

CASE 7414: GULF OIL CORPORATION FOR  
DOWNHOLE COMMINGLING, LEA COUNTY, NEW  
MEXICO

DOCKET MAILED

Date 11/6/81

CASE NO.

7414

---

APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.

STATE OF NEW MEXICO  
 ENERGY AND MINERALS DEPARTMENT  
 OIL CONSERVATION DIVISION  
 STATE LAND OFFICE BLDG.  
 SANTA FE, NEW MEXICO  
 19 November 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Gulf Oil Corporation  
 for downhole commingling, Lea County, New Mexico. CASE  
 7414

BEFORE: Richard L. Starets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division:	W. Perry Pearce, Esq. Legal Counsel to the Division State Land Office Bldg. Santa Fe, New Mexico 87501
---------------------------------------	---

For the Applicant:	William V. Kastler, Esq. THE GULF COMPANIES P. O. Box 3725 Houston, Texas
--------------------	--

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

I N D E X

CHARLES F. KALTEYER

Direct Examination by Mr. Kastler	3
Cross Examination by Mr. Stamets	8
Questions by Mr. Stogner	9

E X H I B I T S

Applicant Exhibit One, Plat	4
Applicant Exhibit Two, Schematic	4
Applicant Exhibit Three, Well History	4
Applicant Exhibit Four (A & B), C-116s	4
Applicant Exhibit Five (A & B), C-124s	5
Applicant Exhibit Six (A & B), Graphs	6

MR. STAMETS: We'll call next Case 7414.

MR. PEARCE: Application of Gulf Oil Corporation for downhole commingling, Lea County, New Mexico.

MR. KASTLER: Bill Kastler from Houston, Texas, appearing on behalf of Gulf and our witness is Charles F. Kalteyer.

MR. STAMETS: Let the record show that Mr. Kalteyer has been previously sworn and qualified and remains so for this case.

CHARLES F. KALTEYER

being called as a witness and being previously sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. KASTLER:

Q. Mr. Kalteyer, what is Gulf seeking in this application?

A. Gulf is seeking authority to downhole commingle the Drinkard and the Wantz-Granite Wash production in the wellbore of our Hugh No. 10, located in Unit C, Section 14, T 22 South, Range 37 East, in Lea County, New Mexico.

Q. Do you have any change to suggest in the advertisement of this hearing?

1

2

A. No, sir. No, sir, I do not.

3

4

Q. Do you have a plat depicting the Hugh lease and the surface location of Well No. 10?

5

6

7

A. Yes, sir, our Exhibit Number One is a plat of the area. The Hugh lease is outlined in red and Well No. 10 is circled in yellow.

8

9

Q. Do you have an exhibit showing the down-hole particulars of the well?

10

11

12

13

A. Yes, sir, Exhibit Two is a schematic diagram showing the present condition of the wellbore, as well as the proposed condition after authority to commingle has been granted.

14

15

Q. Will you give the history of the Hugh No. 10?

16

17

18

19

20

21

A. Yes, sir, Gulf's Exhibit Number Three covers the history of the well. It was spudded in 1975, drilled to 7439, and was perforated in the Wantz-Granite Wash and in the Drinkard and the Drinkard initially produced 3150 Mcf per day and the Wantz-Granite Wash potentialized for 76 barrels of oil per day, flowing.

22

23

24

25

It was completed in June of '75.

Exhibits Four-A and Four-B are copies of OCD Form C-116 Gas/Oil Ratio Tests of the two zones.

Exhibit Four-A has reference to the Drinkard test taken on

1  
2 June 11th, 1981. The well was flowing with 100 pound tubing  
3 pressure and produced at the rate of one barrel of oil and  
4 441 Mcf of gas per day.

5 The Exhibit Four-B reflects the test on  
6 the Wantz-Granite Wash, taken May 26th, 1981, indicating the  
7 well to be flowing at the rate of two barrels per day and  
8 60 Mcf of gas.

9 Q Do you have exhibits depicting recent  
10 bottom hole pressure tests on the two zones?

11 A Yes, sir, our Exhibits Five-A and Five-B  
12 are copies of OCD Form C-124 Reservoir Pressure Reports,  
13 with pressures corrected to common datum -- to a common datum  
14 of 2659.

15 Wantz-Granite Wash pressure is 518 psi  
16 and the Drinkard 238 psi, which represents approximately 280  
17 psi difference.

18 Q Why is Gulf requesting that this well  
19 now be converted from a dual to a single completion by down-  
20 hole commingling?

21 A Corrosion problems with consequent  
22 tubing leaks and packer failures have been historically a  
23 problem for wells with duals in these fields and protection  
24 against corrosion is difficult to accomplish with dual  
25 equipment in the hole.



1  
2 A single string of tubing would facili-  
3 tate the more effective application of corrosion treating  
4 chemicals, but due to the very low -- the principal reason is  
5 due to the very low tubing pressure and the frequent swabbing  
6 of the Wantz-Granite Wash zone, has caused us to make this  
7 request, because we feel that the well will die in the -- and  
8 be unable to be restored and we will have to equip to pump  
9 the well very soon in order to recover the remaining reserves.

10 Q Is Gulf currently surface commingling  
11 Drinkard and Wantz-Granite Wash production?

12 A Yes, we are currently surface commingling  
13 in common storage facilities and have seen no evidence of any  
14 incompatibility and the value of the products will be unchanged  
15 by downhole commingling, and the ownership of both zones is  
16 common.

17 Q What is your recommendation for alloca-  
18 tion of production between the Drinkard and the Wantz-Granite  
19 Wash pools?

20 A Based on our recent C-116 Gas/Oil Ratio  
21 Tests and the performance curves, as seen in Exhibits Six-A  
22 and Six-B, we have recommended the following: The Drinkard  
23 zone, the oil production to be 36 percent Drinkard and the  
24 Wantz-Granite Wash 64 percent.

25 For the gas we propose 81 percent to the

1  
2 Drinkard and 10 percent to the Wantz-Granite Wash.

3 There is no water production indicated  
4 at this time.

5 Q Will Gulf be prepared to separate the  
6 two zones if secondary recovery operations are initiated in  
7 the area of this well?

