4 Section 30: W/2 NW/4

TOWNSHIP 22 SOUTH, RANGE 38 EAST, NMPM Section 33: W/2 NW/4

(k) Extend the Empire-Abo Pool to include:



Docket Nc > 15-62

# TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM Section 16: NE/4 SE/4

- (1) Extend the Jalmat Gas Pool to include:

  TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM
  Section 33: E/2 NW/4
- (m) Extend the Justis-Blinebry Pool to include:

  TOWNSHIP 26 SOUTH, RANGE 38 BAST, NMPM
  Section 6: NW/4
- (n) Extend the North Justis-Blinebry Pool to include:

  TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM
  Section 35: SE/4
  Section 36: SW/4
- (o) Extend the North Justis-Devonian Pool to include:

  TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM
  Section 35: SE/4
  Section 36: SW/4
- (p) Extend the North Justis-McKee Pool to include:

  TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
  Section 2: SE/4
- (q) Extend the Justis Tubb-Drinkard Pool to include:

  TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
  Section 35: E/2 NE/4
- (r) Extend the Lea-Bone Springs Pool to include:

  TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
  Section 1: SW/4
- (s) Extend the Loco Hills Pool to include:

  TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
  Section 19: W/2 SE/4



Docket No. 15-62

- (t) Extend the Loco Hills-Abo Pool to include:

  TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
  Section 21: S/2 NW/4
- (u) Extend the Maljamar-Abo Pool to include:

  TOWNSHIP 17 SOUTH, RANGE 32 HAST, NMPN
  Section 33: N/2 NE/4
- (v) Extend the Paddock Pool to include:

  TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
  Section 30: W/2 NW/4
- (w) Extend the South Paddock Pool to include:

  TOWNSHIP 22 SOUTH, RANGE 38 BAST, NMPM
  Section 29: E/2 SE/4
- (x) Extend the Pearl-Queen Pool to include:

  TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
  Section 23: W/2 NE/4
  Section 31: SE/4
- (y) Extend the Red Lake Pool to include:

  TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
  Section 23: W/2 SE/4
- (z) Extend the Saunders-Permo Pennsylvanian Pool to include:

  TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM
  Section 16: NE/4
- (aa) Extend the South Tonto-Yates Pool to include:

  TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
  Section 30: NW/4
- (bb) Extend the Tubb Gas Pool to include:

  TOWNSHIP 23 SOUTH, RANGE 38 EAST, NMPM
  Section 6: N/2 NE/4

Docket No. 15-62

(cc) Extend the Turkey Track Pool to include:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, HOPK Section 33: NW/4 MW/4

(dd) . Extend the Vacuum-Abo Pool to include:

TOWNSHIP 18 SOUTH, RANGE 35 BAST, MAPA Section 6: SW/4

(ee) Extend the Vacuum-Queen Pool to include:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, MAPH Section 6: W/2

Northwestern New Mexico nomenclature case calling for an order creating new pools and extending pertain existing to pools in Nicaltribecand San Juan Counties, New Mexico.

(a) Create a new oil pool for Gallup production, designated as the Lybrook-Gallup Oil Pool and described as:

## TONNEHID 23 MORTH, RANGE 7 WEST, MICH

Section 2: 8/2

Section 4: SM/4

Section 9: E/2 and SE/4

Section 10: All

Section 11: All

Section 14: N/2 NR/4

Section 15: M/2 MM/4

(b) Create a new pool glassified as an oil pool for Gallup production, designated as the Mesa-Gallup Oil Pool and described as:

### TOWNSHIP 32 MORTH, RANGE 18 WEST, MAPK

Section 14: W/2 SE/4

Section 23: NE/4

Section 24: W/2

Section 25: MW/4 MH/4 and MH/4 MW/4

(c) Extend the Tapacito-Pictured Cliffs Pool, to include:

