

CASE 2736: Application of GULF
OIL CORP. for a 120-acre non-
standard gas proration unit.

Case No.

2736

petition, Transcript,

and Exhibits, Etc.

DRAFT

JMD/esr
January 25, 1963

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. 2736

Order No. R- 2415

APPLICATION OF GULF OIL CORPORATION
FOR A NON-STANDARD GAS PRORATION UNIT
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 23, 1963, 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 24 day of January, 1963, 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 the applicant, Gulf Oil Corporation, seeks the establishment of a 120-acre non-standard gas proration unit in the Blinebry Gas Pool, comprising the N/2 SW/4 and SE/4 NW/4 of Section 31, Township 22 South, Range 38 East, NMPM, Lea County, New Mexico, said unit to be dedicated to the Scarborough Estate Well No. 4 located in Unit F of said Section 31.

(3) That inasmuch as ^{the proposed} ~~said~~ non-standard unit does not lie wholly within a single governmental quarter section it will not meet the requirements of Commission Order No. R-1670 and cannot be granted ~~administratively~~ ^{by administrative approval}.

(4) That by Administrative Order NSP-575, dated October 30, 1961, and by Administrative Order NSP-598, dated May 21, 1962, the

granted Administrative approval of
Commission ~~erroneously approved~~ non-standard units *for said well* which ~~do not~~ *did not*
lie wholly within a single governmental quarter section.

(5) That the evidence establishes that although non-standard gas proration units which ~~do~~ *did* not lie wholly within a single governmental quarter section were approved for the subject well and ~~that~~ the applicant ~~has~~ received an allowable based on these non-standard units, correlative rights have not been violated and no waste has occurred.

(6) That the non-standard/^{proration} units approved by Administrative Orders NSP-575 and NSP-598 should be retroactively approved as of the date of their issuance.

(7) That the subject application should be approved and all prior orders establishing non-standard proration units dedicated to the Scarborough/^{Estate} Well No. 4 should be superseded.

IT IS THEREFORE ORDERED:

(1) That a 120-acre non-standard gas proration unit in the Blinebry Gas Pool is hereby established, comprising the N/2 SW/4 and SE/4 NW/4 of Section 31, Township 22 South, Range 38 East, NMPM, Lea County, New Mexico. Said unit shall be dedicated to the Scarborough Estate Well No. 4 located in Unit F of said Section 31.

(2) That the non-standard proration units approved by Administrative Orders NSP-575 and NSP-598 are hereby approved, effective the date of their issuance.

(3) That all prior orders establishing non-standard proration units dedicated to the Scarborough Estate Well No. 4 are hereby superseded.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

E. S. WALKER, Member

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

*including Administrative Orders NSP-575
and NSP-598,*

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 23, 1963

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

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, as alternate examiner:

CASE 2729: (Continued)

Application of Scanlon-Shepard for a waterflood project, Chaco Wash Oil Pool, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to inject water into the Mesaverde formation through certain wells in Sections 21, 22, 27 and 28, Township 20 North, Range 9 West, McKinley County, New Mexico.

CASE 2731: Application of Texaco, Inc., for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to complete its State of New Mexico "O" NCT-1 Well No. 12, located in Unit J of Section 36, Township 17 South, Range 34 East, as a dual completion (tubingless) to produce oil from the Glorieta and Blinberry formations, Lea County, New Mexico.

CASE 2732: Application of Sinclair Oil & Gas Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Mahaffey-Federal (ARC) Well No. 1 located in Unit C of Section 14, Township 20 South, Range 33 East, Lea County, New Mexico, to produce Bone Springs oil and Pennsylvanian gas through parallel strings of tubing.

CASE 2733: Application of Charles B. Read for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 48.99-acre non-standard oil proration unit in an undesignated Delaware pool consisting of Lots 4 and 5 of Section 31, Township 26 South, Range 32 East, Lea County, New Mexico.

CASE 2734: Application of Aztec Oil & Gas Company for approval of a unit agreement, Lea and Eddy Counties, New Mexico. Applicant, in the above-styled cause, seeks approval of the Aztec-Robinson Waterflood Unit, comprising approximately 682 acres of State and Federal Lands in the E/2 SE/4 and SW/4 SE/4 of Section 36, Township 16 South, Range 31 East, the SW/4 SE/4 of Section 30, the W/2, W/2 E/2 and SE/4 SE/4 of Section 31, Township 16 South, Range 32 East Lea and Eddy Counties, New Mexico.

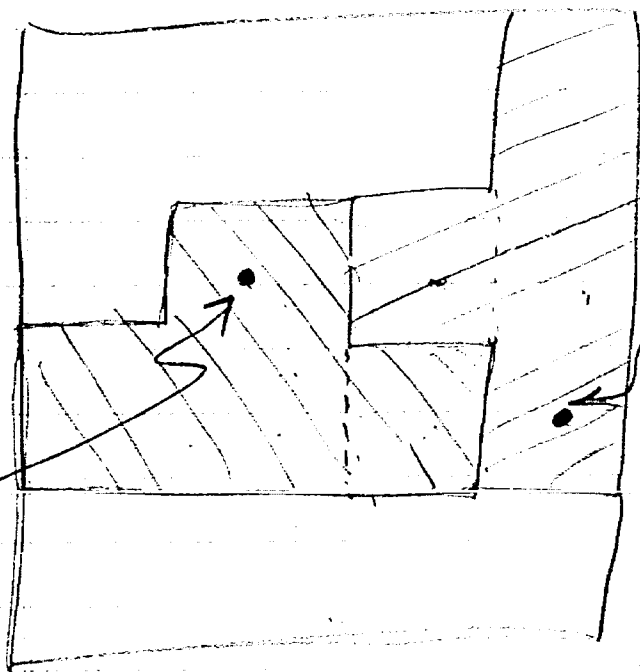
CASE 2735: Application of Amerada Petroleum Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to complete its State BT "G" Well No. 2 located in Unit P, Section 27, Township 12 South, Range 33 East, Hightower Field, Lea County, New Mexico, in such a manner as to dispose of produced salt water into the Pennsylvanian formation.

