

CASE 4500: Appli. of GULF FOR RE-
INSTATEMENT OF CANCELLED UNDER-
PRODUCTION & RECLASSIFY WELLS.

Case Number

4500

Application

Transcripts.

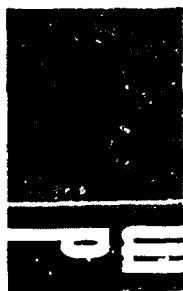
Small Exhibits

ETC.

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NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
EXAMINED HEARING
February 24, 1971

IN THE MATTER OF:

Application of Gulf Oil
Corporation for reinstatement
of cancelled under
production and reclassification
of wells, Lea County,
New Mexico.

Case No. 4500

BEFORE: ELVIS A. UTZ, EXAMINER

TRANSCRIPT OF HEARING

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1 Mr. HWT: The hearing will now be under, please.
 2 The first case on the docket will be Case 4500.

3 Mr. HWT: Case 4500. Application of Gulf Oil
 4 Corporation for reinstatement of cancelled underproduction
 5 and reclassification of wells, Lea County, New Mexico.

6 Mr. KASTLER: If the Honorable please, I'm Bill
 7 Kastler from Roswell, and our witness today is John H.
 8 Hoover.

9 (Witness sworn)

10 Mr. HWT: Will there be other appearances?

11 Mr. KASTLER: Our exhibits have already been
 12 marked, so they may be entered.

13 JOHN H. HOOVER

14 having been first duly sworn, was examined and testified upon
 15 his oath as follows:

16 DIRECT EXAMINATION

17 BY MR. KASTLER:

18 Q Mr. Hoover, will you please state your position?

19 A District production engineer with Gulf Oil Corporation
 20 in Roswell, New Mexico.

21 Q Are you familiar with Gulf's application in Case
 22 Number 4500?

23 A Yes, sir.

24 Q Will you please state what Gulf is seeking in this
 25 application?

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1 We are asking for reinstatement of cancelled production
 2 and reclassification for several wells in the operated
 3 gas fields of southeastern New Mexico.

4 In this particular case, the contract under which
 5 we sell gas to the purchasers provides that they will
 6 continue to take gas from the wells down to a hundred
 7 pounds.

8 They have operated their line pressures around
 9 450 pounds, so in the past they have installed
 10 compressors on individual wells to allow them to
 11 produce their allowable.

12 This hasn't worked too well, because as they would
 13 put compressors on wells, they would add other wells
 14 to it, and eventually, the compressor capacity would
 15 be exceeded, so they would shut in wells, produce
 16 other wells, and then go back and try to make up the
 17 underproduction from the other wells.

18 So we have finally got caught up here that we
 19 just can't keep up with the compressors, so we believe
 20 that in this particular case that we have justification
 21 on these wells that we can produce the underproduction,
 22 if given the chance.

23 Q Has Gulf been in contact with its purchasers concerning
 24 this problem?

25 A Yes, we have. As previously mentioned, we have over

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1 the years continually contacted them to install
 2 compressors on individual wells and as far back as
 3 April, 1969, we told them that the installation of
 4 those compressors was not working satisfactorily, and
 5 that we thought that they should give consideration
 6 to lowering their entire system pressure.

7 They agreed that this is the way to go, and
 8 they elected to do this in two steps. They were
 9 going to take the system pressure down to approximately
 10 350 to 300 pounds, in that neighborhood, and then take
 11 it in another step down to a hundred pounds.

12 And it takes time to make the study to do that
 13 and to get the installation in, and as a result, they
 14 lowered the line pressures down to about thirty-six
 15 pounds in November of 1970, and with their start-up
 16 problems, it really did not do much good for the last
 17 balancing period.

18 We understand that they will have their -- they
 19 filed another application with the Federal Power
 20 Commission to go ahead with the hundred pound project,
 21 and as we understand, that this could be in by
 22 summer or early fall.

23 Q Well, if relief is this near, do you believe that the
 24 wells that you have selected for this case will make
 25 up this back allowable?

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1 A Yes, we do. At this last balancing period we had
 2 approximately twenty wells that lost allowable, and we
 3 have ruled out nine of them as no help can be given
 4 to those, so the eleven that we picked out are ones
 5 that can produce their allowable, if given the
 6 opportunity.

7 Q Will you please explain the particular situation for
 8 each of these eleven wells you have selected?

9 A Yes. Exhibit Number 1 is a plat of the W. A. Ramsay
 10 Well Number 17, and I have shown on this plat the
 11 pertinent well colored in red, and the gas proration
 12 unit assigned to this well, outlined in red.

13 Exhibit Number 1-A is a tabulation of the under-
 14 production for that well and shows that as of June 30,
 15 1970, it was 46,000 M. C. F. underproduced.

16 Under the remarks we show the line pressure on
 17 July 1st, 1970, as 260 pounds. The line pressure
 18 was lowered on December 4th, 1970, to a hundred pounds,
 19 and the well had reduced its underproduction to 2601
 20 M. C. F. And that is the volume that was cancelled.

21 We also show on this tabulation a test on
 22 December 4, 1970, at 102 pounds line pressure. The
 23 well made 1750 M.C.F. That would be a rate of 1750
 24 M.C.F. per day.

25 The average allowable for the total year 1970

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for 640 acres was 1476 M.C.F. per day, and for the last six months of 1970, the average allowable was 1340.

This well is capable of producing its allowable.

Exhibit Number 2 is a plat for the Bell Pansay & Number 3. Again, we show the pertinent well and the gas proration unit outlined in red.

Exhibit Number 2-3 shows that this well had an underproduction of 20,573 M.C.F. as of June 30, 1970. The line pressure on August 11, 1970, was 455 pounds, and as of the end of the year, the line pressure had been lowered to 360 pounds, but here again, it did not do much good.

This well did not produce its allowable during any of the months, so it was reclassified marginal.

So we lost 40,647 M.C.F.

A full test on February 4, 1970 - let me back up. A compressor was installed on January 29, 1971, and a test on February the 4th, at a 125 pound line pressure. It flowed 1,021 M.C.F. per day, compared to an average allowable of 360 M.C.F. per day, or an average allowable for the last six months of 225 M.C.F. per day.

So this well is capable of making its allowable,

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1 and we don't believe it should be classified as
 2 marginal, because we not only lost this big under-
 3 production, but being classified as marginal, we
 4 don't get our fair share of the current allowable
 5 during this proration period.

6 Q In your application did you request that this well
 7 be reclassified as non-marginal?

8 A Yes.

9 Q All right.

10 A Exhibit Number 3 is for the R. P. Bell A Number 2.
 11 Again, we show the same information, the pertinent
 12 well, the gas proration unit outlined in red.

13 Exhibit 3-A, we show the pertinent underproduction,
 14 and again, this well did not produce its allowable
 15 during -- any time during the last balancing period.

16 The line pressure on July 11, 1970 was 452
 17 pounds, and as of January 22nd, 1971, was 360 pounds.

18 This well was classified as marginal. We lost
 19 63,840 M.C.F. Compressor was installed on February
 20 4, 1971, and at a flow rate of 290 pounds.

21 On February 4, 1971, it flowed 1651 M.C.F. per day,
 22 compared to an allowable of 550 M.C.F. per day, and an
 23 average allowable of the last six months of 503 M.C.F.
 24 per day.

25 Again, this well is presently capable of making up

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1 its back production, and again, we don't believe
 2 that it should be classified as marginal, for the
 3 same reasons that we gave on the previous well.

4 Q And in your application, again, you so requested?

5 A Yes, that's right.

6 Q Thank you.

7 A Exhibit Number 4 is for the P. P. Bell P, Well Number
 8 2. Again, we show the pertinent well and the gas
 9 proration unit.

10 This well was underproduced as of June 30, 1971 ---
 11 of 1970, of 20,651 M.C.F. The line pressure on
 12 August 18, 1970, was 448 pounds.

13 A compressor was installed on November the 3rd,
 14 1970, and it reduced its underproduction down to
 15 53,085 M.C.F. by the end of the year.

16 The line pressure was down to 175 pounds on
 17 January 22, '71. We lost 5,127 M.C.F. The well is
 18 capable of producing 2,025 M.C.F. per day at 175
 19 pounds, compared to an allowable of 732 M.C.F. per day
 20 for the year 1970, and for the last six months of
 21 670 M.C.F. per day.

22 This well is capable of making up its under-
 23 production.

24 Exhibit Number 5 is the Mollie Campbell Number
 25 2. It shows the well and the proration unit outlined

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1 in red.

2 The underproduction going into this period was
 3 40,207 M.C.F. The line pressure, again, on July 30,
 4 1970, was 445 pounds. A compressor was installed
 5 on this well December the 2nd 1970, and the line
 6 pressure had been reduced to 247 pounds.