8 A Yes, sir, we will separate them if it's  
9 deemed necessary for the efficiency of the flood.

10 Q Is it your recommendation to downhole  
11 commingle the production of the Drinkard and Wantz-Granite  
12 Wash Pools in the interest of preventing waste and protection  
13 of correlative rights?

14 A Yes, sir, it is.

15 Q Were these exhibits prepared by you or  
16 at your direction?

17 A Yes, sir, they were.

18 MR. KASTLER: This concludes direct ex-  
19 amination and I would like to request that the exhibits men-  
20 tioned in and testified to be introduced into evidence at  
21 this time.

22 MR. STAMETS: The exhibits will be ad-  
23 mitted.  
24  
25

## CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Kalteyer, you indicated that it would be necessary to put this well on pump relatively soon. Is it anticipated to do that right away?

A Yes, sir, I have not received word within the last two weeks of whether the well has died again, but it has been necessary to swab it frequently.

Q Well, do you anticipate that as soon as you achieve this commingling a pump is going to be installed?

A We -- well, it may or may not, but we think that it will be -- well, we'll just have to see what the performance is, whether this, the commingling will allow it to flow for additional time with the gas from the Drinkard.

Q Has Gulf made any reserves calculations for the two zones?

A Well, we have reserves, of course, on record. I did not bring an estimate of the reserves other than I would think that the Wantz-Granite Wash reserves would be on the order of 2000 barrels of oil and maybe 100,000 Mcf of gas.

Q If you could submit those subsequent to the hearing, I certainly would appreciate it.

A All right.

1  
2 Q To my mind it's conceivable that putting  
3 the well on pump could change this ratio of production, and  
4 I'd like to see what reserves calculations you have to verify  
5 the proposed division of production --

6 A All right.

7 Q -- between the two.

8 MR. STAMETS: Are there any questions,  
9 any other questions of the witness?

10 MR. STOGNER: I have one.

11  
12 QUESTIONS BY MR. STOGNER:

13 Q You said that it's being commingled on  
14 the surface now. Do you happen to have that administrative  
15 number in hand?

16 A I probably have it in my file.  
17 TC-516, dated August 15th, 1975.

18 Q Thank you.

19 MR. STAMETS: Any other questions? The  
20 witness may be excused.

21 The case will be taken under advisement.

22  
23 (Hearing concluded.)  
24  
25

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

*Sally W. Boyd CSR*

I do hereby certify that the foregoing is a complete record of the hearing in the Examiner's hearing of Case No. 7414, heard by me on 11/26/59, 1959.  
*Richard L. Stamm*, Examiner  
 Oil Conservation Division

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
 Santa Fe, New Mexico 87501  
 Phone (505) 455-7409

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25



BRUCE KING  
GOVERNOR  
LARRY KEHOE  
DEPUTY GOVERNOR

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-2434

December 1, 1981

Mr. William Kastler, Attorney  
Gulf Oil Corporation  
Box 2100  
Houston, Texas 77001

Re: CASE NO. 7414  
ORDER NO. R-6840

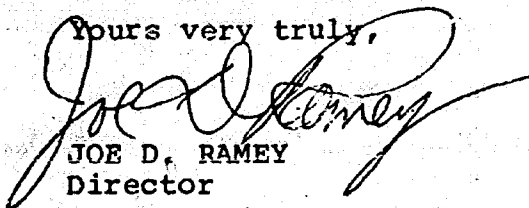
Applicant:

Gulf Oil Corporation

Dear Sir:

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

Yours very truly,

  
JOE D. RAMEY  
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD X  
Artesia OCD X  
Aztec OCD X

Other \_\_\_\_\_  
\_\_\_\_\_

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 7414  
Order No. R-6840

APPLICATION OF GULF OIL CORPORATION  
FOR DOWNHOLE COMMINGLING, LEA  
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 19, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 30th day of November, 1981, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Gulf Oil Corporation, is the owner and operator of the Hugh Well No. 10, located in Unit C of Section 14, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.
- (3) That the applicant seeks authority to commingle Drinkard and Wantz-Granite Wash production within the wellbore of the above-described well.
- (4) That from the Drinkard zone, the subject well is capable of low marginal production only.
- (5) That from the Wantz-Granite Wash zone, the subject well is capable of low marginal production only.

-2-

Case No. 7414

Order No. R-6840

(6) That the proposed commingling may result in the recovery of additional hydrocarbons from each of the subject pools, thereby preventing waste, and will not violate correlative rights.

(7) That the reservoir characteristics of each of the subject zones are such that underground waste would not be caused by the proposed commingling provided that the well is not shut-in for an extended period.

(8) That to afford the Division the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the Hobbs district office of the Division any time the subject well is shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in the subject well, 36 percent of the commingled oil production and 81 percent of the commingled gas production should be allocated to the Drinkard zone, and 64 percent of the commingled oil production and 19 percent of the commingled gas production should be allocated to the Wantz-Granite Wash zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, Gulf Oil Corporation, is hereby authorized to commingle Drinkard and Wantz-Granite Wash production within the wellbore of the Hugh Well No. 10, located in Unit C of Section 14, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

(2) That 36 percent of the commingled oil production and 81 percent of the commingled gas production shall be allocated to the Drinkard zone and 64 percent of the commingled oil production and 19 percent of the commingled gas production shall be allocated to the Wantz-Granite Wash zone.

(3) That the operator of the subject well shall immediately notify the Division's Hobbs district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Division, a plan for remedial action.