- CASE 2736: Application of Gulf Oil Corporation for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 120-acre non-standard gas proration unit in the Blinebry Gas Pool, comprising the N/2 SW/4 and SE/4 NW/4 of Section 31, Township 22 South, Range 38 East, Lea County, New Mexico, said unit to be dedicated to the Scarborough Estate Well No. 4 located in Unit F of Section 31.
- CASE 2737: Application of Gulf Oil Corporation for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of special pool rules for the White City-Pennsylvanian Gas Pool, Eddy County, New Mexico, including provisions for 640-acre spacing therein.
- CASE 2738: Application of BCO, Inc. for a no-flare exception, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the no-flare provisions of Order No. R-2267 for its Campos Well No. 1-10 located in Unit J of Section 10, Township 23 North, Range 7 West, Lybrook-Gallup Pool, Rio Arriba County, New Mexico.
- CASE 2739: Application of Socony Mobil Oil Company, Inc., to create a new pool for Abo production, and for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for Abo production in Section 26, Township 17 South, Range 34 East, Lea County, New Mexico, and the establishment of temporary special pool rules therefor, including a provision for 80-acre spacing units.
- CASE 2740: Application of Socony Mobil Oil Company, Inc., for temporary special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of temporary special pool rules for the Vacuum-Wolfcamp Pool in Section 26, Township 17 South, Range 34 East, Lea County, New Mexico, including a provision for 80-acre spacing units.
- CASE 2741: Application of Socony Mobil Oil Company, Inc., for temporary special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of temporary special pool rules for the Vacuum-Devonian Pool in Section 26, Township 17 South, Range 34 East, Lea County, New Mexico, including a provision for 80-acre spacing units.
- CASE 2742: Application of Pan American Petroleum Corporation for special temporary pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of temporary special pool rules for the Fowler-Blinebry Oil Pool, Lea County, New Mexico, including a provision for 80-acre proration units.
- CASE 2743: Application of Pan American Petroleum Corporation for the creation of a Tubb Gas Pool, for approval of a non-standard gas unit, and for special temporary pool rules. Applicant, in the above-styled cause, seeks the creation of a new Tubb gas pool, and the establishment of temporary special pool rules therefor, Lea County, New Mexico, including a provision for 320-acre spacing units. Applicant further seeks establishment of a non-standard unit in said pool, comprising the NE/4, E/2 NW/4, and the N/2 SE/4 of Section 22, Township 24 South, Range 37 East.

CASE 2744: Application of Pan American Petroleum Corporation for special pool rules and approval of a non-standard gas unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of temporary special pool rules for the Fowler-Paddock Gas Pool, Lea County, New Mexico, including a provision for 320-acre spacing units. Applicant further seeks establishment of a non-standard unit in said pool, comprising the NE/4, E/2 NW/4, and the N/2 SE/4 of Section 22, Township 24 South, Range 37 East.

~~the Secretary Director and cancelled as of
the effective date of this order.~~

~~and all prior orders establishing non-standard
proportion units dedicated to the Scarborough
Estate well no 4 should be superseded.~~



#3 Order 1230

#4
Order No
1361

~~all other orders~~

2736

Order K-1230

~~XXXXXXXXXXXX~~

Scarborough #3 Case 1485 Order K1230
Aug 6, 1958

Scarborough #4 Case 1622 R1361
April 2, 1959.

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

Case
2736

December 17, 1962

C
Gulf Oil Corporation
Roswell Production District
P. O. Drawer 1938
Roswell, New Mexico

O
Attention: Mr. M. I. Taylor

Re: Application for Non-Standard 120-Acre
Blinebry Gas Proration Unit

Gentlemen:

P
We have your application for approval of a 120-acre non-standard Blinebry gas proration unit comprising the N/2 SW/4 and SE/4 NW/4 of Section 31, Township 22 South, Range 38 East, NMPM, Lea County, New Mexico. Please accept my apologies for the delay in replying. I have been out of town for the past week and did not return to my office until last Friday.

Y
As the proposed non-standard proration unit does not lie wholly within a single governmental quarter section it will not meet the requirements of Order No. R-1670 and therefore cannot be granted administratively. We realize that Administrative Orders 598 and 575 did grant administrative approval of non-standard proration units dedicated to the Scarborough Estate Well No. 4 and that these non-standard proration units were not wholly within a single governmental quarter section; however, an error was committed as these orders should not have been issued without a hearing. Therefore, it will be necessary to hold a hearing concerning your application. I have taken the liberty of tentatively docketing your case for the January 23, 1963 Examiner Hearing. If this date is not satisfactory to you, please advise me prior to January 3, 1963, as this is the deadline for setting the January 23rd hearing.

