

Case No.

3685

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Application, Transcript,

Small Exhibits, Etc.

GOVERNOR  
DAVID F. CARGO  
CHAIRMAN

State of New Mexico  
Oil Conservation Commission



LAND COMMISSIONER  
GUYTON B. HAYS  
MEMBER

P. O. BOX 2088  
SANTA FE

STATE SEAL CLERK  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

November 15, 1967

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

Re: Case No. 3685  
Order No. R-3290-A  
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

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC       

Aztec OCC       

Other \_\_\_\_\_

**BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO**

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

**CASE No. 3685  
Order No. R-3290-A**

**APPLICATION OF GULF OIL CORPORATION  
FOR AN AMENDMENT OF ORDER NO. R-3290,  
LEA COUNTY, NEW MEXICO.**

**ORDER OF THE COMMISSION**

**BY THE COMMISSION:**

This cause came on for hearing at 9 a.m. on November 8, 1967, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 15th day of November, 1967, 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 owner and operator of the R. E. Cole (NCT-A) Well No. 9 located at an unorthodox oil well location 1075 feet from the South line and 2395 feet from the West line of Section 16, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That Order No. R-3290 of the Commission authorized the applicant to drill the subject well at said unorthodox location in undesignated Silurian and Montoya oil pools to avoid topographic difficulties that would be encountered at a standard location in the SE/4 SW/4 of the aforesaid Section 16.

(4) That the subject well was non-productive in said Silurian and Montoya oil pools.

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CASE No. 3685

Order No. R-3290-A

(5) That the subject well has been plugged back and completed as a Drinkard oil well.

(6) That the applicant seeks an amendment of the aforesaid Order No. R-3290 to permit the substitution of the Drinkard Pool for the previously authorized pools.

(7) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the Drinkard Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That Order (1) of Order No. R-3290 is hereby amended to read in its entirety as follows:

"(1) That the applicant, Gulf Oil Corporation, is hereby authorized an unorthodox oil well location for its R. E. Cole (NCT-A) Well No. 9, located 1075 feet from the South line and 2395 feet from the West line of Section 16, Township 22 South, Range 37 East, NMPM, Drinkard Pool, Lea County, New Mexico."


(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

DAVID F. CARGO, Chairman

  
GUSTON S. HAYS, Member

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

esr/

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 8, 1967

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

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

- CASE 3681: Application of Burwinkle and Scanlon for a waterflood project, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Mesaverde formation through one well located 330 feet from the North and East lines of Unit C of Section 28, Township 20 North, Range 9 West, McKinley County, New Mexico. Applicant further seeks an administrative procedure for future expansion of said project.
- CASE 3674: Application of Robert N. Enfield for an interpretation of or the amendment of Order No. R-3189, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the interpretation of Order No. R-3189 which pooled all mineral interests in the Chaverco-San Andres Pool underlying the NW/4 NW/4 of Section 11, Township 8 South, Range 33 East, Chaves County, New Mexico, that paragraph (9) of said order, in fixing \$125.00 per month as the reasonable cost of operating the well to be drilled on the acreage being pooled, should be construed to provide said \$125.00 per month as a reasonable charge for supervision and operational overhead; that applicant should be permitted to withhold from production the proportionate share of said \$125.00 attributable to each non-consenting working interest, and that in addition thereto, applicant should be permitted to withhold from production the proportionate share of actual operating costs of said well attributable to each non-consenting working interest. In the alternative to the aforesaid interpretation of Order No. R-3189, applicant seeks the amendment of paragraph (9) of said order in accordance with the above provisions.
- CASE 3682: Application of Gulf Oil Corporation for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its J. N. Carson (NCT-A) Well No. 7 located in Unit B of Section 33, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to produce oil from the Drinkard and Brunson-Ellenburger Pools through parallel strings of tubing.
- CASE 3683: Application of Gulf Oil Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the approval of the Stuart Langlie Mattix Unit Area comprising 1,120 acres, more or less, of Federal, State and Fee lands in Sections 2, 3, 10, and 11, Township 25 South, Range 37 East, Lea County, New Mexico.
- CASE 3684: Application of Gulf Oil Corporation for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Stuart Langlie Mattix Unit by the injection of water in the Langlie Mattix Pool through 12 wells located in Sections 2, 3, 10, and 11, Township 25 South, Range 37 East, Lea County, New Mexico.