7 The underproduction had been reduced to 14,535
 8 M.C.F. We lost 13,816 M.C.F.

9 Q Right there, Mr. Hoover, your application states that
 10 you had subject to cancellation 13,843, rather than
 11 13,816.

12 A Yes, that's correct. 13,816 is correct. It's what
 13 we lost.

14 Q Do you wish your application to be amended in this
 15 respect?

16 A Yes.

17 Q Thank you.

18 MR. KASTLER: He so move.

19 MR. UTZ: Now, is this Exhibit 5-A?

20 MR. KASTLER: Yes.

21 THE WITNESS: Exhibit 5-A, yes, sir.

22 A A production test was taken on this well on January
 23 22nd, 1971, with a line pressure of 247 pounds, flowed
 24 a nil -- excuse me. 1,505 M.C.F. per day, compared to
 25 an allowable for the year 1970 of 715 M.C.F. per day,

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1 and for the last six months of 1970, 670 M.C.F. per day.

2 This well is capable of making up its allowable.

3 Exhibit Number 6 is for the F. W. Vatter 2, Well
 4 Number 2. Again, the pertinent well and the gas
 5 provation unit are outlined in red.

6 Exhibit 6-3, this well had an underproduction of
 7 14,531 M.C.F. as of June 30, 1970. The line pressure
 8 on June the 4th, 1970, was 425 pounds.

9 The underproduction as of December 31st, 1970,
 10 was 26,340 M.C.F., but the line pressure had been
 11 reduced as of January 22nd, 1971, to 347 pounds.

12 We lost 11,511 M.C.F.

13 The calculated flow rate at a hundred pounds was
 14 1125 M.C.F. per day. We actually took a production
 15 test at the 347 pound line pressure on January 22nd,
 16 1971, and it produced 695 M.C.F. per day, compared to
 17 an allowable of 362 M.C.F. per day for the year 1970,
 18 and 335 M.C.F. per day for the last six months.

19 This well is capable of making up its under-
 20 production, even at the 347 pound line pressure, and
 21 when the system pressure is lowered to a hundred pounds,
 22 it will be even more capable.

23 Exhibit Number 7 is for the F. W. Vatter 9,
 24 Well Number 7. Again, the pertinent well and provation
 25 unit are outlined in red.

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Exhibit 7-A, we had an underproduction of 55,015 M.C.F. on June 30, 1970.

The line pressure on July 6, 1970, was 415 pounds. A compressor was installed on October 2, 1970, and the underproduction had been reduced to 22,806 M.C.F. as of January 22, 1971, with a line pressure of 147 pounds.

We lost 7,359 M.C.F. A production test on January 22, 1971 of 147 pounds was 1120 M.C.F. per day, compared to an average allowable of 540 M.C.F. per day, and for the last six months of 492 M.C.F. per day.

Exhibit Number 8 is for the Elbert Shinn B, Well Number 2.

Again, the Exhibit Number 8 shows the pertinent well and the proration unit outlined in red.

Exhibit 8-A, the underproduction on this well on June 30, 1970, was 54,415 M.C.F. It was on compressor as far back as 1969.

The underproduction as of the end of September had been reduced to 37,279 M.C.F.

This was a case of what I previously mentioned where a well could be on compressor, but this compressor would be serving several wells, and they would cut this well back to produce other wells.

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1 So in October, they cut this well back to only
 2 102 M.C.F. total for the month October to allow other
 3 wells to produce their allowable.

4 And those other wells would be other people's
 5 wells, too; not necessarily ours.

6 So at the end of October, the underproduction
 7 had built back up to 56,368 M.C.F.

8 Then in November it reduced it, and further
 9 reduced it in December to 35,141 M.C.F. We lost
 10 15,666 M.C.F.

11 Q Now, right there, Mr. Hoover, I believe there is
 12 another variation with your application.

13 A Yes, there is.

14 Q And the correct figure is 15,666 --

15 A Yes.

16 Q -- rather than 15,686 as reported in your application?

17 A That's correct.

18 Q And you wish to amend your application to this effect?

19 A Yes, sir.

20 Q Thank you.

21 A We took production test on this well on January 26,
 22 1971, at a hundred pounds. It flowed 850 M.C.F. at
 23 a rate of 850 M.C.F. per day.

24 The December production was 30,213 M.C.F., or gave
 25 an average there of 975 M.C.F. per day.

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1 This compares to the year average allowable of
 2 730 M.C.F. per day, and for the last six months of
 3 670 M.C.F. per day.

4 This well could have worked off all of its
 5 underproduction, and we would have had none cancelled
 6 if they had not had to cut it back in October to help
 7 some other wells.

8 We believe this well is capable of making up
 9 its underproduction.

10 Exhibit Number 9 is for the J. F. Janda F
 11 Number 7. It shows the pertinent well and the
 12 proration unit outlined in red.

13 On June 30 it was underproduced 80,091 M.C.F.
 14 As of December 31st, 1970, it had reduced that to
 15 27,628 M.C.F., and we had a line pressure as of
 16 January 22, 1971 of 240 pounds.

17 We lost 10,645 M.C.F.

18 The December, 1970 production was 31,925
 19 M.C.F., or that was an average of 1,030 M.C.F. per
 20 day.

21 We took a production test on February 5, 1971,
 22 and it produced 1355 M.C.F. at a line pressure of
 23 115 pounds, compared to an average allowable of 525
 24 M.C.F. per day, and for the last six months, average
 25 of 300 M.C.F. per day.

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Exhibit Number 12 is for the C. H. LaFenyon Well Number 4.

Again, Number 12 shows the pertinent well and proration unit outlined in red.

Exhibit 12-A, this well has carried into the last balancing period a considerable amount of underproduction. In fact, it had 123,197 M.C.F. on June 30, 1970.

It reduced it to 75,040 M.C.F. as of December 31, 1970.

We had a line pressure on January 22, 1971 of a hundred pounds. We lost 71,371 M.C.F.

A production test taken on January 22, 1971 was 600 M.C.F. per day up to a hundred pounds line pressure, compared to an average allowable of 552 M.C.F. per day for the year 1970, or an average allowable of 390 M.C.F. per day for the last six months.

This well will be -- will have trouble making up all its underproduction, but we feel that we can make up some of it, and we would like the opportunity to do it.

It is capable of making its allowable, but for that little extra.

Number 11, and final exhibit is for the Cutman

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Well Number 2, and the pertinent well completion unit are outlined in red.

Exhibit Number 11-A shows the underproduction as of June 30, 1970 was 60,909 M.C.F.

A compressor was installed in August of 1970, and we cut the underproduction to 24,245 M.C.F., with a line pressure on January 25, 1971, of 147 pounds. We lost 12,314 M.C.F.

Production flow rate on January 25, 1971 was 700 M.C.F. per day up to 147 pounds line pressure.

An average allowable for the year 1970 was 502 M.C.F. per day, and for the last six months was 531 M.C.F. per day.

This well is capable of making up its underproduction.

I would like to point out that four of these wells made up some of their underproduction in January. For example, the R. R. Bell F. It lost 5,172 M.C.F.

However, the January, '70 production exceeded the allowable by 20,173 M.C.F.

The Mollie Campbell Number 2 lost 13,916 M.C.F. The January production, January '71 -- and these -- of course, January production is too late to help take up any of the underproduction. But it exceeded

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1 its allowable by 12,122 M.C.F.

2 The Mattoon Number 2 lost 7,259 M.C.F. The
3 January production exceeded the allowable by 1,712
4 M.C.F., so it made up a fair amount of it. Not near
5 like the other two, but the Cutman Number 2 lost
6 12,314 M.C.F., and the January production exceeded
7 the allowable by 6,441 M.C.F., so it made up roughly
8 half.

9 Q Well, in summary, what is your conclusion with all
10 these?

11 A I believe that we have shown here that these wells
12 are capable of producing their allowable, and due to
13 these extenuating circumstances beyond our control,
14 the wells had allowables cancelled.

15 The pipelines are very near to having the entire
16 system pressure down to a hundred pounds, and we won't
17 have the problem of compressor capacity or even getting
18 compressors on.

19 And we feel that we can produce that allowable.
20 We would like to be able to be given the opportunity
21 to do so.

22 Q Mr. Hoover, were Exhibits 1 and 1-A through 11 and 11-A
23 prepared at your direction and under your supervision?

24 A Yes, sir.

25 MR. KASSLER: At this time I would move for the

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1 introduction of these exhibits.

2 MR. UTS: Without objection, Exhibits 1 through
 3 11-A will be entered into the record of this case.

4 Q (Mr. Kastler continuing) Mr. Hoover, in your opinion,
 5 would the granting of this application be in the
 6 interest of protection of Gulf's correlative rights?