Very truly yours,

JAMES M. DURRETT, Jr.,
Attorney

DOCKET MAILED

Date 1-11-63

JMD/esr

Gulf Oil Corporation

ROSWELL PRODUCTION DISTRICT

W. B. Hopkins
DISTRICT MANAGER
F. O. Mortlock
DISTRICT EXPLORATION
MANAGER
M. I. Taylor
DISTRICT PRODUCTION
MANAGER
H. C. Vivian
DISTRICT SERVICES MANAGER

December 7, 1962

P. O. Drawer 1938
Roswell, New Mexico

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

Re: Application of Gulf Oil Corporation for
Approval of a Non-Standard 120-Acre Gas
Proration Unit, Blinebry Gas Pool, Lea
County, New Mexico

Gentlemen:

Gulf Oil Corporation respectfully requests administrative approval of a Non-Standard 120-Acre Blinebry Gas Proration Unit covering the N/2 SW/4 and SE/4 NW/4 of Section 31, Township 22 South, Range 38 East, Lea County, New Mexico. This Non-Standard Unit is to be attributed to the Scarborough Estate Well No. 4. In support of this application, the following facts are submitted:

- (1) Applicant's Scarborough Estate Well No. 4, located 1980 feet from the north line and 1980 feet from the west line of Section 31, is completed in the Blinebry Gas Pool and is assigned a Non-Standard 160-Acre Gas Proration Unit covering the N/2 SW/4, SE/4 NW/4 and SW/4 NE/4 by Administrative Order NSP-598 dated May 21, 1962.
- (2) Applicant's Scarborough Estate Well No. 6, located 1980 feet from the north line and 1980 feet from the east line of this Section 31, has been completed as a Blinebry oil well.
- (3) The proposed Non-Standard Gas Proration Unit consists of contiguous quarter-quarter sections but does not lie wholly within a single governmental quarter section.
- (4) The entire Non-Standard Gas Proration Unit is reasonably presumed to be gas productive in the Blinebry Gas Pool.
- (5) The length or width does not exceed 2,640 feet.
- (6) All offset operators in the quarter sections in which the proposed Non-Standard Unit is located and within 1,500 feet of the unit well have been furnished a copy of this application.

Respectively submitted,

GULF OIL CORPORATION

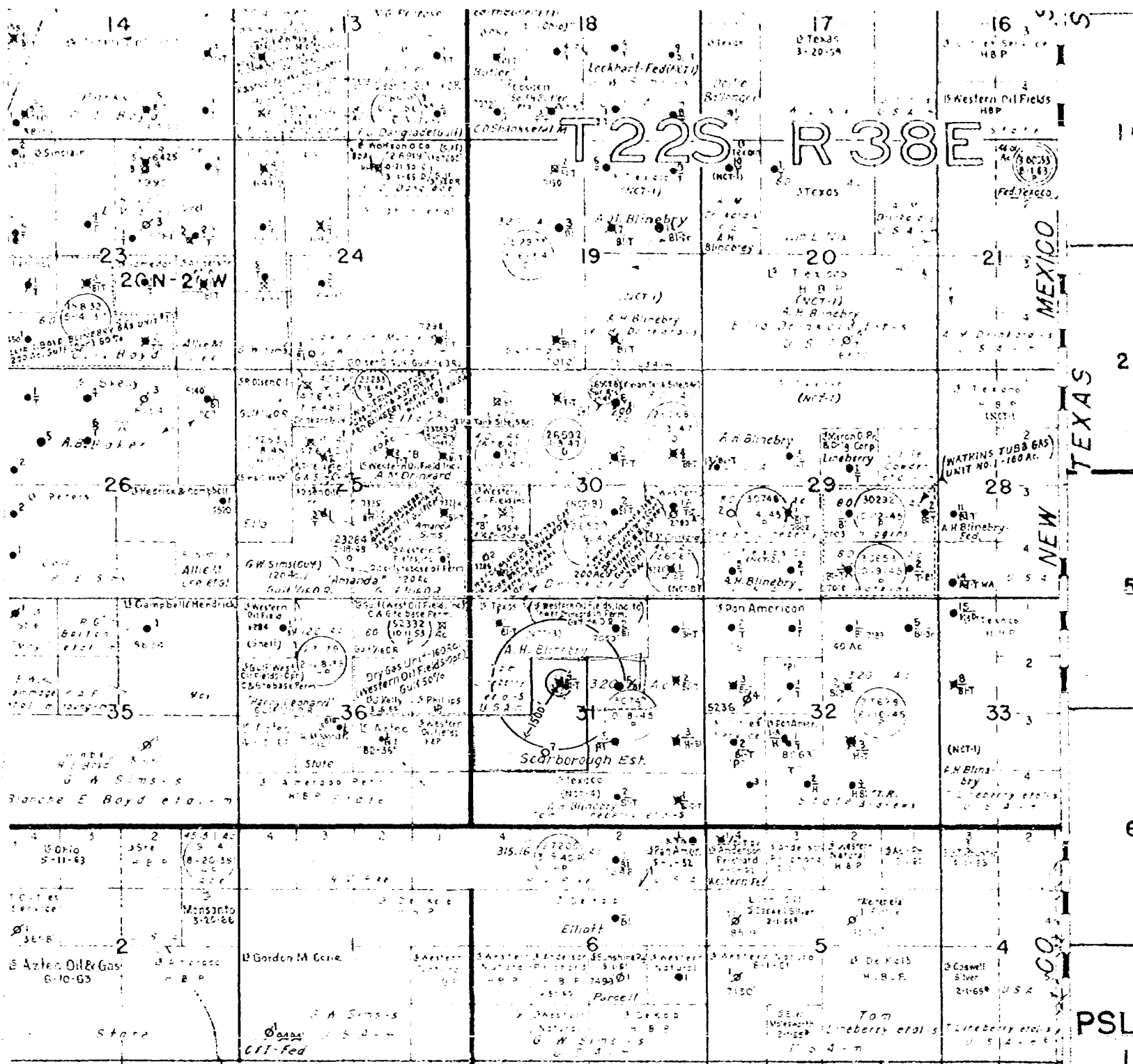
M. I. Taylor
M. I. Taylor

JHH:ers



cc: New Mexico Oil Conservation Commission
Post Office Box 2045
Hobbs, New Mexico