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



-3-

Case No. 7414

Order No. R-6840

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



S E

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Joe D. Ramey*  
JOE D. RAMEY  
Director



**EXHIBIT 1**  
**CASE 7414**  
**NOV. 19, 1981**  
**HUGH WELL NO. 10**  
**LEA COUNTY, NEW MEXICO**  
**GULF OIL CORPORATION**

BEFORE EXAMINER STAMETS,  
 OIL CONSERVATION DIVISION

EXHIBIT NO. 1

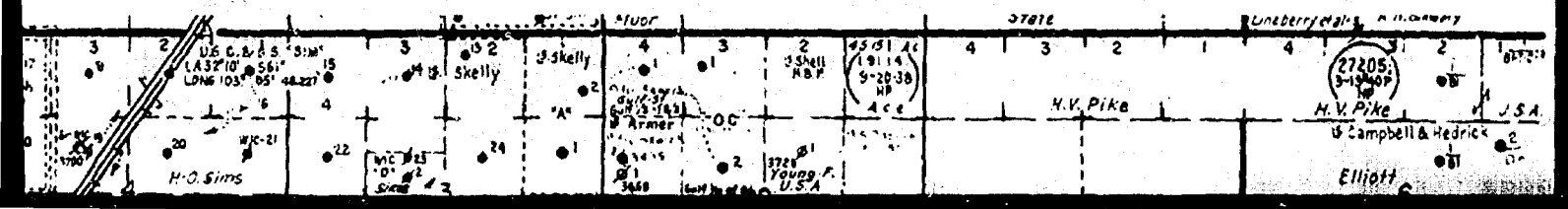
CASE NO. 7414

Submitted by GULF

Hearing Date 11/19/81



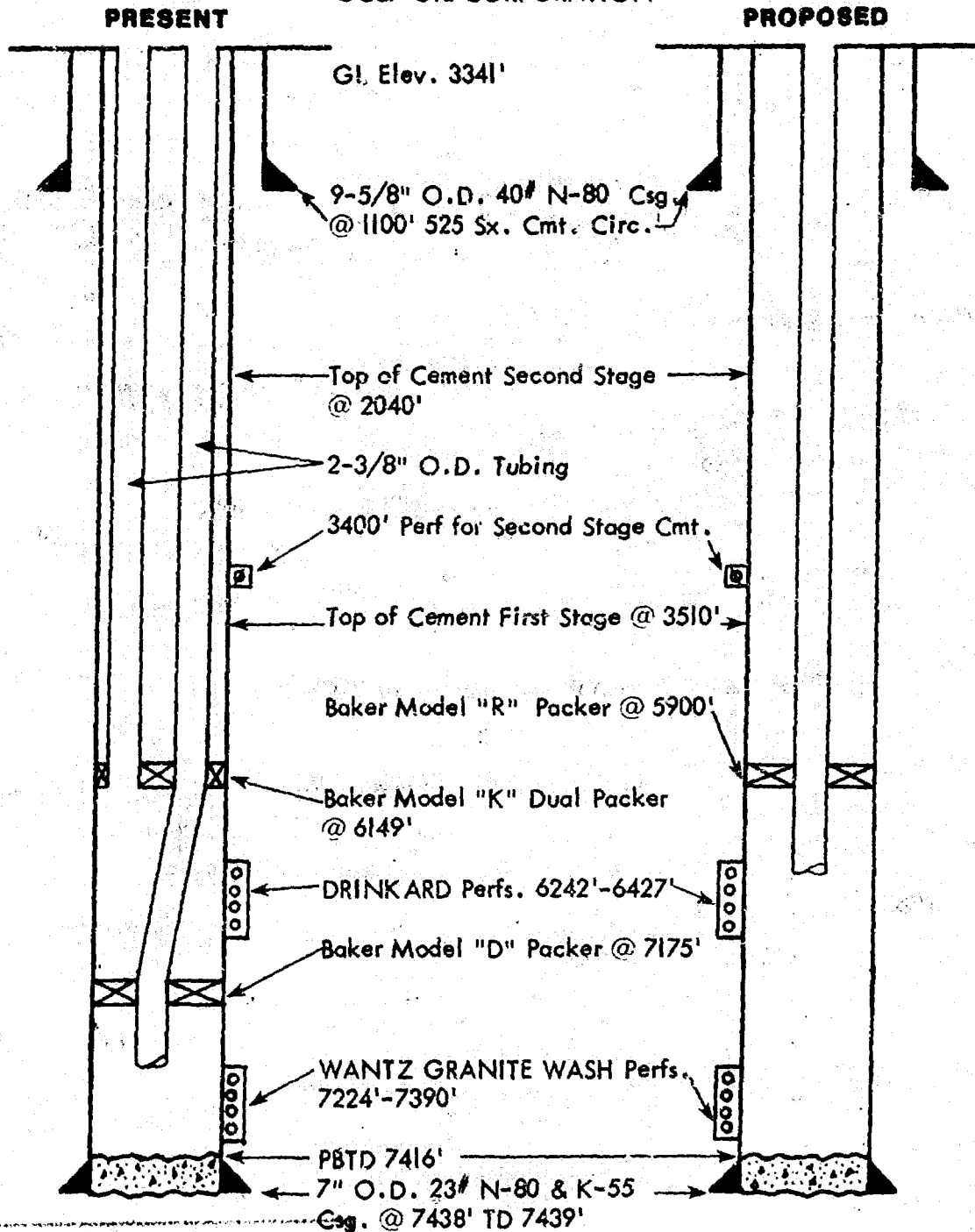
**Well Proposed For Downhole Commingling**



# Diagrammatic Sketch Showing

## PRESENT & PROPOSED INSTALLATION

HUGH WELL NO. 10  
UNIT C, SEC. 14, T-22-S, R-37-E  
LEA COUNTY, NEW MEXICO  
GULF OIL CORPORATION



BEFORE THE ENGINEERS  
OIL CONSERVATION

EXHIBIT NO. 2

CASE NO. 7414

Submitted by GULF

Hearing Date 11/19/81

EXHIBIT 2  
CASE 7414  
NOVEMBER 19, 1981

Well History  
Hugh No. 10  
Unit C, 950' FNL & 2290' FWL,  
Section 14, T-22-S, R-37-E,  
Lea County, New Mexico  
Gulf Oil Corporation

The well was spudded 5-1-75 and drilled to a total depth of 7439'. Seven inch production casing was set at 7438' with top of cement at 2040'.

5-4-75, casing was perforated in the Wantz Granite Wash, 7224-26', 7252-54', 7270-72', 7322-24' and 7388-90' with (4)  $\frac{1}{2}$ " JHPF. The interval 7224-7272' was acidized with 500 gallons 15% HCLA; intervals 7322-24' and 7388-90' were straddle acidized with 500 gallons 15% NEHCLA.