7 A Yes, sir.

8 Q Do you have anything else to add?

9 A No, sir.

10 CROSS EXAMINATION

11 BY MR. UTS:

12 Q Mr. Hoover --

13 A Yes, sir.

14 Q -- you have requested here two wells to be reclassified
 15 to non-marginal?

16 A Only two, yes, sir.

17 Q And those are the Bell Ramsay Number 3 and the R. R.
 18 Bell Number 2; is that correct?

19 A Yes, sir, I believe that's correct. Is that what I
 20 had on here?

21 MR. KASTLER: Yes.

22 A Yes, sir, that's right.

23 Q I would gather, then, that you don't consider it a
 24 privilege to have your wells classified marginal?

25 A No, sir.

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- 1 Q How --
- 2 A We have a lot of marginal wells that we feel like should
- 3 be marginal, and we don't like to have them that way,
- 4 but that's just the way it is.
- 5 Q Since you have been lowering line pressures in the
- 6 southeast, this, of course, increases the wells'
- 7 capacity.
- 8 Now, how long does the well maintain that kind
- 9 of capacity? Long enough to make up this decline of
- 10 underdrage?
- 11 A Yes, sir. In fact, in the Eumont Pool, and most of
- 12 these wells are in the Eumont Pool, it is a matter of
- 13 pressure.
- 14 The deliverabilities there -- and it holds up
- 15 if we can offset the pressure decline and get the line
- 16 pressure down below, further below than where our well
- 17 head pressure is, but we do have capacity in the Eumont
- 18 and it will hold up.
- 19 We have good deliverability.
- 20 Q It's not a matter of deliverability of a well. It's
- 21 a matter of reservoir pressure?
- 22 A That's it. Yes, sir. Compared to line pressure.
- 23 Q Well, I asked that question because we hear occasionally
- 24 that it doesn't do much good to lower line pressures,
- 25 that a well will blow it's top say within thirty

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1 "Yes, an 11 1/2 inch well, an 11 inch well won't
 2 make up its production."

3 "Well, I think you have had enough experience here in
 4 putting pressures on these wells. When you do get line
 5 pressure down on that well, it helps it for considerable
 6 time."

7 "Well, from the looks of some of your figures here, I
 8 would be inclined to agree with you."

9 MR. UTZ: Other questions of the witness? You
 10 may be excused.

11 Statements in the case? The case ---

12 MR. HATCH: The Commission has received a
 13 telegram from Northern Natural Gas Company in reference to
 14 this case.

15 "Unable to attend Examiner Hearing on Case 4500
 16 due to weather conditions. Northern Natural Gas Company
 17 supports Gulf Oil Corporation's application and recommends
 18 the Commission approve same."

19 In the event said application is approved,
 20 Northern Natural will use its best efforts to take the gas."

21 MR. UTZ: Any other statements? Case will be
 22 taken under advisement.

23
 24
 25

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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
 209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

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JOHN E. HOOVER

Direct Examination by Mr. Mastler

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Cross Examination by Mr. Utz

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EXHIBITS

Applicants Exhibits 1 through 11 A.

dearnley-meier reporting

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
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1 STATE OF NEW MEXICO)
 2)
 3 COUNTY OF BERNALILLO)

4 I, LINDA WALONE, Court Reporter in and for the County
 5 of Bernalillo, State of New Mexico, do hereby certify that
 6 the foregoing and attached Transcript of Hearing before the
 7 New Mexico Oil Conservation Commission was reported by me,
 8 and that the same is a true and correct record of the said
 9 proceedings, to the best of my knowledge, skill and ability.

10
 11 Linda Walone
 12 COURT REPORTER

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14500
 76
 Date 24
 [Signature]
 Sec. 3 of the Constitution of New Mexico

Gulf Oil Company - U.S. *WVA*

LAW DEPARTMENT

William V. Kastler
ATTORNEY

June 24, 1971

P. O. Box 1150
Midland, Texas 79701

Oil Conservation Commission
for the State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

71 JUN 25 AM 8 26

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

Re: Application of Gulf Oil Corporation for a
Rehearing in Case No. 4500 and to vacate
Order No. R-4125 dated March 30, 1971.

Gentlemen:

By letter dated April 28, 1971, I made an Application for a Rehearing in Case No. 4500 in which Gulf had been denied a reinstatement of unproduced allowables in nine gas wells. Gulf Oil Corporation now elects to withdraw its appeal and, as I am informed by talking by phone to Mr. George Hatch, this rather than a voluntary dismissal is the proper action to take at this time.

Very truly yours,

William V. Kastler
William V. Kastler

WVK:ejl



A DIVISION OF GULF OIL CORPORATION

Gulf Oil Company

LAW DEPARTMENT

William V. Kastler
ATTORNEY

April 28, 1971

RECEIVED

APR 30 1971

CIL CONSERVATION CO. Box 1150
Midland, Texas 79701

Oil Conservation Commission for the State of New Mexico
Post Office Box 2088
Santa Fe, New Mexico 87501

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

Re: Application of Gulf Oil Corporation
for a Rehearing in Case No. 4500
and to Vacate Order No. R-4125
dated March 30, 1971.

Gentlemen:

Pursuant to Rule No. 1220 Gulf Oil Corporation respectfully requests a rehearing in Case No. 4500, which was an application for an exception to Rule 14 (A) of Order R-1670, so that cancelled underproduction from the following listed gas wells may be reinstated:

Well Name and No.	Location Unit S-T-R	Pool	Underproduction Subject to Cancellation
W. A. Ramsey (NCT-A) No. 17	J 27-21S-36E	Eumont	2,601 MCF
R. R. Bell (NCT-F) No. 2	K 36-20S-36E	Eumont	5,172 MCF
Mollie Campbell No. 2	K 7-21S-36E	Eumont	13,816 MCF
F. W. Kutter (NCT-A) No. 3	J 20-19S-37E	Eumont	11,511 MCF
H. T. Mattern (NCT-D) No. 7	D 6-22S-37E	Eumont	7,359 MCF
E. Shipp (NCT-B) No. 2	E 8-19S-37E	Eumont	15,666 MCF
J. F. Janda (NCT-F) No. 7	K 4-22S-36E	Jalmat	19,645 MCF
C. E. LaMunyon No. 4	D 29-23S-37E	Jalmat	71,371 MCF
Gutman No. 2	C 19-22S-38E	Tubb	12,314 MCF

In its initial application Gulf listed eleven wells, two of which were wells that had erroneously been reclassified as marginal under Rule 16(A) of Order No. R-1670. This error in classification could be corrected by administrative approval as well as by an order following a hearing. Therefore, inasmuch as the cancelled underproduced allowables for those two wells have now been restored no appeal is here taken with reference to Finding No. 3 in Order No. R-4125.



A DIVISION OF GULF OIL CORPORATION

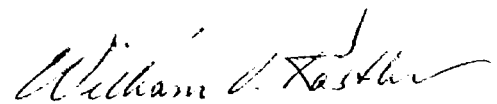
Oil Conservation Commission
for the State of New Mexico.

- 2 -

April 28, 1971

If granted a hearing de novo Gulf believes that it can prove that it is entitled to the exception sought on the basis of discrimination by reason of the gas transportation facilities afforded other wells which resulted in a disadvantage to each of the above-listed wells.

Respectfully submitted,



William V. Kastler
Attorney

WVK/jlf

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. 4500
Order No. R-4125

APPLICATION OF GULF OIL CORPORATION
FOR REINSTATEMENT OF CANCELLED UNDER-
PRODUCTION AND RECLASSIFICATION OF
WELLS, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 24, 1971, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 30th day of March, 1971, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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, is the operator of the following-described gas wells located in Lea County, New Mexico, as follows:

<u>WELL NAME AND NUMBER</u>	<u>LOCATION</u>	
	<u>Unit - S-T-R</u>	<u>POOL</u>
W. A. Ramsay (NCT-A) No. 17	J 27-21S-36E	Eumont
Bell Ramsay (NCT-B) No. 3	L 28-20S-37E	Eumont
R. R. Bell (NCT-A) No. 2	P 8-21S-36E	Eumont
R. R. Bell (NCT-F) No. 2	K 36-20S-36E	Eumont
Mollie Campbell No. 2	K 7-21S-36E	Eumont
F. W. Kutter (NCT-A) No. 3	J 20-19S-37E	Eumont
H. T. Mattern (NCT-D) No. 7	D 6-22S-37E	Eumont
E. Shipp (NCT-B) No. 2	E 8-19S-37E	Eumont
J. F. Janda (NCT-F) No. 7	K 4-22S-36E	Jalmat
C. E. LaMunyon No. 4	D 29-23S-37E	Jalmat
Gutman No. 2	C 19-22S-38E	Tubb

-2-

CASE NO. 4500
Order No. R-4125

(3) That the above-described Bell Ramsay (NCT-B) Well No. 3 and the R. R. Bell (NCT-A) Well No. 2 have prior to this date been reclassified from marginal to non-marginal and allowable that was cancelled due to the erroneous classification has been reinstated.