Texaco Inc.
Post Office Box 3109
Midland, Texas



575 - 22-38, 31 NW 1/4 SW, SE NW
 598 - 22-35
 31 NW 1/4 SW, SE NW
 575 - 22-38, 31 NW 1/4 SW, SE NW

SCARBOROUGH ESTATE LEASE

Blinebry Gas Pool
 Lea County, New Mexico

- LEGEND -

Proposed Non-Standard Unit
 Pertinent Well

Gulf Oil Corporation

600
 2736

Gulf Oil Corporation

ROSWELL PRODUCTION DISTRICT

December 7, 1962

W. B. Hopkins
DISTRICT MANAGER
F. O. Mortlock
DISTRICT EXPLORATION
MANAGER
M. I. Taylor
DISTRICT PRODUCTION
MANAGER
H. C. Vivian
DISTRICT SERVICES MANAGER

2nd 2720
P. O. Drawer 1938
Roswell, New Mexico

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

Re: Application of Gulf Oil Corporation for
Approval of a Non-Standard 120-Acre Gas
Proration Unit, Blinebry Gas Pool, Lea
County, New Mexico

Gentlemen:

Gulf Oil Corporation respectfully requests administrative approval of a Non-Standard 120-Acre Blinebry Gas Proration Unit covering the N/2 SW/4 and SE/4 NW/4 of Section 31, Township 22 South, Range 38 East, Lea County, New Mexico. This Non-Standard Unit is to be attributed to the Scarborough Estate Well No. 4. In support of this application, the following facts are submitted:

- (1) Applicant's Scarborough Estate Well No. 4, located 1980 feet from the north line and 1980 feet from the west line of Section 31, is completed in the Blinebry Gas Pool and is assigned a Non-Standard 160-Acre Gas Proration Unit covering the N/2 SW/4, SE/4 NW/4 and SW/4 NE/4 by Administrative Order MSP-598 dated May 21, 1962.
- (2) Applicant's Scarborough Estate Well No. 6, located 1980 feet from the north line and 1980 feet from the east line of this Section 31, has been completed as a Blinebry oil well.
- (3) The proposed Non-Standard Gas Proration Unit consists of contiguous quarter-quarter sections but does not lie wholly within a single governmental quarter section.
- (4) The entire Non-Standard Gas Proration Unit is reasonably presumed to be gas productive in the Blinebry Gas Pool.
- (5) The length or width does not exceed 2,640 feet.
- (6) All offset operators in the quarter sections in which the proposed Non-Standard Unit is located and within 1,500 feet of the unit well have been furnished a copy of this application.

