

CASE NO. 5439: GULF OIL CORP.  
FOR AMENDMENT OR ORDER NO. R-4079  
LEA COUNTY, NEW MEXICO.

CASE No.

5439

Application,

Transcripts,

Small Exhibits

ETC.



MR. NUTTER: We'll call Case Number 5439.

MR. CARR: Case 5439. Application of Gulf Oil Corporation for the amendment of Order No. R-4079, Lea County, New Mexico.

MR. HAIRSTON: Mr. Examiner, for the record my name is Charles Hairston, H-A-I-R-S-T-O-N (spelling), and Mr. Robert H. Thomas, Attorney from Midland. We'll be handling this case and the following case, and I believe Mr. Sperling has entered an appearance in this case and in the following case.

MR. NUTTER: We do have his written appearance; by Sperling.

MR. THOMAS: I'm Robert Thomas, representing Gulf Oil Corporation, and I have one witness to be sworn.

MR. NUTTER: Are there any other appearances?

(No response.)

(Witness sworn.)

CHARLES F. KALTEYER,

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

DIRECT EXAMINATION

BY MR. THOMAS:

Q Q

Please state your name, by whom you're

THE NYE REPORTING SERVICE  
STATE-WIDE DEPOSITION NOTARIES  
225 JOHNSON STREET  
SANTA FE, NEW MEXICO 87501  
TEL. (505) 982-0386

employed and in what capacity.

A My name is Charles F. Kalteyer, K-A-L-T-E-Y-E-R (spelling). I'm employed by Gulf Oil Corporation as District Proration Engineer.

Q Have you previously testified before the Oil Conservation Commission and given your qualifications as a petroleum engineer?

A Yes, sir, I have.

MR. THOMAS: Mr. Examiner, I ask that Mr. Kalteyer's qualifications as a petroleum engineer be accepted.

MR. NUTTER: He's accepted.

Q (By Mr. Thomas) What is Gulf seeking in this application?

A We are asking the amendment of Oil Conservation Commission Orders Number R-4079 granted December 8th, 1970; R-4079A granted October 8th, 1971; and R-4079B granted June 4th, 1974, which authorized Gulf to surface commingle production prior to measurement from the Bowers (Seven Rivers), Hobbs Grayburg-San Andres and Hobbs-Blinebry Pools on its W. D. Grimes NCT-B Lease with production from the Hobbs Grayburg-San Andres Pool on its W. D. Grimes NCT-A Lease. Gulf now seeks to include the Hobbs-Drinkard Pool production from its W. D. Grimes NCT-B

Lease with the above mentioned production.

Q What amendments were made to Order R-4079 on October 8, 1971 and June 4, 1974?

A Amended Order R-4079A provides for allocation of production on the basis of bimonthly well productivity tests rather than on monthly tests. Amended Order R-4079B provides for the commingling of Bowers-Seven Rivers production from the W. D. Grimes NCT-B Lease with the previously approved Hobbs Grayburg-San Andres and Hobbs-Blinebry commingled production.

Q Do you have an Exhibit Number 1 to be introduced at this time?

A Yes, sir, I'll pass all three; three sets; three exhibits.

Q What is Exhibit 1?

A Exhibit 1 is a plat depicting the location of the W. D. Grimes NCT-A and NCT-B leases outlined in red and identifies the 15 wells involved in this hearing. As noted in the legend, the wells circled in pink are completed in the Hobbs Grayburg-San Andres Pool. The well circled in blue is completed in the Hobbs-Blinebry Pool and the well circled in green is completed in the Bowers-Seven Rivers pool. The well circled in yellow is

the recently completed Well Number 8 in the Hobbs-Drinkard Pool. The W. D. Grimes NCT-A Lease is described as the west half of Section 32 and the W. D. Grimes NCT-B Lease is described as the northwest quarter of the northeast quarter and the east half of the northeast quarter and the northeast quarter of the southeast quarter of Section 33, all in Township 18 South, Range 38 East, Lea County, New Mexico. The ownership is identical in both tracts as the property is under the same basic lease.

Q Why was the original request made to commingle production prior to measurement on these tracts?

A The W. D. Grimes NCT-B Lease tank battery which was located in the city limits of Hobbs had become surrounded by private residences. We believed it to be desirable from a safety standpoint to remove it from the inhabited area.

Q Do you have an exhibit depicting the arrangement of production lines from the Grimes NCT-B Lease?