6-6-75, Wantz Granite Wash Zone, 7224-7390', was treated with 3000 gallons 15% HCL and kerosene fraced with 8764 gallons gel kerosene, 20,000 gallons gel kerosene with 1-2# SPG, and 1320 gallons 15% NEHCLA.

6-18-75, Drinkard was perforated with (4)  $\frac{1}{2}$ " JHPF in the intervals 6425-27', 6387-89', 6368-70', 6346-48', 6328-30', 6272-74' and 6242-44'. These intervals were acidized with 3500 gallons 15% NEHCLA.

6-20-75, Drinkard perfs were fraced with 49,000 gallons 9.2# gel water pad, 35,000 gallons containing 1-2# 20-40 SPG.

The Drinkard initially produced at a rate of 3150 MCFPD dry gas on test September 22, 1975.

The Wantz Granite Wash potentialled for 70 BOPD flowing on test June 6, 1975.

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
EXHIBIT NO. <u>3</u>
CASE NO. <u>7414</u>
Submitted by <u>Gulf</u>
Hearing Date <u>11/19/81</u>

EXHIBIT 3  
Case 7414  
November 19, 1981

GAS-OIL RATIO TESTS

Operator Gulf Oil Corporation		Pool Drinkard				County Lea										
Address Box 670, Hobbs, NM 88240						TYPE OF TEST - (X)		Scheduled <input type="checkbox"/>		Completion <input type="checkbox"/>		Special <input checked="" type="checkbox"/>				
LEASE NAME	WELL NO.	LOCATION				DATE OF TEST	STATUS	CHOKE SIZE	TUB. PRESS.	DAILY ALLOWABLE	LENGTH OF TEST HOURS	PROD. DURING TEST				GAS - OIL RATIO CU.FT./BBL
		U	S	T	R							WATER BBLs.	GRAV. OIL	OIL BBLs.	GAS M.C.F.	
Hugh	10	C	14	22	37	6-11-81	F	-	100	GasWell	24	0	39.2	1	441	441,000
<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: auto;"> <p>BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION EXHIBIT NO. 4A CASE NO. 7414 Submitted by GULF Hearing Date 11/19/81</p> </div>																
<p>EXHIBIT 4A CASE #7414 November 19, 1981</p>																

No well will be assigned an allowable greater than the amount of oil produced on the official test.

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 33 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Division.

Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.60.

Report casing pressure in lieu of tubing pressure for any well producing through casing.

Mail original and one copy of this report to the district office of the New Mexico Oil Conservation Division in accordance with Rule 331 and appropriate pool rules.

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

*A. C. Graham*  
(Signature)

Well Tester

June 19, 1981

GAS-OIL RATIO TESTS

Operator <b>Gulf Oil Corporation</b>				Pool <b>Wantz Granite Wash</b>				County <b>Lea</b>								
Address <b>Box 670 Hobbs, New Mexico 88240</b>						TYPE OF TEST - (X) <input checked="" type="checkbox"/>		Scheduled <input type="checkbox"/>		Completion <input type="checkbox"/>		Special <input checked="" type="checkbox"/>				
LEASE NAME	WELL NO.	LOCATION				DATE OF TEST	STATUS	CHOKE SIZE	T.B.G. PRESS.	DAILY ALLOWABLE	LENGTH OF TEST HOURS	PROD. DURING TEST				GAS - O RATIO CU. FT./E
		U	S	T	R							WATER BBL'S.	GRAV. OIL	OIL BBL'S.	GAS M.C.F.	
Hugh	10	C	14	22	37	5-26-81	F	2"	50	10	24	0	38.6	2	60.0	30,000

BEFORE EXAMINER SIGNATURES  
OIL CONSERVATION DIVISION  
EXHIBIT NO. 48  
CASE NO. 7414  
Submitted by GULF  
Hearing Date 11/9/81

EXHIBIT 48  
CASE #7414  
November 19, 1981

No well will be assigned an allowable greater than the amount of oil produced on the official test.

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Division.

Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.60.

Report casing pressure in lieu of tubing pressure for any well producing through casing.

Mail original and one copy of this report to the district office of the New Mexico Oil Conservation Division in accordance with Rule 331 and appropriate pool rules.

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

A. C. Graham  
(Signature)  
Well Tester

(Title)

June 2, 1981

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-124  
Revised 1-78

RESERVOIR PRESSURE REPORT

TYPE OF REPORT - (X)		NEW MEXICO OIL CONSERVATION COMMISSION																			
Initial Completion																					
Special																					
General Survey																					
Operator <b>Gulf Oil Corp.</b>						Pool <b>Drinkard</b>						County <b>Lea</b>				Date <b>6-1-81</b>					
Address <b>P.O. Box 670 Palm Springs, N.M. 88240</b>						Producing Formation <b>Drinkard</b>		Oil Gradient psi/ft.		Water Gradient psi/ft.		Gas Gravity <b>0.07</b>		Datum Plane <b>-2659</b>							
LEASE  <b>Hugh</b>	WELL NO. <b>10</b>	LOCATION <b>C 14 22 37 S E</b>				ELEV. <b>3341</b>	OIL OR GAS (G)	DATE TESTED <b>5-29-81</b>	IN 1 HOUR <b>305</b>	SHUT-IN TBG. PRESS. <b>196</b>	BOMB TEST DATA			SONIC INSTRUMENT TEST DATA*						PRV A DAY	
		TEST DEPTH <b>6000</b>	B.H. TEMP. °F <b>106</b>	OB. SERVED PRESS. <b>238</b>	GAS TEST (BBLS./DAY) OIL WATER						LIQUID LEVEL	LIQUID GRAD. TEMP. PSI/FT.	WT. OF LIQUID COL. PSI	WT. OF GAS COL. PSI	CSG. PRESS.						

NOTE: This Well was tested to 5125, but gradient stops were made including this one at 6000. The 238 p.s.i.g. was actual gage measurement.

This report is made for comparison of Drinkard and Granite wash at the depth of 6000.