Respectively submitted,

GULF OIL CORPORATION

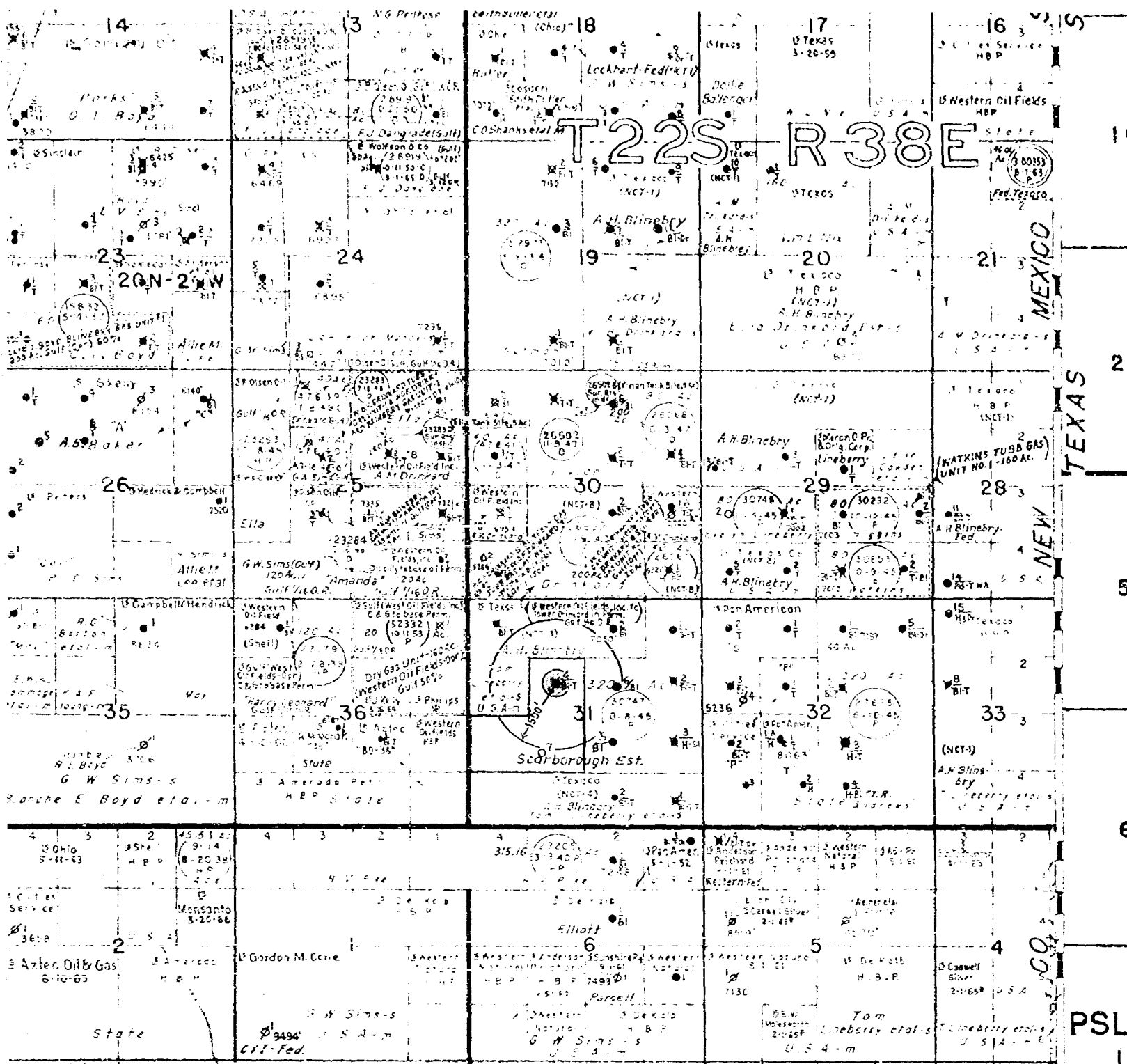
M. I. Taylor
M. I. Taylor

JHH:ers



cc: New Mexico Oil Conservation Commission
Post Office Box 2045
Hobbs, New Mexico

Texaco Inc.
Post Office Box 3109
Midland, Texas



PLAT

SCARBOROUGH ESTATE LEASE

Blinebry Gas Pool
Lea County, New Mexico

- LEGEND -

Proposed Non-Standard Unit
Pertinent Well

Gulf Oil Corporation

2736

Gulf Oil Corporation

ROSWELL PRODUCTION DISTRICT

W. B. Hopkins
DISTRICT MANAGER
F. O. Mortlock
DISTRICT EXPLORATION
MANAGER
M. I. Taylor
DISTRICT PRODUCTION
MANAGER
H. C. Vivian
DISTRICT SERVICES MANAGER

December 7, 1962

P. O. Drawer 1938
Roswell, New Mexico

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

Re: Application of Gulf Oil Corporation for
Approval of a Non-Standard 120-Acre Gas
Proration Unit, Blinebry Gas Pool, Lea
County, New Mexico

Gentlemen:

Gulf Oil Corporation respectfully requests administrative approval of a Non-Standard 120-Acre Blinebry Gas Proration Unit covering the N/2 SW/4 and SE/4 NW/4 of Section 31, Township 22 South, Range 38 East, Lea County, New Mexico. This Non-Standard Unit is to be attributed to the Scarborough Estate Well No. 4. In support of this application, the following facts are submitted:

- (1) Applicant's Scarborough Estate Well No. 4, located 1980 feet from the north line and 1980 feet from the west line of Section 31, is completed in the Blinebry Gas Pool and is assigned a Non-Standard 160-Acre Gas Proration Unit covering the N/2 SW/4, SE/4 NW/4 and SW/4 NE/4 by Administrative Order NXP-598 dated May 21, 1962.
- (2) Applicant's Scarborough Estate Well No. 6, located 1980 feet from the north line and 1980 feet from the east line of this Section 31, has been completed as a Blinebry oil well.
- (3) The proposed Non-Standard Gas Proration Unit consists of contiguous quarter-quarter sections but does not lie wholly within a single governmental quarter section.
- (4) The entire Non-Standard Gas Proration Unit is reasonably presumed to be gas productive in the Blinebry Gas Pool.
- (5) The length or width does not exceed 2,640 feet.
- (6) All offset operators in the quarter sections in which the proposed Non-Standard Unit is located and within 1,500 feet of the unit well have been furnished a copy of this application.