CASE 3685: Application of Gulf Oil Corporation for an amendment of Order No. R-3290, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3290, which order authorized an unorthodox oil well location 1075 feet from the South line and 2395 feet from the West line of Section 16, Township 22 South, Range 37 East, Lea County, New Mexico, for its R. E. Cole (NCT-A) Well No. 9, said well being projected to undesignated Silurian and Montoya oil pools. Applicant now seeks the substitution of the Drinkard Pool for the previously authorized pools.

CASE 3686: Application of Gulf Oil Corporation for down-hole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Allison-Abo and Allison-Pennsylvanian Pools in the wellbore of its Federal Mills Well No. 1 located in Unit C of Section 11, Township 9 South, Range 36 East, Lea County, New Mexico, with the provision that no more than one single allowable will be produced from said well.

# Gulf Oil Corporation

EXPLORATION AND PRODUCTION DEPARTMENT- U. S. OPERATIONS  
ROSWELL DISTRICT

W. B. Hopkins  
DISTRICT MANAGER

M. I. Taylor  
DISTRICT PRODUCTION  
MANAGER

F. O. Mortlock

H. A. Rankin  
DISTRICT SERVICES MANAGER

P. O. Drawer 1938  
Roswell, New Mexico 88201

October 19, 1967

Oil Conservation Commission  
State of New Mexico  
Post Office Box 2688  
Santa Fe, New Mexico 87501

LET 20

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

Re: Application of Gulf Oil Corporation for Approval of a  
Non-Standard Location, Drinkard Pool, Lea County, New Mexico

Gentlemen:

Gulf Oil Corporation respectfully requests an amendment of Order No. R-3290 in Case No. 3627 to substitute the Drinkard Pool for the Silurian and Montoya Undesignated Pools.

In support of this application, the following facts are submitted:

- (1) Applicant's R. E. Cole (NCT-A) Well No. 9 was drilled at a non-standard location of 1075 feet from the south line and 2395 feet from the west line of Section 16, T-22-S, R-37-E, Lea County, New Mexico, in Undesignated Silurian and Montoya Oil Pools. This location was necessary because of topographical conditions.
- (2) Order No. R-3290 in Case No. 3627 dated August 1, 1967 approved the non-standard location.
- (3) The well was dry in the Silurian and Montoya and was plugged back and completed in the perforated interval 6770 to 6887 feet.
- (4) Applicant understands the Commission will place this well in the Drinkard Pool for proration purposes.

Respectfully submitted,  
GULF OIL CORPORATION

*M. I. Taylor*  
M. I. Taylor

JH:ers

cc: New Mexico Oil Conservation Commission  
Post Office Box 1514  
Hobbs, New Mexico 88240



DOCKET MAILED

Date

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAIRY COPY, CONVENTIONS

1120 SIMMS BLDG. • P. O. BOX 1072 • PHONE 243-4491 • ALBUQUERQUE, NEW MEXICO

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
November 8, 1967

EXAMINER HEARING

IN THE MATTER OF:

Application of Gulf Oil  
Corporation for an  
amendment of Order Number  
R-3290, Lea County, New  
Mexico.

Case No. 3685

BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF PROCEEDINGS



MR. MUTTER: We will call Case 3635.

MR. KASTLER: Mr. Hoover will be our witness again.

MR. MUTTER: The record will show that Mr. Hoover is still under oath.

MR. HATCH: Case 3685, application of Gulf Oil Corporation for an amendment of Order Number R-3290, Lea County, New Mexico.

MR. KASTLER: We have one exhibit.

(Whereupon, Applicant's Exhibit 1 was marked for identification.)

JOHN H. HOOVER, called as a witness on behalf of the Applicant, having previously been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KASTLER:

Q Mr. Hoover, please explain what Gulf is seeking in this application.

A We are asking for an amendment of Order R-3290 in Case Number 3627 to substitute the Drinkard Pool for the undesignated Silurian and Montoya oil pools for the R. E. Cole NCT-A Well Number 2.

MR. KASTLER: Mr. Examiner, we would like to make as a part of this case the testimony and the exhibits presented

in Case Number 3627, and ask that the Commission take administrative notice and consider that as part of this case.

MR. NUTTER: The record in Case Number 3627 will be incorporated in the record of this case.