A Yes, sir, Exhibit 2, which the Examiner has, depicts the flowline arrangement of the four Hobbs Grayburg-San Andres wells; the one Hobbs-Blinebry well; and the one Bowers-Seven Rivers well; and the one Hobbs-Drinkard well. The flowlines are produced into a header

located in the northwest quarter of the northeast quarter of Section 33, which consists of one main 4 inch production line and a 4 inch test line which will carry production from the Grimes NCT-B Lease to the Grimes NCT-A Lease battery. Rather than lay another flowline through the alleyways of the residential area and under numerous City streets to reach the header, you will note that the flowlines from wells Numbers 2 and 8 are joined, in Exhibit 2, to form a common -- to flow through a common flowline. This arrangement, however, will necessitate shutting in one of the wells while the other is being tested during the bimonthly test period and Gulf proposes to also manifold Well Number 1 with Wells Numbers 2 and 8 in the vicinity of the well sites in order that none of the wells on the "B" Lease will be shut in while the others are being tested.

Q Do you have an exhibit depicting the W. D. Grimes NCT-A Lease tank battery?

A Yes, sir, Exhibit Number 3 is a schematic diagram which indicates how the flowlines from the Grimes NCT-B Lease will tie into the header with the Hobbs Grayburg-San Andres Pool wells on the W. D. Grimes NCT-A Lease.

Q Will the commingling of Hobbs Grayburg-San Andres,



Hobbs-Blinebry, Hobbs-Drinkard, and Bowers-Seven Rivers production result in any reduction of revenue?

A No, sir, I believe it will not. The average gravity of the 578 barrels per day of Grayburg-San Andres is 34.9 degrees API; the 36 barrels per day Blinebry is 34.8 degrees API; the 11 barrels per day Bowers-Seven Rivers is 39 gravity and the 55 barrels per day of Drinkard production is 34.4 degrees, and the value of oil would be unchanged whether the Drinkard was sold separately or commingled.

Q Are there top allowables involved in this commingling?

A No, sir, there are no top allowable wells involved. There are, however, three wells on the Grimes NCT-A Lease and two wells on the W. D. Grimes NCT-B Lease in the Hobbs-Grayburg-San Andres pool which have their allowables limited by high gas-oil ratio.

Q How do you propose to allocate production?

A Allocation of production will be on the basis of bimonthly well tests as we are currently authorized to do on the other base.

Q Do you have a letter from your purchaser agreeing to purchase the oil from this commingling?

A Yes, sir, Exhibit 4 is a letter from Shell Oil Company agreeing to the purchase of allowable produced from the Hobbs-Drinkard Pool commingled with the recently completed -- with the presently commingled Hobbs Grayburg-San Andres, Hobbs-Blinebry and Bowers-Seven Rivers production from the W. D. Grimes NCT-A and NCT-B Leases.

Q Were these exhibits prepared by you or under your supervision?

A Yes, sir, they were.

MR. THOMAS: Mr. Examiner, I'd like at this time to offer Exhibits 1, 2, 3, and 4.

MR. NUTTER: Exhibits 1 through 4 will be admitted in evidence.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Kalteyer, the W. D. Grimes Lease produces for Grayburg-San Andres only, is that correct?

A The Grimes which?

Q Grimes.

A The "A"?

Q The "A".

A No, sir, there are other payees producing, but --

Q They are not involved in this at all?

A They are not involved in the commingling; just the commingling of the Grayburg-San Andres from the "A" with this other production.

Q Now, you say that at the present time as shown on Exhibit 2, the Number 2 and the 8 use a common line and that in order to test one you have to shut the other in?

A Yes, sir.

Q Now you're going to manifold the Number 1 in with these other two so at any time you're testing one the other wells can be producing through a line together, then?

A Right, to the header, yes.

Q So you won't lose any production at all on test?

A That's correct.

Q Now is the ownership of all of these wells on the two leases identical?

A Yes, sir.

Q And they're all down to the point that there are none of them making top allowables, although you do have some penalized wells, is that correct?

A That's correct, yes, sir.

Q Now what precisely needs to be done to R-4079

as amended to accomplish what we need to do here?

A We'd need to add the Hobbs-Drinkard Pool production to the orders for commingling.

Q It's simply a matter of adding Hobbs-Drinkard?

A Yes, sir.

Q And you only have the one well producing from the Drinkard at this time?

A That is correct, yes, sir.

Q All right.

MR. NUTTER: Are there any further questions of Mr. Kalteyer?

(No response.)

MR. NUTTER: He may be excused. Do you have anything further, Mr. Thomas?

MR. THOMAS: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 5439?

(No response.)

MR. NUTTER: If not, we'll take the case under advisement.

CASE 5439

Page.....12.....