Respectively submitted,

GULF OIL CORPORATION

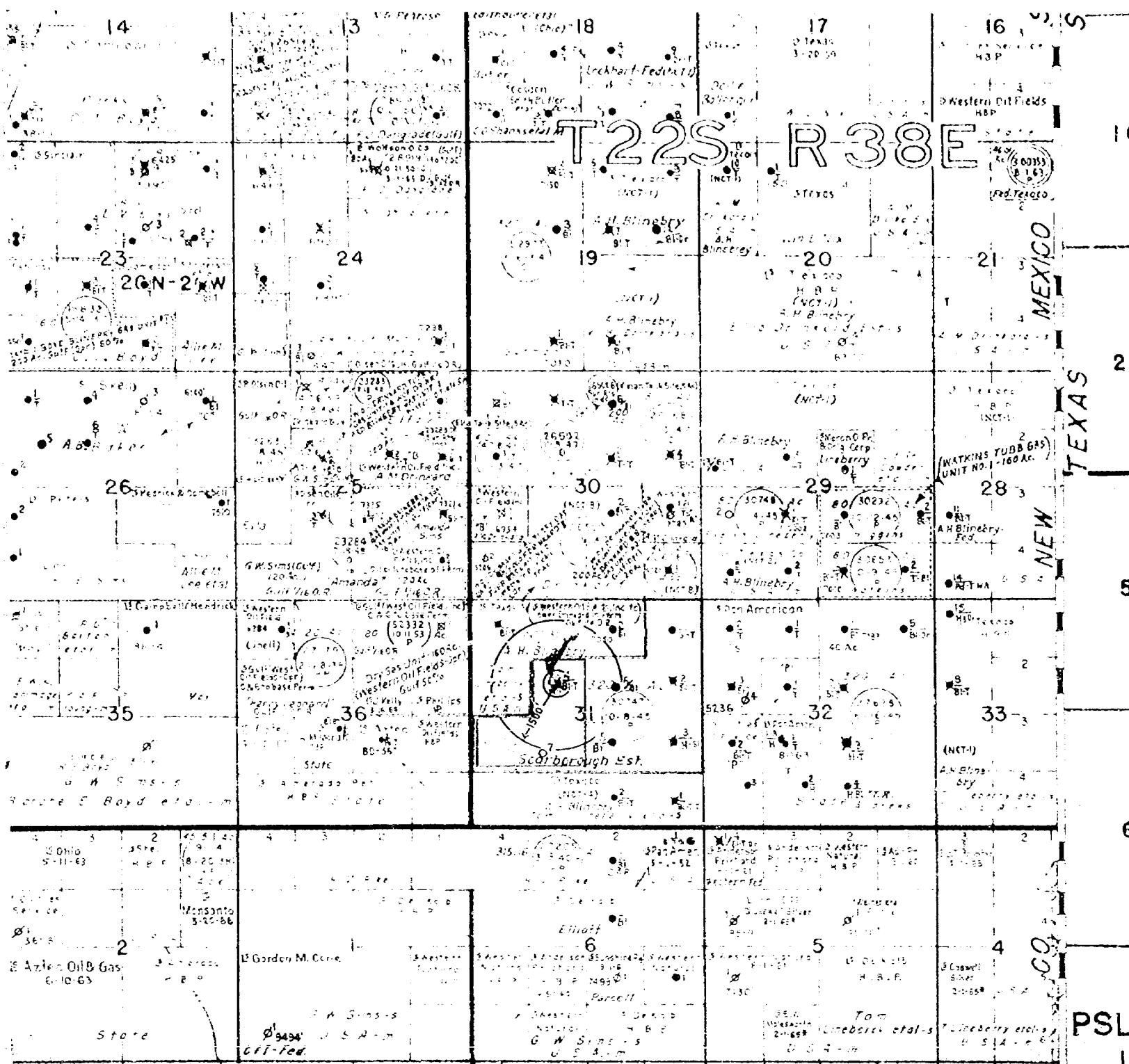
M. I. Taylor
M. I. Taylor

JHH:ers



cc: New Mexico Oil Conservation Commission
Post Office Box 2045
Hobbs, New Mexico

Texaco Inc.
Post Office Box 3109
Midland, Texas

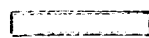


PLAT

SCARBOROUGH ESTATE LEASE

Blinbery Gas Pool
Lea County, New Mexico

- LEGEND -



Proposed Non-Standard Unit
Pertinent Well



Gulf Oil Corporation

CASE NO. 2736
EXHIBIT NO. 1

Case. 2736

Heard 1-23-63

Rec. 1-24-63.

1. Grant Gulf's request for a NSP
in the Blinby Gas Pool. for its. Leconkoup
Est. # ~~4~~, 1950/W, 1980/W. 31, 225-385.

Unit to be, N/2 SW/4, SE/4 NW/4, ~~SE/4 SW/4~~.

120 Ac.

Cancel both. NSP. 598 + 575, R-1361, any
other order or N.S.P. issued for this well.
Shut in.

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
H. S. JOHNNY WALKER
MEMBER

P. O. BOX 871
SANTA FE

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

February 1, 1963

Mr. M. I. Taylor
Gulf Oil Corporation
P. O. Drawer 1938
Roswell, New Mexico

Re: Case No. 2736
Order No. R-2415
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

ir/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Astec OCC

OTHER

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. 2736
Order No. R-2415

APPLICATION OF GULF OIL CORPORATION
FOR A NON-STANDARD GAS PRORATION UNIT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 23, 1963, 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 1st day of February, 1963, 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 the applicant, Gulf Oil Corporation, seeks the establishment of a 120-acre non-standard gas proration unit in the Blinbry Gas Pool, comprising the N/2 SW/4 and SE/4 NW/4 of Section 31, Township 22 South, Range 38 East, NMPM, Lea County, New Mexico, said unit to be dedicated to the Scarborough Estate Well No. 4 located in Unit F of said Section 31.

(3) That inasmuch as the proposed non-standard unit does not lie wholly within a single governmental quarter section it will not meet the requirements of Commission Order No. R-1670 and cannot be granted by administrative approval.

(4) That by Administrative Order MSP-575, dated October 30, 1961, and by Administrative Order MSP-596, dated May 21, 1962, the Commission granted administrative approval of non-standard units for said well which did not lie wholly within a single governmental quarter section.

(5) That the evidence establishes that although non-standard gas proration units which did not lie wholly within a

-2-

CASE No. 2736
Order No. R-2415

single governmental quarter section were approved for the subject well and the applicant received an allowable based on these non-standard units, correlative rights have not been violated and no waste has occurred.

(6) That the non-standard proration units approved by Administrative Orders NSP-575 and NSP-598 should be retroactively approved as of the date of their issuance.

(7) That the subject application should be approved and all prior orders establishing non-standard proration units dedicated to the Scarborough Estate Well No. 4 should be superseded.