(4) That each of the above-described wells is non-marginal.

(5) That each of the above-described gas wells failed to produce during the gas proration period ending December 31, 1970, accrued underproduction which was consequently cancelled January 1, 1971.

(6) That the applicant seeks, as an exception to Rule 14(A) of the General Rules and Regulations for the prorated gas pools of Southeastern New Mexico, the reinstatement of the above-described unproduced allowable that was cancelled.

(7) That Rule 14(A) provides that any non-marginal well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period and that any such allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled. That such unproduced allowable is to be cancelled whether or not the wells are capable of producing said allowable.

(8) That the applicant has not shown that the subject wells were unreasonably discriminated against in the price paid, the quantities purchased, the bases of measurement or the gas transportation facilities afforded for gas of like quantity, quality and pressure available from such wells.

(9) That reinstatement of said allowable as an exception to said Rule 14(A) would give to the applicant an unfair advantage over other operators in the subject pool.

(10) That the application should be denied.

IT IS THEREFORE ORDERED:

(1) That the subject application is hereby denied.

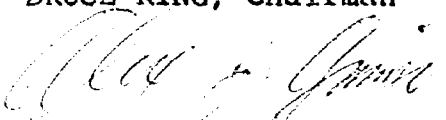
-3-
CASE NO. 4500
Order No. R-4125

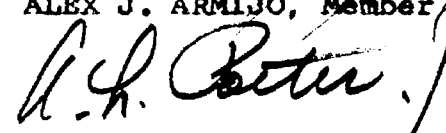
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

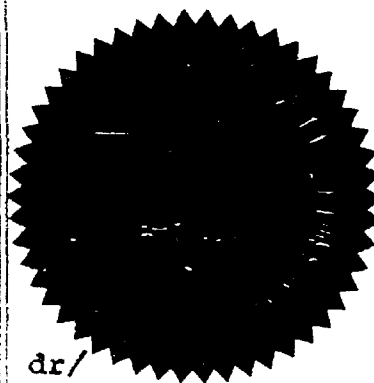
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


BRUCE KING, Chairman


ALEX J. ARMIJO, Member


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



dr/

Cover 4500

Heard 3-24-71

Ric: 3-1-71

Grant Galt request for
reinstatement of parole the
underage which was cancelled
1-1-71.

Edmont.

4P Cancelled.

W.A. Ramsey (NCT-A) 17-J-27-21-36 2601

Bell Ramsey (NCT-B) 3-L-28-20-37 40,647

R.R. Bell (NCT-A) 2 P-8-21-36 63,840

R.R. Bell (NCT-P) 2 P-36-20-36 5172

Mollie Campbell 2 P-7-21-36 13816

F.W. Kutter (NCT-A) 3 J-20-19-37 11,511

~~Edmont~~ H.T. Mattern (NCT-D) 7 D-6-22-37 7359

E. Shipp (NCT-B) 2 E-8-19-37 15,666

J.F. Janda (NCT) 7-H-4-22-36

~~Edmont~~

C.B. LaMunyon 4-D-24-23-37 71371

Edmont. Galtman 2 C-19-22-38 12314

Testimony showed that all these
wells could have been made up
4P had the purchaser taken
it. Their capability was in
excess of their allowable.

Thud



Telegram

KA027 SSD166

1971 FEB 23 AM 8 47

(1033A EST) =

K CCE048 (CH 054CC405048) PD=NO NAT GAS OMA 1031A EST
02/23/71 =ZCZC 002 PD OMAHA NEBR =

A L PORTER JR =

NEW MEXICO OIL CONSERVATION COMMISSION =

STATE LAND OFFICE BLDG = P O BOX 2088 =

SANTA FE NEW MEXICO =

UNABLE TO ATTEND EXAMINER HEARING ON CASE 4500 DUE TO
WEATHER =CONDITIONS. NORTHERN NATURAL GAS COMPANY
SUPPORTS GULF OIL =CORPORATION APPLICATION AND RECOMMENDS
THE COMMISSION APPROVE =SAME. IN THE EVENT SAID
APPLICATION IS APPROVED, NORTHERN =NATURAL WILL USE ITS
BEST EFFORTS TO TAKE THE GAS. ==

WU: H E BARRETT =NORTHERN NATURAL GAS CO =

LOCKET EXAMINER HEARING WEDNESDAY - FEBRUARY 24, 1971

9 A.M. - 11:30 A.M. A 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, Alternate Examiner:

CASE 4500: Application of Gulf Oil Corporation for reinstatement of cancelled underproduction and reclassification of wells, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the general rules and regulations for prorated gas pools of Southeastern New Mexico promulgated by Order No. R-1670, as amended, to permit the reinstatement of underproduction accumulated by eleven of its wells and cancelled January 1, 1971, located as follows:

LEA COUNTY, NEW MEXICO

WELL NAME AND NUMBER	LOCATION Unit - S-T-R	POOL
W. A. Ramsay (NCT-A) No. 17	J 27-21S-36E N - 2601	Eumont
Bell Ramsay (NCT-B) No. 3	L 28-20S-37E M - 119647	Eumont
R. R. Bell (NCT-A) No. 2	P 8-21S-36E M - 63840	Eumont
R. R. Bell (NCT-F) No. 2	K 36-20S-36E N - 5172	Eumont
Mollie Campbell No. 2	K 7-21S-36E N - 13,816	Eumont
F. W. Kutter (NCT-A) No. 3	J 20-19S-37E N - 11,511	Eumont
H. T. Mattern (NCT-D) No. 7	D 6-22S-37E N - 7359	Eumont
E. Shipp (NCT-B) No. 2	E 8-19S-37E N - 15,666	Eumont
J. F. Janda (NCT-F) No. 7	K 4-22S-36E N - 19645	Jalmar
C. E. LaMunyon No. 4	D 29-23S-37E N - 71371	Jalmar
Gutman No. 2	C 19-22S-38E N - 12314	Tubb

Applicant further seeks the reclassification of the above-described Bell Ramsay (NCT-B) Well No. 3 and the R. R. Bell (NCT-A) Well No. 2 from marginal to non-marginal.

CASE 4501: Application of Texas Pacific Oil Company for several non-standard gas proration units and rededication of acreage, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment and acreage dedication of the following-described standard and non-standard gas proration units and wells in Townships 22 and 23 South, Range 36 East, Jalmar Gas Pool, Lea County, New Mexico:

1. A 360-acre non-standard gas proration unit comprising the N/2 of Section 15, and the SE/4 of the SW/4 of Section 10, Township 23 South, Range 36 East, to be dedicated to Texas Pacific State "A" Account 1 Wells Nos. 31 and 33.

2. A 320-acre non-standard gas proration unit comprising the E/2 SE/4 and the SW/4 SE/4 of Section 9, and the S/2 NW/4 and the N/2 SW/4 and the SW/4 NW/4 of Section 10, Township 23 South, Range 36 East, to be dedicated to Texas Pacific State "A" Account 1 Wells Nos. 37 and 38.



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

GOVERNOR
BRUCE KING
CHAIRMAN

**LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER**

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

March 31, 1971

Mr. Bill Kastler
Gulf Oil Corporation
Post Office Box 1938
Roswell, New Mexico 88201

Re: Case No. 4500
Order No. R-4125
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.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

Other _____

CASE NO. 4500
EXHIBIT NO. 1
FEBRUARY 24, 1971

W. A. RAMSAY (NCT-A) WELL NO. 17 EUMONT GAS

UNIT J, SECTION 27, T21S, R36E

640 ACRES DEDICATED

UNDERPRODUCTION AS OF:

REMARKS

June 30, 1970	46,090 MCF	Line pressure 7-1-70 260#
July 31, 1970	45,106 MCF	
August 31, 1970	39,993 MCF	
September 30, 1970	26,975 MCF	
October 31, 1970	16,341 MCF	
November 30, 1970	9,470 MCF	
December 31, 1970	2,601 MCF	Line pressure lowered 12-4-70 100#

Subject to cancellation 2,601 MCF.

Production Test December 4, 1970, 1,750 MCF @ 102# line pressure.

Average allowable total, Year 1970, 640 Acres, 1,476 MCF/Day.

Average allowable last six months 1970, 640 Acres, 1,340 MCF/Day.