### TOWNSHIP 26 NORTH, RANGE 3 WEST, MMPM

Section 6: SM/4

· Section 7: NW/4

-7Docket No. 15-62

TOWNSHIP 27 NORTH, RANGE 5 WEST, NMPM

Section 5: NW/4
Section 6: NE/4

(d) Extend the Puerto Chiquito-Gallup Oil Pool to include:

TOWNSHIP 26 NORTH, RANGE 1 EAST, NMPM

Section 5: NW/4
Section 6: SE/4 NE/4

BEFORE THE
OIL CONSERVATION COMMISSION
High School Auditorium
1300 East Scharbauer
Hobbs, New Mexico

May 16, 1962

### REGULAR HEARING

### IN THE MATTER OF:

Application of Gulf Oil Corporation for an amendment of Rule 112-A. Applicant, in the above-styled cause, seeks an amendment of Rule 112-A to delete that portion of said rule which requires that offset operators be notified of the taking of packer-leakage tests. Applicant further proposes that said rule be amended to provide for notification to an offset operator of the taking of such a test where the offset operator has previously requested that such notification be given.

CASE NO. 2559

BEFORE: Edwin L. Mechem, Governor

A. L. "Pete" Porter, Secretary-Director of Commission

E. S. "Johnny" Walker, Land Commissioner

### TRANSCRIPT OF HEARING

MR. PORTER: Next case on the docket is 2559.

MR. MORRIS: Application of Gulf Oil Corporation for an

amendment of Rule 112-A.

MR. KASTLER: My name is W. V. Kastler, representing

Gulf Oil Corporation, from Roswell, and appearing on behalf of



LOUQUIRQUE, N. M. PHONE 243-6691

Gulf, and our witness in this case is Mr. John H. Hoover.

MR. PORTER: Any other appearances to be made in Case 2559, anybody else that desires to present testimony?

(No response.)

Call your witness, please, sir.

(Witness sworn.)

### JOHN H. HOOVER,

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

### DIRECT EXAMINATION

### BY MR. KASTLER:

Q Will you please state your name, your employer and your position?

John Hoover, employed by Gulf Oil Corporation, Roswell, A New Mexico, petroleum engineer.

Have you previously qualified as an expert witness and testified before this Commission?

Yes, sir, I have.

MR. KASTLER: Mr. Chairman, are the qualifications of Mr. Hoover acceptable?

MR. PORTER: Yes, sir, they are.

(by Mr. Kastler) What is Gulf seeking in this application?

We are requesting that a portion of Statewide Rule 112-A be revised to delete the requirement that offset operators be



notified when packer-leakage tests are to be commenced.

Would you please state what portion of Rule 112 A this provision would apply to?

Yes, sir, Section VI of Statewide Rule 112-A provides in part that all multiple completions, whether approved after hearing or by additive precedure shall be subject to the following rules: Paragraph (c) under this Section VI is one of the following rules referred to. A portion of this paragraph which I will quote reads as follows: "Offset operators as well as the Commission shall be notified of the time such tests are to be commenced."

This Paragraph sub-(c) is the portion to be revised to eliminate the necessity for notification to offset operators, unless such offset operators advise in writing that he desires to be notified.

Does Gulf Oil Corporation have a proposal to show how the rule should read or how it should be worded to eliminate the necessity of notifying all offset operators?

Yes, sir, and we marked it as Exhibit 1.

(Whereupon Gulf Oil Corporation's Exhibit No. 1 marked for identification.)

Before I ask you to read this proposed revision, I would like to state we still have a few more copies up here which any of you in the auditorium might care to get and read along with us. Would you please read Gulf's proposal?

Yes, sir.

We propose that Paragraph (c) of Section VI, Statewide Rule 112-A would read as follows:

"The operator shall commence a segregation test and/or packer leakage test not later than seven (7) days after actual multiple completion of the well. Segregation tests and/or packer leakage tests shall also be made any time the packer is disturbed and at such other times as the Commission may prescribe. The Operator shall also make all other tests and determinations deemed necessary by the Commission. The Commission, and any offset operator who has given the Operator notice in writing of his desire to witness segregation tests and/or packer leakage tests, shall be notified of the time such tests are to be commenced. Results of such tests shall be filed with the Commission within fifteen (15) days after the completion of tests; provided, however, that in the event a segregation test or packer leakage test indicates that there is communication between the separate strata, the Operato shall immediately notify the Commission and commence remedial action on the well."