IT IS THEREFORE ORDERED:

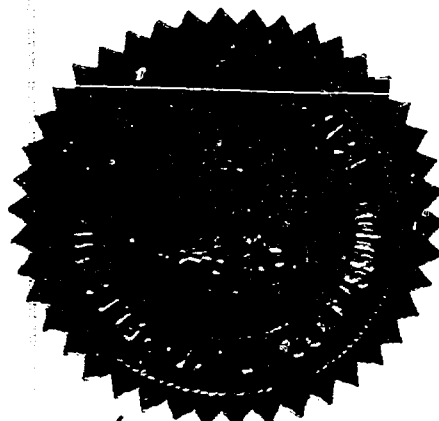
(1) That a 120-acre non-standard gas proration unit in the Blinbry Gas Pool is hereby established, comprising the N/2 SW/4 and SE/4 NW/4 of section 31, Township 22 South, Range 38 East, NMPM, Lea County, New Mexico. Said unit shall be dedicated to the Scarborough Estate Well No. 4 located in Unit F of said Section 31.

(2) That the non-standard proration units approved by Administrative Orders NSP-575 and NSP-598 are hereby approved, effective the date of their issuance.

(3) That all prior orders establishing non-standard proration units dedicated to the Scarborough Estate Well No. 4, including Administrative Orders NSP-575 and NSP-598, are hereby superseded.

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

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



esr/

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Jack M Campbell
JACK M. CAMPBELL, Chairman

E. S. Walker
E. S. WALKER, Member

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

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 23, 1963

EXAMINER HEARING

IN THE MATTER OF:

Application of Gulf Oil Corporation for
a non-standard gas proration unit, Lea County
New Mexico. Applicant, in the above-styled
cause, seeks establishment of a 120-acre non-
standard gas proration unit in the Blinebry
Gas Pool, comprising the N/2 SW/4 and SE/4
NW/4 of Section 31, Township 22 South, Range
38 East, Lea County, New Mexico, said unit to
be dedicated to the Scarborough Estate Well
No. 4 located in Unit F of Section 31.

Case 2736

BEFORE:

Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: The next case is Case Number 2736.

MR. DURRETT: Application of Gulf Oil Corporation for a
non-standard gas proration unit, Lea County, New Mexico.

MR. KASTLER: If the Commission please, I am Bill
Kastler from Roswell, representing Gulf Oil Corporation; and our
witness is Mr. John Hoover.

(Witness sworn)

J O H N H. H O O V E R ,

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

DIRECT EXAMINATION

BY MR. KASTLER:

Q Will you please state your name, your occupation and the name of your employer?

A John Hoover, Petroleum Engineer, Gulf Oil Corporation, Roswell, New Mexico.

Q Have you previously qualified to testify as a Petroleum Engineer, and had your qualifications made a matter of record before the New Mexico Oil Commission?

A Yes, sir.

Q Will you state what Gulf is seeking in its application?

A We are requesting approval of a 120-acre non-standard Blinbry gas proration unit, which will be a reduction of an approved 160-acre non-standard unit.

(Whereupon, Applicant's Exhibit No. 1 was marked for identification.)

Q Will you please state what is shown on Exhibit Number 1? Outline the facts which are involved in this application as they may be shown and illustrated on Exhibit Number 1.

A Yes, sir. Exhibit Number 1 is a lease plat of the Scarborough Estate Lease outlined in green; and it's in the North Half Southwest Quarter, Southeast Quarter Northwest Quarter North Half Southeast Quarter; South Half Northeast Quarter and Northeast Quarter Northeast Quarter of Section 31, Township 22 South, Range 38 East in Lea County, New Mexico.

Also shown on this map is the Scarborough Estate Well Number 4, which is located 1,980 feet from the north and west lines of Section 31, as is outlined in red. Also outlined in red is the proposed non-standard unit of 120 acres in the North Half Southwest Quarter and Southeast Quarter Northwest Quarter of Section 31.

After hearing, we obtained approval of two non-standard Blinebry proration units covering all of this Scarborough Estate lease. The one assigned to the Well Number 5 was attributed to and was described as the North Half Southwest Quarter and Southeast Quarter Northwest Quarter.

At the same time Well Number 3 which is located in the Northwest Quarter Southeast Quarter, was assigned a non-standard, which covered the East Half Northeast Quarter, Southwest Quarter Northwest Quarter, and the Northeast Quarter Southeast Quarter. That covered all the Scarborough Estate lease, and then the Scarborough Well Number 5 was completed as a Blinebry Oil Well. We made application for administrative approval to reduce the acreage assigned to this well to 120 acres. This was granted by NSP-575 dated October 30, 1961.

Blinebry Oil development in out Well Number 2, which is in the Southeast Quarter Northeast Quarter made it necessary that we reduce the acreage assigned Well Number 3 to 40 acres, which was accomplished. This left the Southwest Quarter of the Northeast Quarter unprotected for Blinebry gas; so we made application for approval of a 160-acre non-standard unit which would cover and

was assigned to our Number 4, which would cover the North Half Southwest Quarter, Southeast Quarter Northwest Quarter, and Southwest Quarter Northeast Quarter. This was approved by NSP-598 dated May 21, 1962.

Well Number 6, which was located in the North Half Southwest Quarter and Southeast Quarter Northwest Quarter, was completed on December 4, 1962. We made application for administrative approval to reduce that non-standard 160-acre unit to a non-standard 120-acre unit. Due to a technicality, as I call it, a technicality, the rules say that if the unit does not lie wholly within a single governmental quarter section, it has to be approved after hearing.