CASE NO. 4500

EXHIBIT NO. 1-A

FEBRUARY 24, 1971

4500 1-A

CASE NO. 4500
EXHIBIT NO. 2
FEBRUARY 24, 1971

BELL RAMSAY "B" NO. 3 EUMONT GAS

UNIT L, SECTION 28, T20S, R37E

160 ACRES DEDICATED

UNDERPRODUCTION AS OF:

REMARKS

June 30, 1970	20,573 MCF	
July 31, 1970	25,569 MCF	
August 31, 1970	29,648 MCF	Line Pressure 8-11-70 455#
September 30, 1970	30,498 MCF	
October 31, 1970	33,201 MCF	
November 30, 1970	35,870 MCF	
December 31, 1970	40,647 MCF	Line Pressure 360#

Subject to cancellation 40,647 MCF.

Flow Test on February 4, 1971, 125# line pressure, 1,021 MCF/Day.

Compressor installed January 29, 1971.

Average allowable total, Year 1970, 369 MCF/Day.

Average allowable last six months 1970, 335 MCF/Day.

CASE NO. 4500

EXHIBIT NO. 2-A

FEBRUARY 24, 1971

2-A

4500



CASE NO. 4500
EXHIBIT NO. 3
FEBRUARY 24 1971

R. R. BELL "A" NO. 2 EUMONT GAS

UNIT P, SECTION 8, T21S, R36E

240 ACRES DEDICATED

UNDERPRODUCTION AS OF:

REMARKS

June 30, 1970	19,608 MCF	Line pressure 6-11-70 458#
July 30, 1970	24,179 MCF	
August 31, 1970	30,035 MCF	
September 30, 1970	31,849 MCF	
October 31, 1970	40,728 MCF	
November 30, 1970	50,836 MCF	
December 31, 1970	63,840 MCF	Line pressure 1-22-71 360#

Subject to cancellation 63,840 MCF.

Compressor installed February 4, 1971.

Actual flow rate at 290# line pressure February 4, 1971, 1,651 MCF/Day.

Average allowable total, Year 1970, 550 MCF/Day.

Average allowable last six months 1970, 503 MCF/Day.

CASE NO. 4500

EXHIBIT NO. 3-A

FEBRUARY 24, 1971

3-A

4500

R. R. BELL "F" NO. 2 EUMONT GAS

UNIT K, SECTION 36, T20S, R36E

320 ACRES DEDICATED

UNDERPRODUCTION AS OF:

REMARKS

June 30, 1970	92,651 MCF	
July 31, 1970	109,648 MCF	
August 31, 1970	121,585 MCF	Line pressure 8-18-70 448#
September 30, 1970	126,207 MCF	
October 31, 1970	140,564 MCF	
November 30, 1970	93,023 MCF	Compressor installed 11-3-70
December 31, 1970	53,085 MCF	Line pressure 175# 1-22-71

Subject to cancellation 5,172 MCF.

Flow rate January 22, 1971, 2,085 MCF/Day @ 175#.

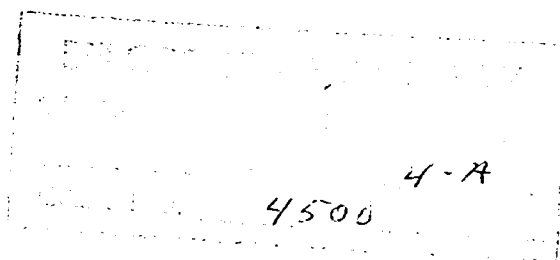
Average allowable total, Year 1970, 738 MCF/Day.

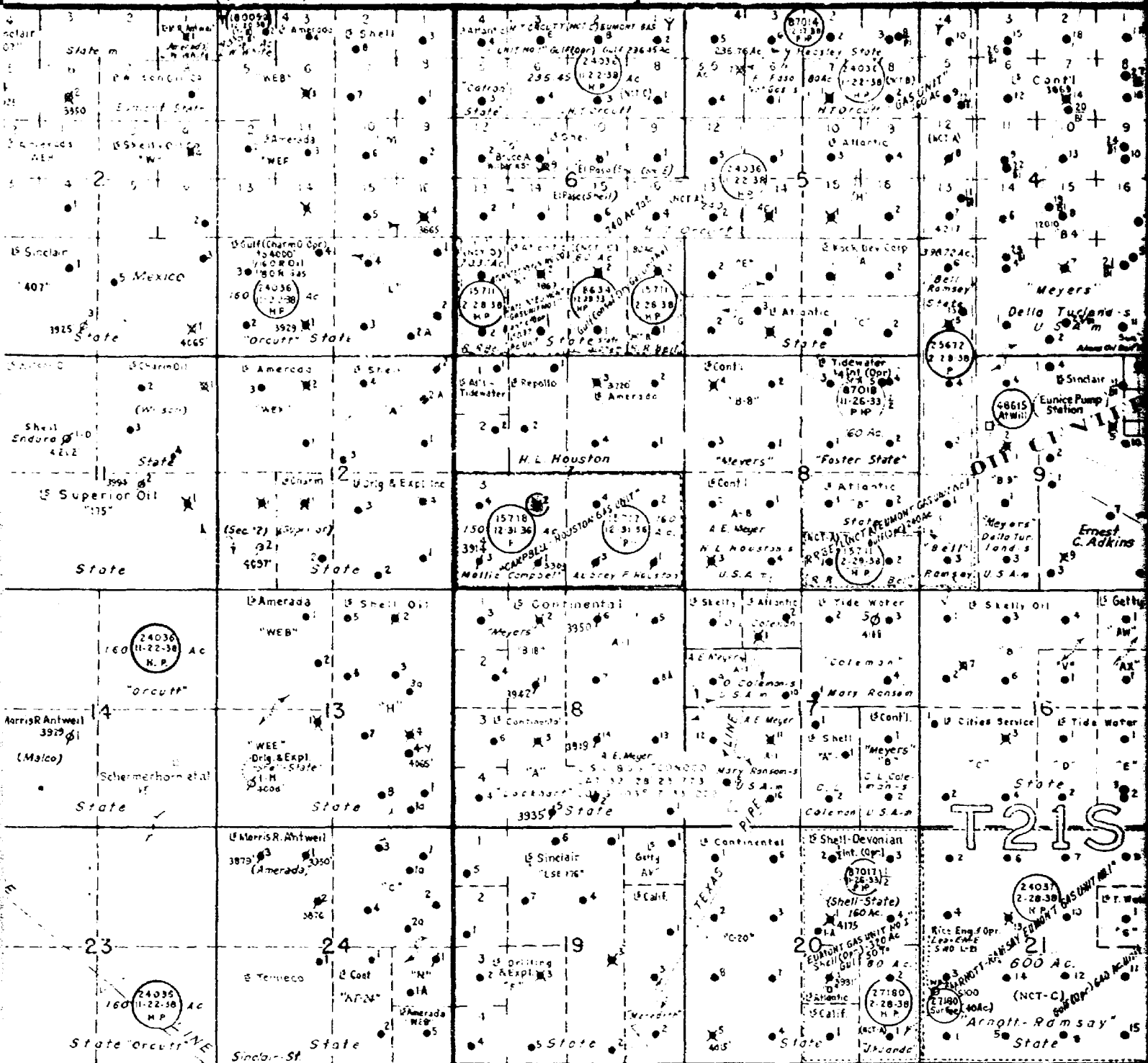
Average allowable last six months 1970, 670 MCF/Day.

CASE NO. 4500

EXHIBIT NO. 4-A

FEBRUARY 24, 1971





PLAT
GULF OIL CORPORATION

MOLLIE CAMPBELL WELL NO. 2
EUMONT GAS POOL

- LEGEND -

- ☐ Pertinent Well
☐ Gas Proration Unit

CASE NO. 4500
EXHIBIT NO. 5
FEBRUARY 24, 1971

MOLLIE CAMPBELL NO. 2 EUMONT GAS

UNIT K, SECTION 7, T21S, R36E

310 ACRES DEDICATED

UNDERPRODUCTION AS OF:

REMARKS

June 30, 1970	48,907 MCF	
July 31, 1970	49,391 MCF	Line pressure 7-30-70 445#
August 31, 1970	46,415 MCF	
September 30, 1970	36,796 MCF	
October 31, 1970	37,011 MCF	
November 30, 1970	37,031 MCF	
December 31, 1970	14,535 MCF	Compressor installed 12-2-70 Line pressure 247#

Subject to cancellation 13,816 MCF.

Production Test January 22, 1971, line pressure 247#, 1,505 MCF/Day.

Average allowable total, year 1970, 715 MCF/Day.