BEFORE EXAMINER STAMETS	
OIL CONSERVATION DIVISION	
EXHIBIT NO.	<b>5A</b>
CASE NO.	<b>7414</b>
Submitted by	<b>GULF</b>
Hearing Date	<b>11/19/81</b>

All depths plus or minus sea level; all pressures psi; Bomb shall be calibrated frequently enough against a dead weight tester to ensure an accuracy of one per cent; gas gravity shall be determined by analysis; liquid level shall be feet above datum plane. SEE RULE 362.

\* Well shall be produced at least 24 hours prior to shutting in for sonic test.

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

Engineer

8-14-81

NEW MEXICO OIL CONSERVATION COMMISSION

RESERVOIR PRESSURE REPORT

TYPE OF REPORT - (X)	
Initial Completion	
Special	
General Survey	

Operator <b>Gul. Oil Corp.</b>	Pool <b>Wantz (Granite Wash)</b>	County <b>Lea</b>	Date <b>6-1-81</b>
Address <b>P.O. BOX 670 Hobbs, N.M. 88240</b>	Producing Formation <b>Granite Wash</b>	Oil Gradient <b>.120</b> psi/ft.	Water Gradient <b>.470</b> psi/ft.
		Gas Gravity	Datum Plane <b>-2659</b>

LEASE	WELL NO.	LOCATION				ELEV.	OIL (O) OR GAS (G)	DATE TESTED	SHUT IN HOURS	SHUT-IN TSG. PRESS.	BOMB TEST DATA			SONIC INSTRUMENT TEST DATA*							PRESS. AT DATUM	
		U	S	T	R						TEST DEPTH	B.H. TEMP. °F	OB. SERVED PRESS.	PROD. TEST (BBL./DAY)		LIQUID LEVEL	LIQUID GRADIENT PSI/FT.	WT. OF LIQUID COL. PSI	WT. OF GAS COL. PSI	CSG. PRESS.		
														OIL	WATER							
Hugh	10	C	14	22 S	37E	3341	0	5-29-81	29	174	6000	106				7100						518
<div>BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION EXHIBIT NO. <u>5B</u> CASE NO. <u>7414</u> Submitted by <u>GulF</u> Hearing Date <u>11/19/81</u></div>																						
<p>NOTE: The well was tested to 7350 but many gradient stops were made including the one at 6000. The 518 p.s.i. show at 6000 is actual gage measurement.</p> <p>This report is made for a comparison of Drinkard and Granite Wash at the depth of 6000.</p>																						

All depths plus or minus sea level; all pressures psi; Bomb shall be calibrated frequently enough against a dead weight tester to ensure an accuracy of one per cent; gas gravity shall be determined by analysis; liquid level shall be feet above datum plane. SEE RULE 302.

\* Well shall be produced at least 24 hours prior to shutting in for sonic test.

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

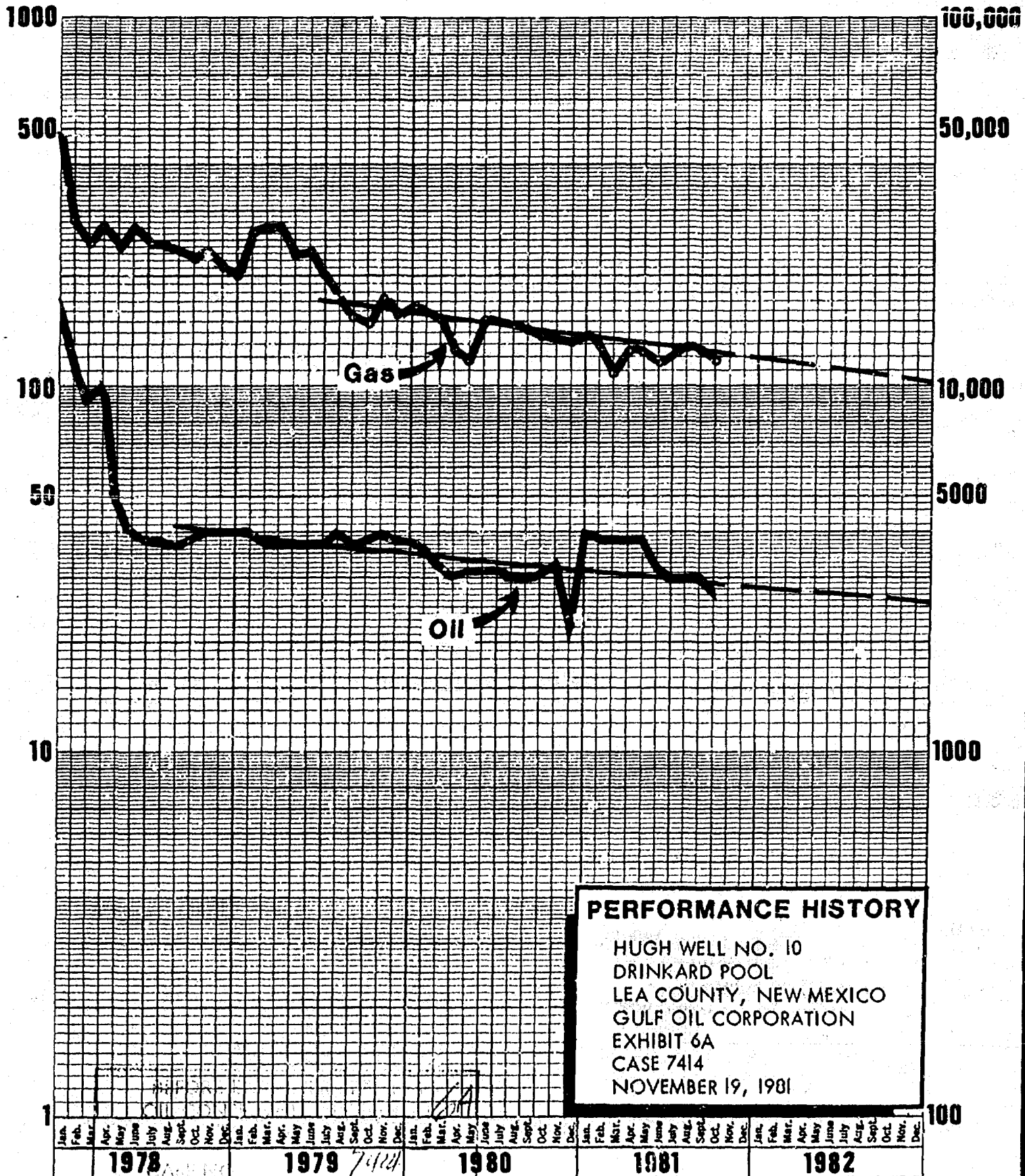
Engineer

8-14-81



Monthly Oil Production (Bbls.)