- Q Mr. Hoover, what facts prompted this proposed revision?
- A In order to comply with the existing rules which require that offset operators be notified, we sent out approximately in our operations in Southern New Mexico between a thousand and eleven hundred notices each year. It has been the experience



# DEARNLEY-MEIER REPORTING SERVICE, Inc.

that we do not witness the offset operators tests, and as far as we know, no offset operators have ever witnessed our tests.

Therefore, we feel that continually sending out these notices is unnecessary because, as previously stated, it appears that the witnessing is not practiced.

- Q Suppose an offset operator decides that he desires to witness one or more tests. Can he do so?
  - A Yes.
  - Q How can this be done?
- A The proposed revision specifically provides that if the offset operator notifies the producer that he desires to be notified, then he will receive such notification.
- Q Would the Commission be furnished notification when segregation and/or packer leakage tests are to be conducted?
- A Yes, sir, the proposed revision makes no change in the notification to the Commission, and such notification would be continued as it is now practiced.
- Q Would this proposed revision impair correlative rights in any way, in your opinion?
  - A No, sir, it would not.
  - Q Do you have any further to add in this case?
  - A No, sir, I believe that is all.

MR. KASTLER: That concludes our direct examination, Mr. Chairman.

MR. PORTER: Anyone have a question before your moving



JOUERSUE, N. M.

for admission of your exhibit?

MR. KASTLER: Well, yes, I do have one more.

(by Mr. Kastler) Was this exhibit prepared by you?

Yes, sir.

MR. KASTLER: I move it be put into evidence.

MR. PORTER: Without objection, Exhibit No. 1 will be admitted to the record.

> (Whereupon Gulf Oil Corporation's Exhibit No. 1 admitted into evidence.)

MR. MORRIS: I have a question, not of Mr. Hoover, but of the audience in general. I would like to know if anyone has ever witnessed this taking of packer-leakage tests?

(No response.)

MR. MORRIS: I see Mr. Ramey raised his hand.

MR. PORTER: That is all.

MR. MORRIS: I have no questions of the witness.

MR. PORTER: Anyone else have a question?

(No response.)

MR. PORTER: Anyone have an thing further to offer in this case?

MR. NESTOR: E. W. Nestor for Shell Oil Company. We would support Gulf in this recommendation.

MR. PORTER: Mr. Gordon.

MR. GORDON: Joe Gordon moves to support Gulf's proposal since it will eliminate much unnecessary paper work.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

MR. PORTER: Mr. Bratton.

MR. BRATTON: Howard Bratton, representing Humble Oil Company, supports the proposal by Gulf.

MR. PORTER: Anyone else? Mr. Morris.

MR. MORRIS: The Commission has received correspondence from Pan American Petroleum Corporation supporting the application of Gulf in this case.

MR. PORTER: Mr. Storm.

MR. STORM: L. O. Storm of J. R. Cone, Inc. of Lubbock. We are in support of Gulf's recommendation.

MR. PORTER: Mr. Christie.

MR. CHRISTIE: Clarence Christie of Amerada Petroleum Corporation. We also support Gulf's application.

MR. PORTER: Any opposition to this case?

(No response.)

MR. PORTER: The Commission will take the case under advisement.

LBUQUERQUE, N. P. PHONE 243-8691

DEARNLEY-MEIER REPORTING SERVICE, Inc.

STATE OF NEW MEXICO ) ss COUNTY OF BERNALILLO)

I, JAMES MALONEY, NOTARY PUBLIC in and for the County or Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached transcript of proceedings was reported by me in stenotype and that the same was reduced to typewritten transcript under my personal supervision and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

NOTARY PUBLIC

My Commission Expires:

april 12, 1966

LBUQUEROUE, N. M PHONE 243.6491