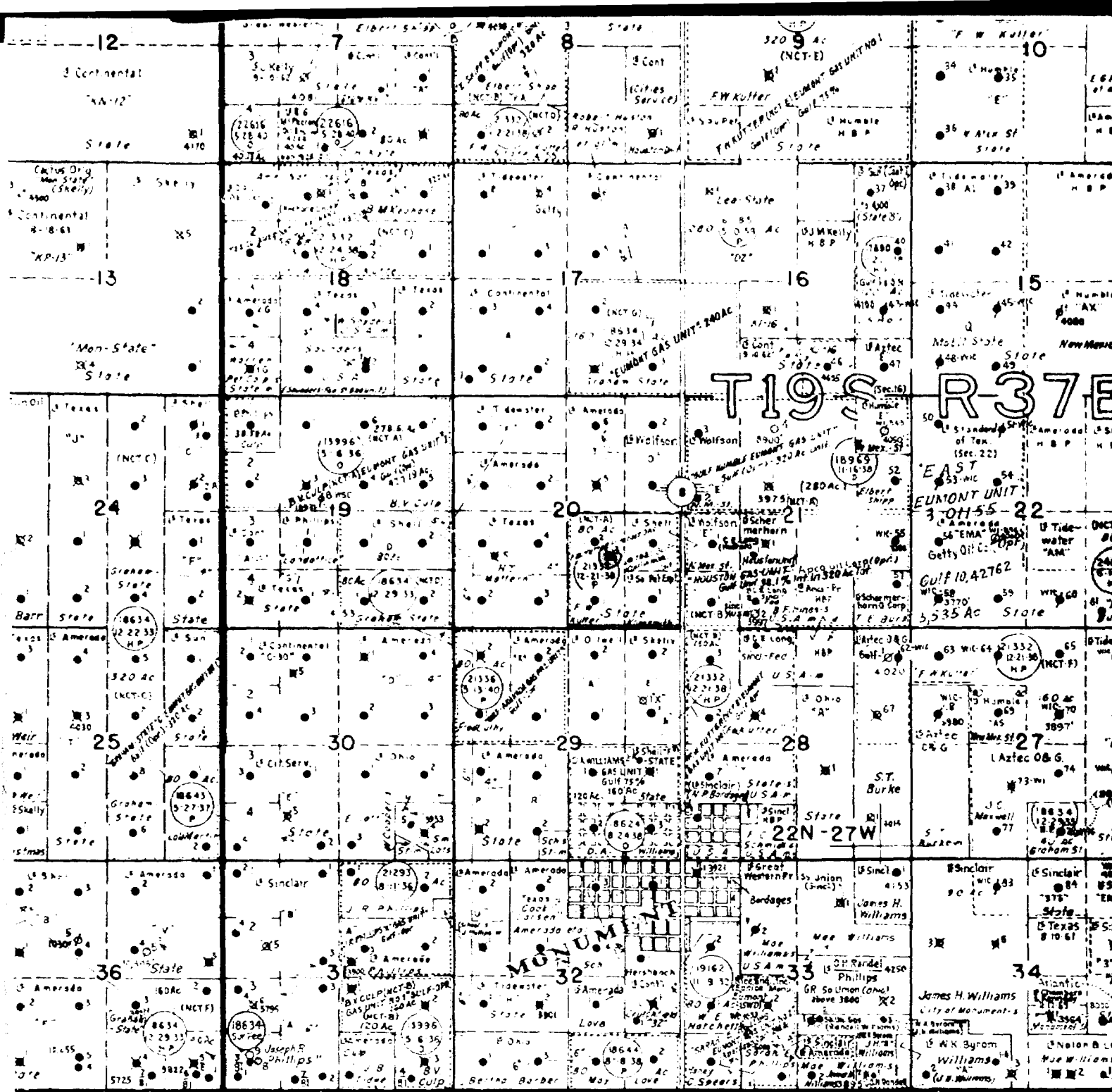
Average allowable last six months 1970, 640 MCF/Day.

CASE NO. 4500

EXHIBIT NO. 5-A

FEBRUARY 24, 1971

5-A
4500



PLAT

GULF OIL CORPORATION

F. W. KUTTER (NCT-A) WELL NO. 3

EUMONT GAS POOL

- LEGEND -

○ Pertinent Well

□ Gas Proration Unit

CASE NO. 4500
EXHIBIT NO. 6
FEBRUARY 24, 1971

F. W. KUTTER "A" NO. 3 EUMONT GAS

UNIT J, SECTION 20, T19S, R37E

160 ACRES DEDICATED

UNDERPRODUCTION AS OF:

REMARKS

June 30, 1970	14,591 MCF	Line pressure 6-4-70 425#
July 31, 1970	14,503 MCF	
August 31, 1970	14,420 MCF	
September 30, 1970	11,511 MCF	
October 31, 1970	15,581 MCF	
November 30, 1970	21,864 MCF	
December 31, 1970	26,340 MCF	Line pressure 1-22-71 347#

Subject to cancellation 11,511 MCF.

Calculated flow rate at 100# line pressure, 1,195 MCF/Day.

Production test rate @ 347# line pressure January 22, 1971, 695 MCF/Day.

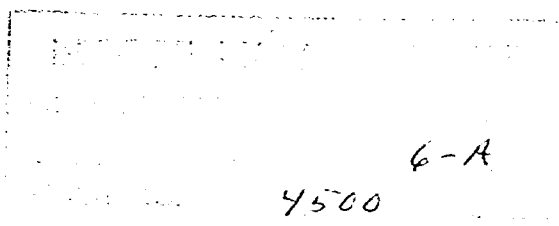
Average allowable total, Year 1970, 369 MCF/Day.

Average allowable last six months 1970, 337 MCF/Day.

CASE NO. 4500

EXHIBIT NO. 6-A

FEBRUARY 24, 1971



H. T. MATTERN "D" NO. 7 EUMONT GAS

UNIT D, SECTION 6, T22S, R37E

235 ACRES DEDICATED

UNDERPRODUCTION AS OF:

REMARKS

June 30, 1970	55,944 MCF	
July 31, 1970	64,160 MCF	Line pressure 7-6-70 415#
August 31, 1970	70,294 MCF	
September 30, 1970	71,491 MCF	
October 31, 1970	49,742 MCF	Compressor installed 10-2-70
November 30, 1970	36,975 MCF	
December 31, 1970	22,906 MCF	Line pressure 1-22-71 147#

Subject to cancellation 7,359 MCF.

Production test January 22, 1971, 1,120 MCF/Day at 147# line pressure.

Average allowable total, year 1970, 540 MCF/Day.

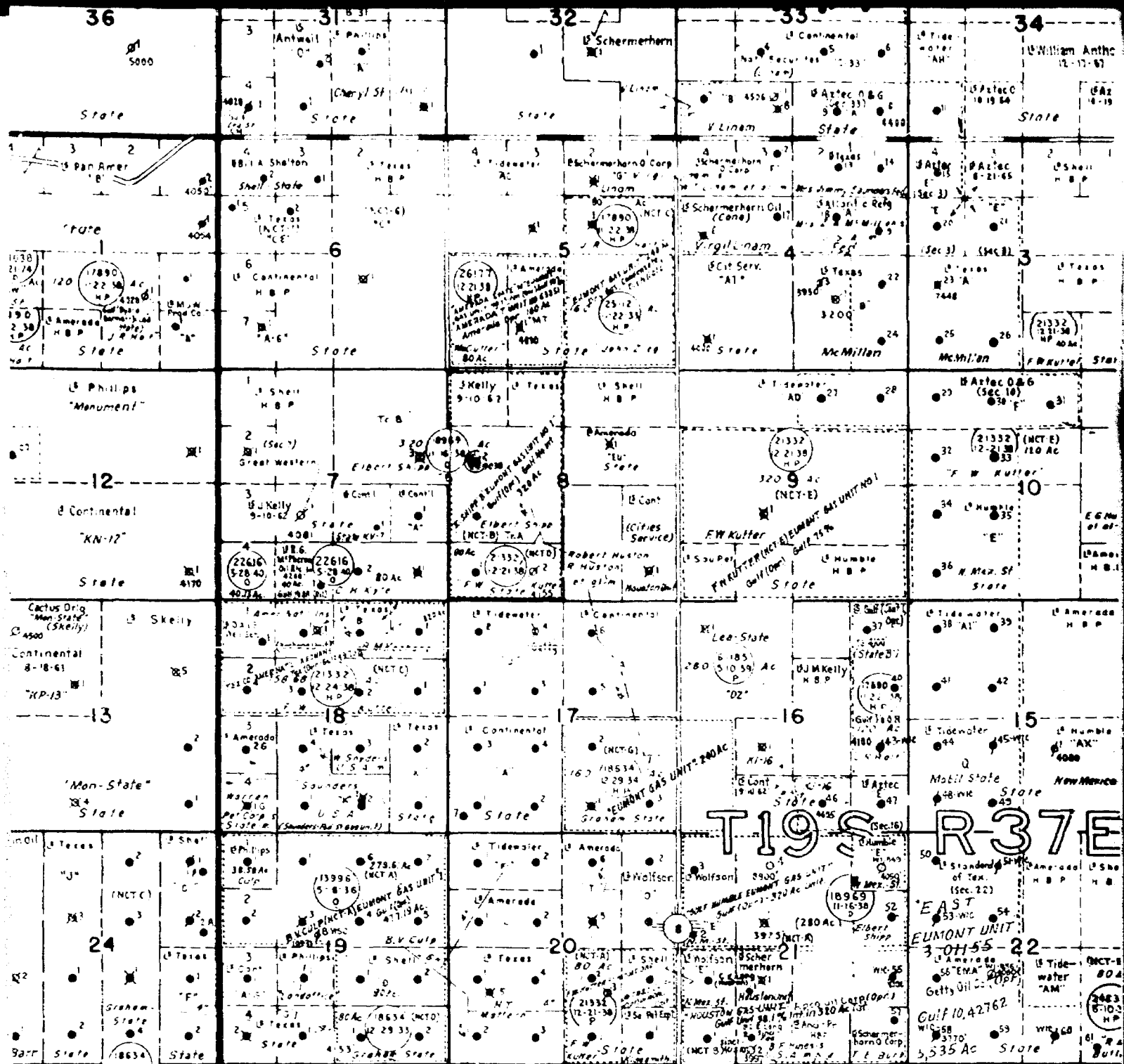
Average allowable last six months 1970, 492 MCF/Day.