Monthly Gas Production (MCF)



# Monthly Oil (Bbls.) & Gas (MCF) Production

10,000

5000

1000

500

100

50

GAS

OIL

## PERFORMANCE HISTORY

HUGH WELL NO. 10  
WANTZ GRANITE WASH POOL  
LEA COUNTY, NEW MEXICO  
GULF OIL CORPORATION  
EXHIBIT 6B  
CASE 7414  
NOVEMBER 19, 1981

10

1978

1979

1980

1981

1982

Delivered by Gulf  
Heating Value 1169/81

Dockets Nos. 38-81 and 39-81 are tentatively set for December 2, and December 15, 1981. Application for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 19, 1981

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

The following cases will be heard before Richard L. Statwats, Examiner, or Daniel S. Nutter, Alternate Examiner:

**ALLOWABLE:** (1) Consideration of the allowable production of gas for December, 1981, from fifteen prorated pools in Lea, Eddy and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for December, 1981, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

**CASE 7410:** Application of B.O.A. Oil & Gas Company for two unorthodox oil well locations, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 2035 feet from the South line and 2455 feet from the East line and one to be drilled 2455 feet from the North line and 1944 feet from the East line, both in Section 31, Township 31 North, Range 15 West, Verde-Gallup Oil Pool, the NW/4 SE/4 and SW/4 NE/4, respectively, of said Section 31 to be dedicated to said wells.

**CASE 7356:** (Continued from October 21, 1981, Examiner Hearing)

Application of S & I Oil Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the W/2 SW/4 of Section 12, Township 29 North, Range 15 West, Cha Cha-Gallup Oil Pool, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

**CASE 7411:** Application of Viking Petroleum, Inc., for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 330 feet from the North and East lines of Section 12, Township 11 South, Range 27 East, the NE/4 of said Section 12 to be dedicated to the well. (This case will be dismissed).

**CASE 7412:** Application of Gulf Oil Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Lower Yates, Queen, San Andres and Delaware formations in the open hole interval from 4375 feet to 7452 feet in its Lea "2D" State Well No. 1 located in Unit M of Section 30, Township 18 South, Range 35 East, Air-Strip Field.

**CASE 7413:** Application of Gulf Oil Corporation for Directional Drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Arnett Ramsey Well No. 12, the surface location of which is 500 feet from the South line and 1400 feet from the East line of Section 32, Township 25 South, Range 37 East, to a bottomhole location within 150 feet of a point 500 feet from the South line and 800 feet from the East line of Section 32, Township 25 South, Range 37 East, Langlie Mattix Pool, the SE/4 SE/4 of said Section 32 to be dedicated to the well.

**CASE 7414:** Application of Gulf Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Drinkard and Wantz-Granite Wash production in the wellbore of its Hugh Well No. 10, located in Unit C of Section 14, Township 22 South, Range 37 East.

Examiner Hearing - Thursday - November 19, 1981

CASE 7415: Application of Gulf Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Tubb and Drinkard production in the wellbore of its T. R. Andrews Well No. 3, located in Unit J of Section 32, Township 22 South, Range 38 East.

CASE 7379: (Continued from October 21, 1981, Examiner Hearing)

Application of JEM Resources, Inc., for vertical pool extension and special GOR limit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the vertical extension of the Cavo-Grayburg Pool to include the San Andres Formation, and the establishment of a special gas-oil ratio limit for said pool to 6000 to one or, in the alternative, the abolishment of the gas-oil ratio limit in said pool, all to be effective October 1, 1981.

CASE 7407: (Continued from November 4, 1981, Examiner Hearing)

Application of Mesa Petroleum Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Abo formation underlying the NE/4 of Section 23, Township 5 South, Range 24 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7416: Application of El Paso Natural Gas Company for pool creation and redelineation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to contract the horizontal limits of the Jalmat Gas Pool by deleting therefrom all lands in Township 26 South, Range 37 East. Applicant also proposes to contract the horizontal limits of the Rhodes Yates - Seven Rivers Oil Pool by deleting therefrom all of the gas productive lands in the North end thereof and to create the Rhodes Yates-Seven Rivers Gas Pool comprising all such deleted lands. Applicant further proposes the deletion of certain oil productive lands from said Rhodes oil pool and the extension of the Scarborough Pool to include said lands. Applicant further proposes to contract the horizontal boundaries of the Rhodes Gas Storage Unit to delete certain lands and wells not participating in the Rhodes Gas Storage Project and to withdraw without restriction all gas remaining in the newly created Rhodes Gas Pool.

CASE 7417: (This case will be dismissed.)

Application of Northwest Pipeline Corporation for 13 non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for 13 non-standard Pictured Cliffs gas proration units ranging in size from 142.39 acres to 176.77 acres and each comprised of various contiguous lots or tracts in Sections 4,5,6,7, and 18 of Township 31 North, Range 7 West. Said proration units result from corrections in the survey lines on the North and West sides of Township 31 North, Range 7 West and overlap seven non-standard Mesaverde proration units previously approved by Order No. R-1066.

CASE 7418: Application of Morris R. Antweil for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the West Nadine-Drinkard Pool including a special gas-oil ratio of 6,000 to one.

CASE 7419: Application of Morris R. Antweil for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the West Nadine-Blinebry pool including a special gas-oil ratio of 4,000 to one.

CASE 7420: Application of Southland Royalty Company for two unorthodox oil well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of two previously drilled wells, the first being 760 feet from the South line and 660 feet from the East line of Section 5 the other being 660 feet from the North and West lines of Section 9, both in Township 19 South, Range 35 East, both to be plugged back to the Scharb-Bone Springs Pool, the S/2 SE/4 of Section 5 and the N/2 NW/4 of Section 9, respectively, to be dedicated to the wells.