Q (By Mr. Kastler) Mr. Hoover, is it correct that Case 3627 established the necessity for an unorthodox location?

A Yes, it did.

Q Explain what is shown on Exhibit Number 1.

A Exhibit Number 1 is a plat of the R. E. Cole NCT-A lease. This lease is outlined in red and it is described as all of Section 16, Township 22 South, Range 37 East, Lea County, New Mexico. Well Number 9 is colored in red and is located 1075 feet from the south line and 2395 feet from the west line of this Section 16.

Q When Case 3627 was heard, Gulf had not yet drilled, is that correct?

A That's correct.

Q But now Gulf has drilled?

A Yes.

Q And has drilled to the proposed zones there?

A Yes, that's correct.

Q What is the reason for requesting the substitution

of the Drinkard Pool for the undesignated Silurian and Montoya Pools?

A In our original request for the nonstandard location, which was in Case Number 3627, the anticipated production was to be the Silurian and Montoya. However, on actual completion of these zones it proved to be dry. The well was drilled to a total depth of 7335 feet, but was plugged back to 7188 feet. The casing was perforated in the interval 6770 feet to 6887 feet and a marginal producer was obtained.

The well produces approximately eleven barrels of oil per day and it is my understanding that the Commission will include this well in the Drinkard Pool for proration, and we have no objections to this.

Q Do you have anything further to add in this case?

A No, I don't.

MR. KASTLER: We would like to enter Exhibit Number 1 into evidence.

MR. NUTTER: Gulf's Exhibit 1 will be admitted in evidence.

(Whereupon, Applicant's Exhibit 1 was admitted in evidence.)

MR. KASTLER: This concludes our testimony in this case.

## CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Hoover, how many Silurian and Montoya wells do you have in the area?

A Our Number 3 Well, which is in the northeast quarter, southwest quarter of Section 16, is in the Montoya and Silurian. The Number 10 Well, which is in the southwest quarter, northwest quarter of 16 is in the Silurian only. So we have two Silurian and one Montoya.

Q And both zones were dry in this well?

A Yes.

Q And the Drinkard almost was?

A The Montoya was also dry in the Number 10. We only wound up with the Silurian there. And in the Number 8, we are doing some work on that well now; the production on those zones is way down from what we will wind up with when we get through working on it.

MR. NUTTER: Any other questions of the witness?

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Kastler?

MR. KASTLER: Nothing further --

## REDIRECT EXAMINATION

BY MR. KASTLER:

Q Would this prevent waste might be asked.

A Yes.

Q How?

A Well, it is a salvage operation to come back up to the Drinkard. Eleven barrels a day won't near pay the well out, but it would help, so it is in the interest of waste that we recover eleven barrels a day.

Q Well, it is in the interest of producing oil that would otherwise have to be abandoned, is that correct?

A Yes, that is correct.

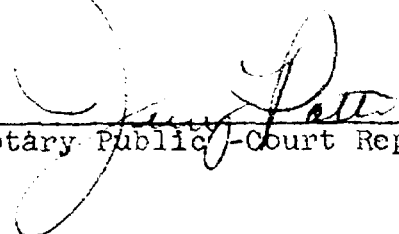
MR. KASTLER: Thank you.

MR. NUTTER: If there is nothing further, we will take the case under advisement, the witness is excused and the hearing is adjourned.

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

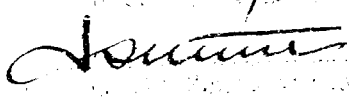
I, JERRY M. POTTS, Court Reporter, do hereby  
 certify that the foregoing and attached transcript of  
 proceedings before the New Mexico Oil Conservation Commission  
 Examiner at Santa Fe, New Mexico, is a true and correct record  
 to the best of my knowledge, skill and ability.