We have just been changing acreage around. It was originally approved, and all was covered after hearing and we have been rearranging the same acreage, deciding with different wells.

This brings us to the hearing today. We are asking for approval of the 120-acre non-standard unit covering the North Half of the Southwest Quarter and Southeast Quarter Northwest Quarter of Section 31 to be assigned to the Scarborough Estate Number 4. I might add just for information, on the plat you notice a location Number 7. That well is anticipated as a Blinebry Oil Well completion. However, it has not been operated or tested as yet. And, probably in the next few days we will be making application for a 40-acre non-standard unit for Well Number 4, but in the meantime, to keep the paperwork current, we are asking for the 120.

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Q Do you have anything more to add?

A No, sir, that is all.

Q Was Exhibit 1 prepared at your direction and under your supervision?

A Yes, sir, it was.

Q Have all operators within 1,500 feet of the well and in the quarter section in which this proposed 120-acre non-standard proration unit is located now, been notified of this proposal to create the 120-acre non-standard Blinebry Gas Unit?

A Yes, sir. In our application for the administrative approval of December 7th, we furnished copies to the offset operators in the quarter section, and also within 1,500 feet of the unit well.

Q And no objections, to your knowledge at this time, have been heard?

A No.

Q In your opinion, would the granting of this application be in the interest of prevention of waste and protection of correlative rights?

A Yes, it would.

MR. KASTLER: I move to introduce Exhibit Number 1 into evidence.

MR. UTZ: Without objection, Exhibit 1 will be entered in this case.

(Whereupon, Applicant's Exhibit No. 1 was admitted in evidence.)

MR. UTZ: Mr. Hoover, if you complete Number 7 as an oil well, what are you going to do with the northwest and southwest?

A That will be left out of any unit.

MR. UTZ: Are there other questions of the witness?

CROSS EXAMINATION

BY MR. DURRETT:

Q Mr. Hoover, the way I understand it now, there was a case originally that created a non-standard unit?

A Yes, sir.

Q Do you have the number of that case and the order that was issued?

A Yes, sir, it was in -- the Number?

Q The order number will be sufficient.

A Order R-1361 dated April 2, 1959.

Q And that did approve a non-standard unit?

A Yes, sir.

Q For the Well Number 4?

A Yes, sir. I don't have the case number which authorized Well Number 3, but it was about the same time, where we covered the whole acreage for two non-standard units. I can get that and furnish it to you.

Q All right, sir, that would be helpful. As a point of clarification, after Order R-1361 was issued by the Commission,

at a later date you did apply for a non-standard unit by administrative approval, and that was granted by Order 575?

A Yes, sir.

Q And also the same with 598, an administrative order, you did apply and that was granted?

A Yes, sir.

Q Now, during the time when your application was made for both of these administrative non-standard proration units, you did give notice at that time to all the offset operators in compliance with the rules?

A Yes, we did.

Q So, although those orders may have technically been issued, due to an error or mistake, everyone knew, at least all of the offset operators?

A That is correct.

Q So it would be your opinion, based on these facts, that no correlative rights have been impaired, or you or the Commission would at least have received an objection by this date?

A That is correct. I don't think there could be any chance of any correlative rights being affected, and like I say, we are rearranging acreage which was previously assigned to a non-standard unit so we are not adding additional acreage. We still stayed with our 160-acre non-standard unit or lease, which certainly would cause no objections from anybody when you go less.

Q Yes, sir. Now, on the same theory, you also would feel

that no error has been committed or we would have received objections from one of the non-standard units before or at this hearing?

A That is correct.

Q Would you feel that in order to clear up the paperwork, the Commission, if it should see fit to approve your non-standard unit that you have applied for here today, should also in the same order retroactively approve the non-standard unit erroneously administratively approved in order to clear up all the paperwork?

A We would have no objection.

MR. DURRETT: Thank you. I think that is all.

BY MR. UTZ:

Q At the time you reduced the acreage in this unit you replaced the acreage by a Blinebry oil well?

A In every case we have complied with Blinebry Oil Pool rules, where you have to reduce the gas unit, and so we complied there.

Q And all the interest owners were protected in that respect?

A Yes, sir.

Q Isn't it also true that in some cases you have had to reduce your acreage to avoid a double dedication that, incidentally are an incident of that; in some cases, the 40-acre tract has been left unproductive where it was productive before by being allocated production?

A It has not up until this time. If we have Number 7 as

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a Blinebry Oil Well, then we would have no possibility of including that other 40 acres.

Q I call your attention to the Northeast of the Northeast of Section 31, originally dedicated to a 160-acre non-standard unit.

A Yes, sir.

Q Subsequently, when Well Number 2 was recompleted as an oil well, Well Number 1 there is a gas producer, isn't it?

A Well Number 1 was completed as a Blinebry oil well, so that 40 acres went out. That left 120, so when Number 2 was developed as a Blinebry oil well, that left the acreage Number 6 was on; it could not be dedicated. That was not contiguous except by a corner. That's when, in order not to leave that acreage out, we got the approval to put it into the other, which had 120 at that time.

MR. UTZ: Are there any other questions? This witness may be excused.

(Witness excused.)

MR. UTZ: Are there any other statements in this case? The case will be taken under advisement.

STATE OF NEW MEXICO)
) ss.
 COUNTY OF BERNALILLO)

I, BILL LANGFORD, 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.

Bill Langford
 COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Examining Hearing of Case No. 2736, heard by me on Jan. 23, 1963.

W. C. Kelly
 Examiner
 New Mexico Oil Conservation Commission

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