CASE 7421: Application of Doyle Hartman for compulsory pooling, unorthodox well location and non-standard spacing unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying a 120-acre non-standard spacing unit consisting of the S/2 SW/4 and the NW/4 SW/4 of Section 3, Township 20 South, Range 37 East, to be dedicated to a well to be drilled at an unorthodox location 2,310 feet from the South line and 330 feet from the West line of Section 3. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

- CASE 7422:** Application of Conoco, Inc. for dual completion and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Southeast Monument Unit Well No. 121, to produce oil from the Chatter Grayburg and an undesignated Paddock pool through parallel strings of tubing. Applicant further seeks approval of the unorthodox location of said well 1310 feet from the North line and 1330 feet from the West line of Section 19, Township 20 South, Range 38 East, the NE/4 NW/4 of said Section 19 to be dedicated to the well.
- CASE 7423:** Application of Conoco, Inc., for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for three companies to institute a cooperative waterflood project in the Blinebry oil and gas pool by the injection of water into the Blinebry formation through 13 injection wells located on leases operated by Conoco, Shell Oil Company, and Southland Royalty Company, in Sections 33 and 34, Township 20 South, Range 38 East, and Sections 2 and 3, Township 21 South, Range 37 East.
- CASE 7424:** Application of Rice Engineering and Operating, Inc., for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Lower San Andres formation in the perforated interval from 4300 feet to 4852 feet in its Eunice-Monument Eumont SWD "G" Well No. 8, located in Unit G of Section 8, Township 20 South, Range 37 East.
- CASE 7425:** Application of H. L. Brown, Jr. for compulsory pooling and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the San Andres formation to the base of the Pennsylvanian formation underlying the S/2 of Section 36, Township 16 South, Range 37 East, to be dedicated to a well to be drilled at an unorthodox location 554 feet from the South and West lines of said Section 26, provided that in the event the subject well encounters production in the Casey-Strawn Pool and/or the West Knowles-Drinkard Pool, the lands pooled would be the W/2 SW/4 of said Section 26. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7426:** Application of Phillips Petroleum Company for Amendment of Division Order No. R-5897 and certification of a tertiary recovery project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the Amendment of Division Order No. R-5897, to include the injection of carbon dioxide in the previously authorized pressure maintenance project in the East Vacuum Grayburg-San Andres Unit, for conversion of existing injectors to water/carbon dioxide injection, and for certification to the Secretary of the IRS that the East Vacuum Grayburg-San Andres Unit Project is a qualified tertiary oil recovery project.
- CASE 7427:** Application of Belco Petroleum Corporation for a special allowable, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an adjustment to the manner in which allowables are calculated for wells in the South Carlizbad-Morrow Gas Pool in order to grant relief to the over-produced status of its Douglas Com. Well No. 1 located in Unit H of Section 7, Township 22 South, Range 27 East, said well being subject to shut-in being more than six times its allowable over-produced. In the alternative, applicant seeks to make up the over-production at a rate less than complete shut-in by curtailing production from the well to 80 percent of its top allowable until it is back in balance.
- CASE 7428:** In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating; and extending certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the North Antelope Ridge-Wolfcamp Gas Pool. The discovery well is J. C. Williamson Triple A Federal Well No. 1 located in Unit F of Section 10, Township 23 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM  
Section 10: N/2 and N/2 SW/4

(b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Diamondtail-Wolfcamp Pool. The discovery well is the Superior Oil Company Triste Draw Federal Well No. 1 located in Unit J of Section 14, Township 23 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM  
Section 14: SE/4

(c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the North Grama Ridge-Bone Spring Pool. The discovery well is the Hunt Oil Company State 4 Well No. 1 located in Unit T of Section 4, Township 21 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM  
Section 4: SW/4

(d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Grassland-Wolfcamp Pool. The discovery well is C. F. Qualia State 23 Well No. 1 located in Unit K of Section 23, Township 15 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 34 EAST, NMPM  
Section 23: SW/4

(e) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the North Lusk-Bone Spring Pool. The discovery well is Petroleum Development Corporation Shelly Federal Com. Well No. 1 located in Unit H of Section 5, Township 19 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM  
Section 5: NE/4

(f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the McMillan-Atoka Gas Pool. The discovery well is Southland Royalty Company Pecos River 21 Federal Com Well No. 1 located in Unit K of Section 21, Township 19 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM  
Section 21: S/2

(g) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Springs-Morrow Gas Pool. The discovery well is Jake L. Hamon State 33 Com Well No. 1 located in Unit I of Section 33, Township 20 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 26 EAST, NMPM  
Section 32: E/2  
Section 33: All

(h) EXTEND the Antelope Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM  
Section 11: All  
Section 15: N/2

(i) EXTEND the Baldridge Canyon-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMPM  
Section 14: N/2

(j) EXTEND the Bear Draw-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM  
Section 28: N/2 SE/4

(k) EXTEND the Bluit-Wolfcamp Gas Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 37 EAST, NMPM  
Section 10: SE/4

(l) EXTEND the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM  
Section 4: All

Examiner Hearing - Thursday - November 14, 1981

- (m) EXTEND the Bunker Hill-Penrose Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM  
Section 13: SE/4 SW/4

- (n) EXTEND the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM  
Section 35: W/2

- (o) EXTEND the Eagle Creek-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM  
Section 27: N/2

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM  
Section 1: All

- (p) EXTEND the Golden Lane-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM  
Section 8: S/2

- (q) EXTEND the Kennedy Farms-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico to include therein:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM  
Section 34: N/2  
Section 35: N/2

- (r) EXTEND the North Mason-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 2 SOUTH, RANGE 32 EAST, NMPM  
Section 8: S/2 S/2

- (s) EXTEND the West Osudo-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM  
Section 35: N/2

- (t) EXTEND the West Parkway-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

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

- (u) EXTEND the Peterson-Mississippian Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 4 SOUTH, RANGE 33 EAST, NMPM  
Section 29: NE/4

- (v) EXTEND the POW-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM  
Section 4: S/2

- (w) EXTEND the Saunders-Permo Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM  
Section 32: NE/4