CASE NO. 4500

EXHIBIT NO. 7-A

FEBRUARY 24, 1971

RECEIVED	
DATE	
BY	7-A
CASE NO.	4500



PLAT
GULF OIL CORPORATION

ELBERT SHIPP (NCT-B) WELL NO. 2
EUMONT GAS POOL

- LEGEND -

- Pertinent Well
- Gas Proration Unit

BEFORE THE COMMISSION

OIL AND GAS

CASE NO. 4500

CASE NO. 4500
EXHIBIT NO. 8
FEBRUARY 24, 1971

E. SHIPP "B" NO. 2 EUMONT GAS

UNIT E, SECTION 8, T19S, R37E

320 ACRES DEDICATED

UNDERPRODUCTION AS OF:

REMARKS

June 30, 1970	54,415 MCF
July 31, 1970	54,801 MCF
August 31, 1970	46,582 MCF
September 30, 1970	37,279 MCF
October 31, 1970	56,368 MCF
November 30, 1970	42,435 MCF
December 31, 1970	35,141 MCF

On compressor in 1969

Well was cut back to 162 MCF in Oct.
to allow other wells to produce allowable
due to compressor capacity.

Subject to cancellation 15,666 MCF.

Production test January 26, 1971, 850 MCF at 100# line pressure.

December production was 30,213 MCF or .975 MCF/Day Average.

Average allowable total, year 1970 was 738 MCF/Day.

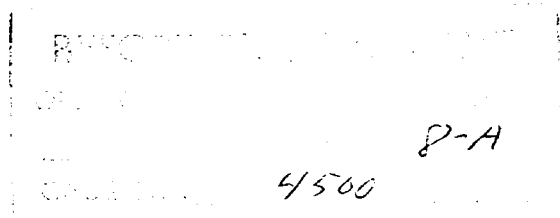
Average allowable last six months 1970 was 670 MCF/Day.

This well could have worked off all of the underproduction subject to cancellation
if it had not been cut back in October.

CASE NO. 4500

EXHIBIT NO. A-A

FEBRUARY 24, 1971



J. F. JANDA "F" NO. 7 JALMAT GAS

UNIT K, SECTION 4, T22S, R36E

280 ACRES DEDICATED

UNDERPRODUCTION AS OF:

REMARKS

June 30, 1970	80,081 MCF	
July 31, 1970	84,619 MCF	
August 31, 1970	88,064 MCF	
September 30, 1970	78,147 MCF	
October 31, 1970	55,739 MCF	
November 30, 1970	37,007 MCF	
December 31, 1970	27,628 MCF	Line pressure 1-22-71 240#

Subject to cancellation 19,645 MCF.

December 1970 production was 31,925 MCF or 1,030 MCF/Day average.

Production test February 5, 1971, 1,355 MCF @ 115# line pressure.

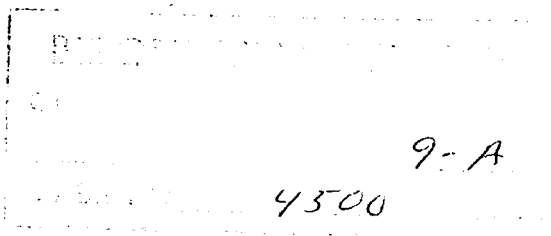
Average allowable total, year 1970, 552 MCF/Day.

Average allowable last six months 1970, 399 MCF/Day.

CASE NO. 4500

EXHIBIT NO. 9-A

FEBRUARY 24, 1971



C. E. LaMUNYON NO. 4 JALMAT POOL

UNIT D, SECTION 29, T23S, R37E

280 ACRES DEDICATED

UNDERPRODUCTION AS OF:

REMARKS

June 30, 1970	123,107 MCF	
July 31, 1970	111,483 MCF	
August 31, 1970	102,258 MCF	
September 30, 1970	86,420 MCF	
October 31, 1970	76,929 MCF	
November 30, 1970	71,371 MCF	
December 31, 1970	75,049 MCF	Line pressure 1-23-71 100%

Subject to cancellation 71,371 MCF.

Production test January 28, 1971, 600 MCF/Day at 100% line pressure.

Average allowable total, year 1970, 552 MCF/Day.

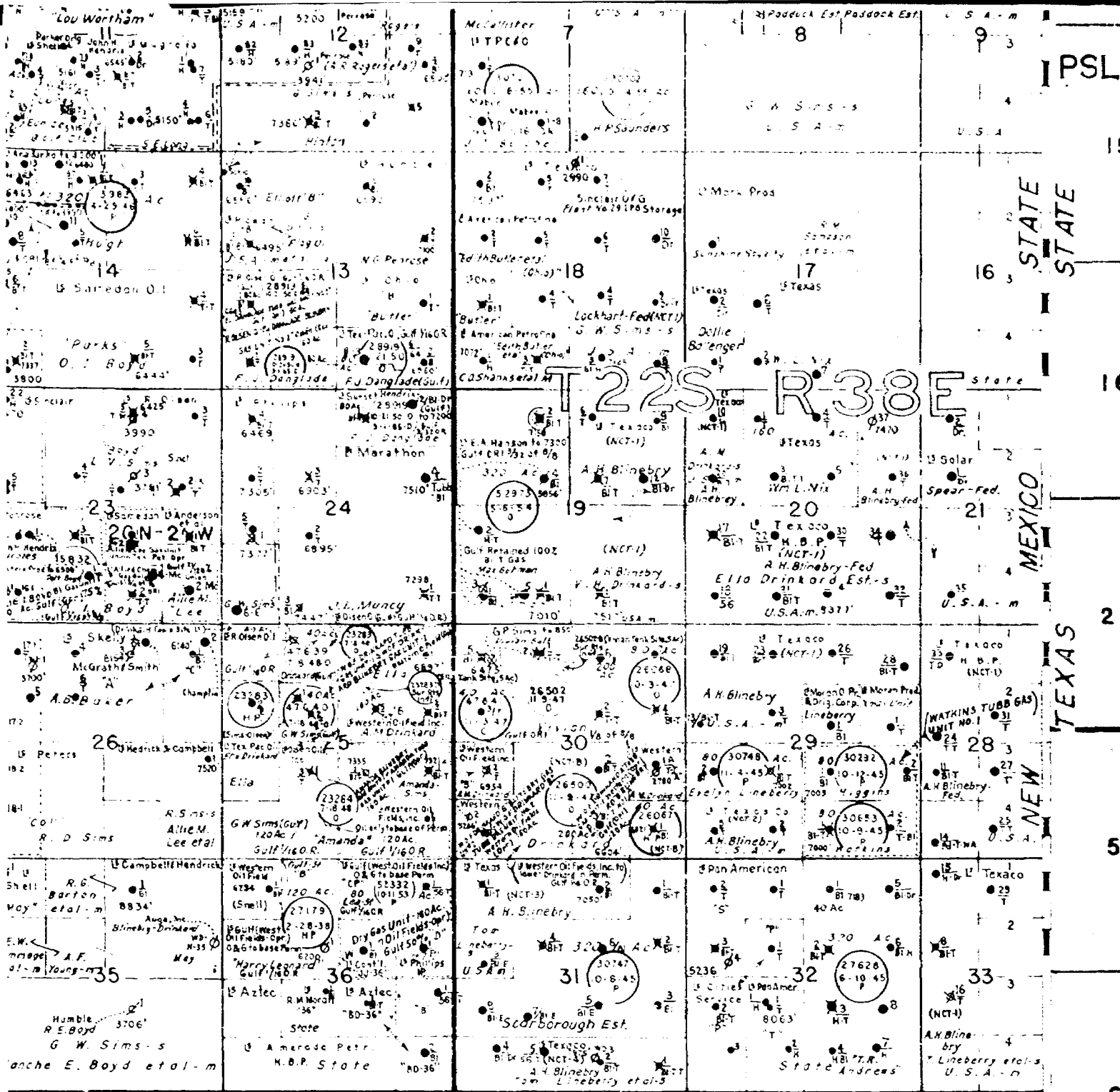
Average allowable last six months 1970, 399 MCF/Day.