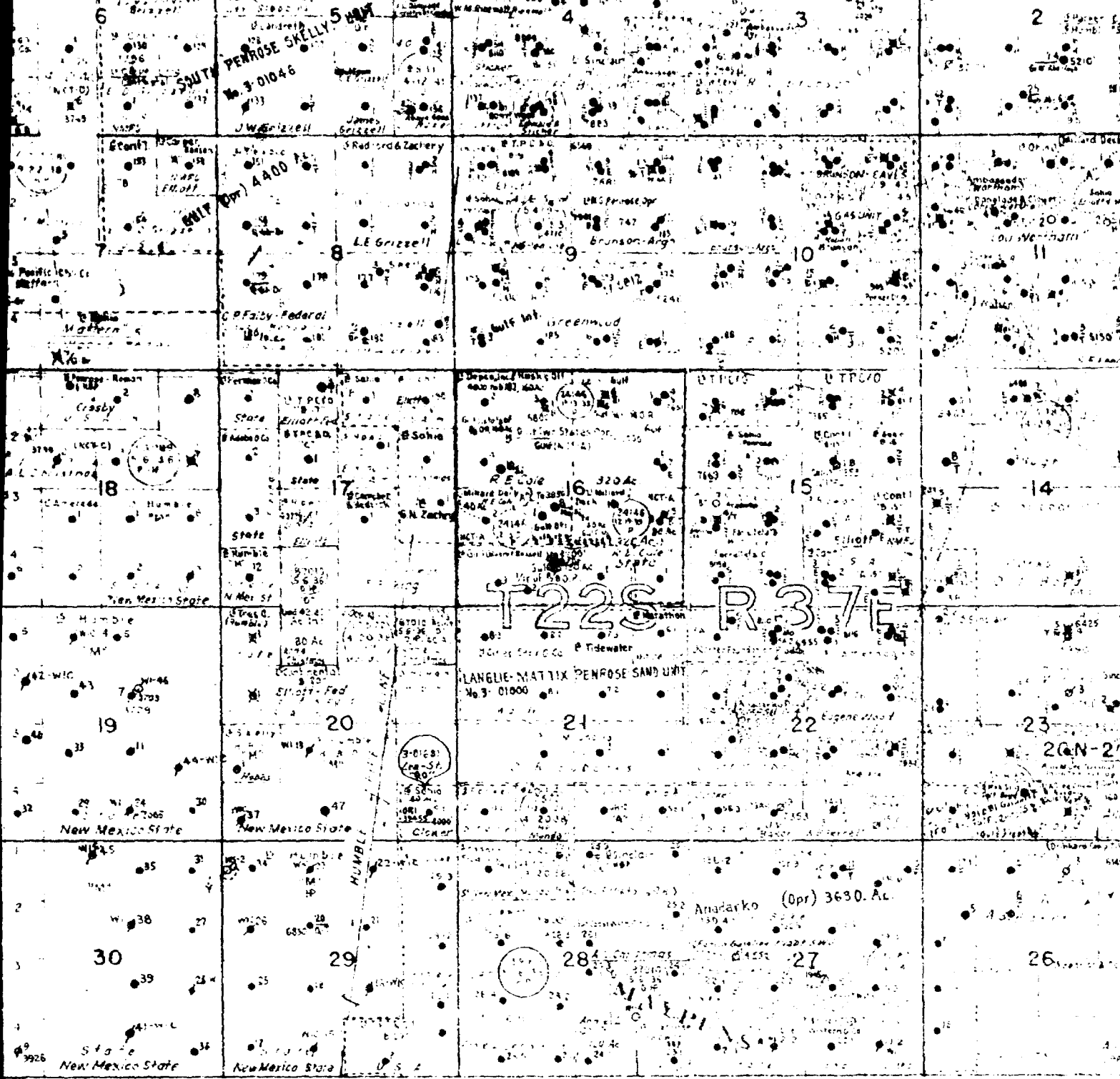
IN WITNESS WHEREOF I have affixed my hand and notarial  
 seal this 3<sup>rd</sup> day of December, 1967.

  
 Notary Public - Court Reporter

My Commission Expires:

July 10, 1970

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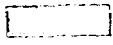



PLAT

GULF OIL CORPORATION  
R. E. COLE (NCT-A) LEASE  
DRINKARD OIL POOL  
LEA COUNTY, NEW MEXICO

**BEFORE EXAMINER NUTTER**  
OF CONSERVATION COMMISSION  
EXHIBIT NO. 1  
CASE NO. 3685

- LEGEND -

-  Pertinent Lease
-  Pertinent Well

CASE NO. 3685  
EXHIBIT NO. 1  
NOVEMBER 8, 1967

CASE 3685: Application of GULF  
OIL CORP. FOR AN AMENDMENT TO  
ORDER NO. R-3290, Lea County.