Examiner Hearing - Thursday - November 14, 1981

- (x) EXTEND the Scharb-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NNPM  
Section 8: NE/4

- (y) EXTEND the East Siets-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 31 EAST, NNPM  
Section 10: NE/4

- (z) EXTEND the Teague-Ah Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NNPM  
Section 27: NW/4

- (aa) EXTEND the Tom-Tom-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 31 EAST, NNPM  
Section 28: SE/4

- (bb) EXTEND the North Turkey Track-Morrow Gas Pool in Eddy County, New Mexico to include therein:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NNPM  
Section 21: All

- (cc) EXTEND the North Young-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NNPM  
Section 9: NE/4



Gulf Oil Exploration and Production Company

J. M. Thacker  
GENERAL MANAGER PRODUCTION  
SOUTHWEST DISTRICT



P. O. Drawer 1150  
Midland, TX 79702

October 26, 1981

State of New Mexico  
Energy and Minerals Department  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87501

*Case 7414*

Attention: Mr. Joe D. Ramey

Re: Examiner Hearing  
November 19, 1981

Gentlemen:

This letter will confirm our request to schedule the following on your Examiner Hearing Docket of November 19, 1981.

1. Downhole commingling of Tubb-Drinkard production in the wellbore of No. 3 T.R. Andrews well located in Unit J, 1980' FS&EL Sec. 32, T-22-S, R-38-E, Lea County, New Mexico.
2. Downhole commingling of Drinkard-Wantz Granite Wash production in the wellbore of Hugh Well No. 10, located in Unit C, 950' FNL and 2290' FWL, Sec. 14, T-22-S, R-37-E, Lea County, New Mexico.
3. Directionally drilling of Arnott Ramsay (NCT-B) Well No. 12, the surface location being 500' FSL and 1400' FEL in Unit O, Sec. 32, T-25-S, R-37-E, and a bottomhole location to be within a 150' radius of a point 500' FSL and 800' FEL in Unit P, Sec. 32, T-25-S, R-37-E, Langlie Mattix Pool, Lea County, New Mexico.
4. Disposal of produced saltwater in the approximate open hole interval 4375' - 7452' of the lower Yates, all of the Queen, San Andres and Delaware formations in Lea "ZD" State No. 1 located 990' FSL and 380' FWL, Sec. 30, T-18-S, R-35-E, Lea County, New Mexico.

Very truly yours,

F.H. Martin  
Technical Manager

CFK/js

cc: New Mexico Oil Conservation Division  
P.O. Box 1980  
Hobbs, New Mexico 88240



called in by Chuck Kalltger 10/26

Ruff

downhole comm. TB & Dr  
T.R. Andrews #3 J 32-225-38E Lea

downhole comm. Dr - Wentz Mr. Worth  
Hugh #10 C-14-225-37E Lea

directional drill

Arnot Ramsay #12 (NCT-B)

surf loc 500' FSL 1400' FEL  
"O" 32-255-R37E

bottom hole within 150' of a point  
500' FSL 800' FEL

"P" 32-255-37E

Rangier Mattie

dispos. of prod. salt water

open hole int 4375 - 7452

Lower Yates, Q, SA, & Delaware  
Lea ZD State No. 1

~~loc 990' FSL 380' FWT~~

Unit M Sec 30-T185-R35E Lea  
Air Strip Bone Spring fld

R-6657  
May 20,  
#67021  
Ruff  
BOX 1150

*Rough*  
*Herbse*  
*DOG*

*MS*

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

*Roll*  
*was*  
*off*

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

*[Signature]* CASE NO. 7414

Order No. R-6840

APPLICATION OF GULF OIL CORPORATION  
FOR DOWNHOLE COMMINGLING, IEA  
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 19, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets..

NOW, on this \_\_\_\_\_ day of November, 1981, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Gulf Oil Corporation, is the owner and operator of the Hugh Well No. 30, located in Unit C of Section 14, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks authority to commingle Drinkard and Wantz-Granite Wash production within the wellbore of the above-described well.

(4) That from the Drinkard zone, the subject well is capable of low marginal production only.

(5) That from the Wantz-Granite Wash zone, the subject well is capable of low marginal production only.

(6) That the proposed commingling may result in the recovery of additional hydrocarbons from each of the subject pools, thereby preventing waste, and will not violate correlative rights.

(7) That the reservoir characteristics of each of the subject zones are such that underground waste would not be caused by the proposed commingling provided that the well is not shut-in for an extended period.

(8) That to afford the Division the opportunity to assess the potential for waste and to expeditiously order appropriate

remedial action, the operator should notify the Hobbs district office of the Division any time the subject well is shut-in for 7 consecutive days.

(9) (ALTERNATE) That in order to allocate the commingled production to each of the commingled zones in the subject well, 36 percent of the commingled oil ~~production~~ *(and 81% of the commingled gas production)* should be allocated to the Drinkard zone, and 64 percent of the commingled oil production ~~to the zone~~ and 19% of the commingled gas production ~~should be allocated to the~~ *Wantz-Granite Wash zone.*

(9) (ALTERNATE) That in order to allocate the commingled production to each of the commingled zones in the well, applicant should consult with the supervisor of the Hobbs district office of the Division and determine an allocation formula for each of the production zones.

IT IS THEREFORE ORDERED:

(1) That the applicant, Gulf Oil Corporation, is hereby authorized to commingle Drinkard and Wantz-Granite Wash production within the wellbore of the Hugh Well No. 10, located in Unit C of Section 14, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

(2) (ALTERNATE) That the applicant shall consult with the Supervisor of the Hobbs district office of the Division and determine an allocation formula for the allocation of production to each zone in each of the subject wells.

(2) (ALTERNATE) That 36 percent of the

commingled oil production <sup>(and 81% of the commingled gas production)</sup> shall be allocated to the Dunbar zone and, = 64% percent of the commingled oil production <sup>(and 19% of the commingled gas production)</sup> shall be allocated to the Wantz-Gravite zone.

(3) That the operator of the subject well shall immediately notify the Division's Hobbs district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Division, a plan for remedial action.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

JOE D. RAMEY,  
Director

S E A I.