CASE NO. 4500

EXHIBIT NO. 10-A

FEBRUARY 24, 1971

RECEIVED
10-A
4500



PLAT

GULF OIL CORPORATION

GUTMAN WELL NO. 2

TUBB GAS POOL

- LEGEND -

○ Pertinent Well

□ Gas Proration Unit

CASE NO. 4500
EXHIBIT NO. 11
FEBRUARY 24, 1971

GUTMAN NO. 2 TUBB GAS
UNIT C, SECTION 19, T22S, R38E
160 ACRES DEDICATED

UNDERPRODUCTION AS OF:

REMARKS

June 30, 1970	60,809 MCF	
July 31, 1970	73,340 MCF	
August 31, 1970	64,306 MCF	Compressor installed in August.
September 30, 1970	48,558 MCF	
October 31, 1970	38,218 MCF	
November 30, 1970	29,181 MCF	
December 31, 1970	24,845 MCF	Line pressure 1-25-71 147#

Subject to cancellation 12,314 MCF.

Production flow rate January 25, 1971, 700 MCF/Day at 147# line pressure.

Average allowable total, year 1970, 502 MCF/Day.

Average allowable last six months 1970, 531 MCF/Day.

CASE NO. 4500

EXHIBIT NO. 11-A

FEBRUARY 24, 1971

11-A
4500

3
C. 4-500

Gulf Oil Company - U.S.

EXPLORATION AND PRODUCTION DEPARTMENT
ROSWELL DISTRICT

Juan Chacin
DISTRICT MANAGER
M. I. Taylor
DISTRICT PRODUCTION
MANAGER
P. E. Wyche
DISTRICT EXPLORATION
MANAGER
H. A. Rankin
DISTRICT SERVICES MANAGER

P. O. Drawer 1938
Roswell, New Mexico 88201

January 25, 1971

Oil Conservation Commission
State of New Mexico
Post Office Box 2088
Santa Fe, New Mexico 87501

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

Re: Application of Gulf Oil Corporation for an Exception
to Rule 14 (A) and 16 (A) of Order R-1670 General
Rules and Regulations, Southeastern New Mexico

Gentlemen:

Gulf Oil Corporation respectfully requests an Examiner Hearing to consider its application for an exception to Rule 14 (A) of Order R-1670 General Rules and Regulations for Southeastern New Mexico for 11 wells in the Eumont, Jalmat and Tubb Gas Pools, Lea County, New Mexico. Applicant will request that cancellation of underproduction on January 1, 1971 for these 11 wells be deferred for six months to afford them the opportunity to produce their fair share of the allowable.

Applicant also requests exception to Rule 16 (A) for its Bell-Ramsay (NCT-B) Well No. 3 and R. R. Bell (NCT-A) Well No. 2 and will show that they should not be classified marginal; therefore, should not lose their accumulated production as of January 1, 1971.

The following wells applicable to this hearing are listed below:

Well Name and No.	Location Unit S-T-R	Pool	Underproduction Subject To Cancellation
W. A. Ramsay (NCT-A) No. 17	J 27-21S-36E	Eumont	2,601 MCF
Bell Ramsay (NCT-B) No. 3	L 28-20S-37E	Eumont	40,647 MCF
R. R. Bell (NCT-A) No. 2	P 8-21S-36E	Eumont	63,840 MCF
R. R. Bell (NCT-F) No. 2	K 36-20S-36E	Eumont	5,172 MCF
Mollie Campbell No. 2	K 7-21S-36E	Eumont	13,843 MCF
F. W. Kutter (NCT-A) No. 3	J 20-19S-37E	Eumont	11,511 MCF



A DIVISION OF GULF OIL CORPORATION

2-11-71

Oil Conservation Commission
State of New Mexico

-2-

January 25, 1971

<u>Well Name and No.</u>	<u>Location</u> <u>Unit S-T-R</u>	<u>Pool</u>	<u>Underproduction</u> <u>Subject To Cancellation</u>
H. T. Mattern (NCT-D) No. 7	D 6-22S-37E	Eumont	7,359 MCF
E. Shipp (NCT-B) No. 2	E 3-19S-37E	Eumont	15,686 MCF
J. F. Janda (NCT-F) No. 7	K 4-22S-36E	Jalmat	19,645 MCF
C. E. LaMunyon No. 4	D 29-23S-37E	Jalmat	71,371 MCF
Gutman No. 2	C 19-22S-38E	Tubb	12,314 MCF

Applicant requests that this matter be set for Examiner Hearing at the earliest possible date.

Respectfully submitted,

GULF OIL CORPORATION


M. I. Taylor

JHH:mrđ

cc: New Mexico Oil Conservation Commission
Post Office Box 1980
Hobbs, New Mexico 88240

Northern Natural Gas Company
2223 Dodge Street
Omaha, Nebraska 68102
Attention: Mr. H. E. Barrett

*Hold this Case until Elvis
has issued supplements
for the Bell Ramsay (NCT-B) # 3
and the R. R. Bell (NCT-A) # 2*

DRAFT

GMH/dr

3-26-71

[Signature]
IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4500

Order No. R-4125

APPLICATION OF GULF OIL CORPORATION

[Signature]
FOR REINSTATEMENT OF CANCELLED UNDER-
PRODUCTION AND RECLASSIFICATION OF
WELLS, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 24, 1971,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this day of March, 19 71, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, 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, is the operator
of the following-described gas wells located in Lea County, New
Mexico, as follows:

<u>WELL NAME AND NUMBER</u>	<u>LOCATION</u> <u>Unit - S-T-R</u>	<u>POOL</u>
W. A. Ramsay (NCT-A) No. 17	J 27-21S-36E	Eumont
Bell Ramsay (NCT-B) No. 3	L 28-20S-37E	Eumont
R. R. Bell (NCT-A) No. 2	P 8-21S-36E	Eumont
R. R. Bell (NCT-F) No. 2	K 36-20S-36E	Eumont
Mollie Campbell No. 2	K 7-21S-36E	Eumont
F. W. Kutter (NCT-A) No. 3	J 20-19S-37E	Eumont
H. T. Mattern (NCT-D) No. 7	D 6-22S-37E	Eumont
E. Shipp (NCT-B) No. 2	E 8-19S-37E	Eumont
J. F. Janda (NCT-F) No. 7	K 4-22S-36E	Jalmat
C. E. LaMunyon No. 4	D 29-23S-37E	Jalmat
Gutman No. 2	C 19-22S-38E	Tubb

4 X 5
(3) That the above-described Bell Ramsey (NC T-B) Well No. 3 and the R.R. Bell (NC T-A) Well No. 2 have prior to this date been reclassified from marginal to non-marginal and allowable that was cancelled due to the erroneous classification have been reinstated.

(4) ~~(4)~~ That each of the above-described wells is non-marginal.
(5) ~~(5)~~ That each of the above-described gas wells failed to produce during the gas proration period ending December 31, 1970, accrued underproduction which was consequently cancelled January 1, 1971.

-2- 4500
CASE NO. ~~104~~
Order No. R-

(4) That the M. G. Penrose Well No. 1, a non-marginal well, failed to produce during the gas proration period ending December 31, 1970, accrued underproduction amounting to 5006 MCF of gas which was consequently cancelled January 1, 1971.

(6) ~~(6)~~ That the applicant seeks, as an exception to Rule 14(A) of the General Rules and Regulations for the prorated gas pools of Southeastern New Mexico, the reinstatement of the above-described unproduced allowable that was cancelled.

(7) ~~(7)~~ That Rule 14(A) provides that any non-marginal well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period and that any such allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

~~(8)~~ That such unproduced allowable is to be cancelled whether or not the wells are capable of producing said allowable.

(8) ~~(8)~~ That the applicant has not shown that the subject wells were unreasonably discriminated against in the price paid, the quantities purchased, the ^{bases} ~~bas~~ of measurement or the gas transportation facilities afforded for gas of like quantity, quality and pressure available from such wells.

(10) ~~(9)~~ That reinstatement of said allowable ^{as} ~~or~~ an exception to said Rule 14(A) would give to the applicant an unfair advantage

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CASE NO. ~~4304~~ 4500

Order No. R-

over other operators in the subject pool.

(10)(15) That the application should be denied.

IT IS THEREFORE ORDERED:

(1) That the subject application is hereby denied.

(2) 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.