STATE OF NEW MEXICO)

)

REPORTER'S CERTIFICATE

COUNTY OF SANTA FE )

I, SALLY WALTON BOYD, Notary Public and General Court Reporter, Santa Fe, New Mexico, DO HEREBY CERTIFY that the facts stated in the caption hereto are true and correct; that I reported the captioned proceedings and thereafter reduced my notes to typewritten matter; that the foregoing 11 pages, numbered 1 through 11 inclusive, constitutes a full, true and correct transcript of said proceedings.

WITNESS my hand and seal this 3rd day of April, 1975,  
at Santa Fe, New Mexico.

*Sally Walton Boyd*

Sally Walton Boyd  
Notary Public and General Court  
Reporter

My Commission expires:  
10 September 1975

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 5439  
heard by me on 3/19, 19 75.

*[Signature]*, Examiner  
New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE  
STATE-WIDE DEPOSITION NOTARIES  
225 JOHNSON STREET  
SANTA FE, NEW MEXICO 87501  
TEL. (505) 982-0386



**OIL CONSERVATION COMMISSION**

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

87501

April 15, 1975

I. R. TRUJILLO  
CHAIRMAN

LAND COMMISSIONER  
PHIL R. LUCERO  
MEMBER

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

Mr. Bob Thomas  
Gulf Oil Corporation  
Post Office Drawer 1150  
Midland, Texas 79701

Re: CASE NO. 5439  
ORDER NO. R-4079-C

Applicant:

Gulf Oil Corporation

Dear Sir:

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

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

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. 5439  
Order No. R-4079-C

APPLICATION OF GULF OIL CORPORATION  
FOR THE AMENDMENT OF ORDER NO.  
R-4079, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 19, 1975, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 15th day of April, 1975, 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 by Order No. R-4079, dated December 8, 1970, as amended by Order No. R-4079-A, dated October 8, 1971, and Order No. R-4079-B, dated June 4, 1974, the Commission granted Gulf Oil Corporation an exception to Rules 303 and 309 of the Commission Rules and Regulations to commingle, prior to measurement, production from the Hobbs (Grayburg-San Andres), Hobbs-Blinbry, and Bowers-Seven Rivers Pools on applicant's W. P. Grimes NCT-B Lease and to commingle, prior to measurement, the aforesaid production with the Hobbs (Grayburg-San Andres) production from applicant's W. D. Grimes NCT-A Lease, said NCT-A lease being located in Section 32 and said NCT-B Lease being located in Section 33, both in Township 18 South, Range 38 East, NMPN, Lea County, New Mexico.

(3) That allocation of production to each of the aforesaid pools and leases is provided by said orders to be on the basis of bi-monthly well tests.

(4) That the applicant, Gulf Oil Corporation, now seeks an amendment of Order No. R-4079, as amended, to include in the commingling authority therein granted Hobbs-Drinkard production from its W. D. Grimes NCT-B lease.

-2-

Case No. 5439  
Order No. R-4079-C

(5) That applicant proposes to continue to allocate the production to each of said leases and pools on the basis of bi-monthly well tests.

(6) That approval of the subject application will allow the applicant to continue to take desirable safety precautions, will result in economic savings to the applicant, prevent waste, and protect correlative rights, provided that the facilities for commingling production are modified to provide for individual testing for each of the wells added to such facilities by virtue of this order.

IT IS THEREFORE ORDERED:

(1) That Order (1) of Order No. R-4079, dated December 8, 1970, is hereby amended to read as follows:

"(1) That the applicant, Gulf Oil Corporation, is hereby authorized to commingle prior to measurement production from the Hobbs (Grayburg-San Andres), Hobbs Blinbry, Bowers-Seven Rivers, and Hobbs-Drinkard Pools from wells on the W. D. Grimes NCT-B Lease comprising the NW/4 NE/4, E/2 NE/4, and NE/4 SE/4 of Section 33, Township 18 South, Range 28 East, NMPM, 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.

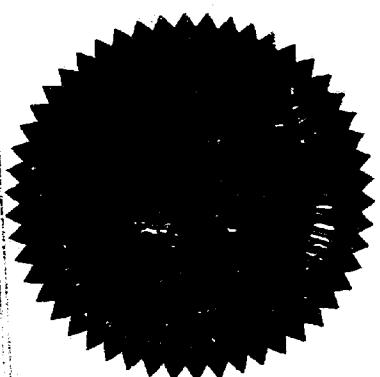
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
I. R. TRUJILLO, Chairman

  
PHIL R. LUCERO, Member

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

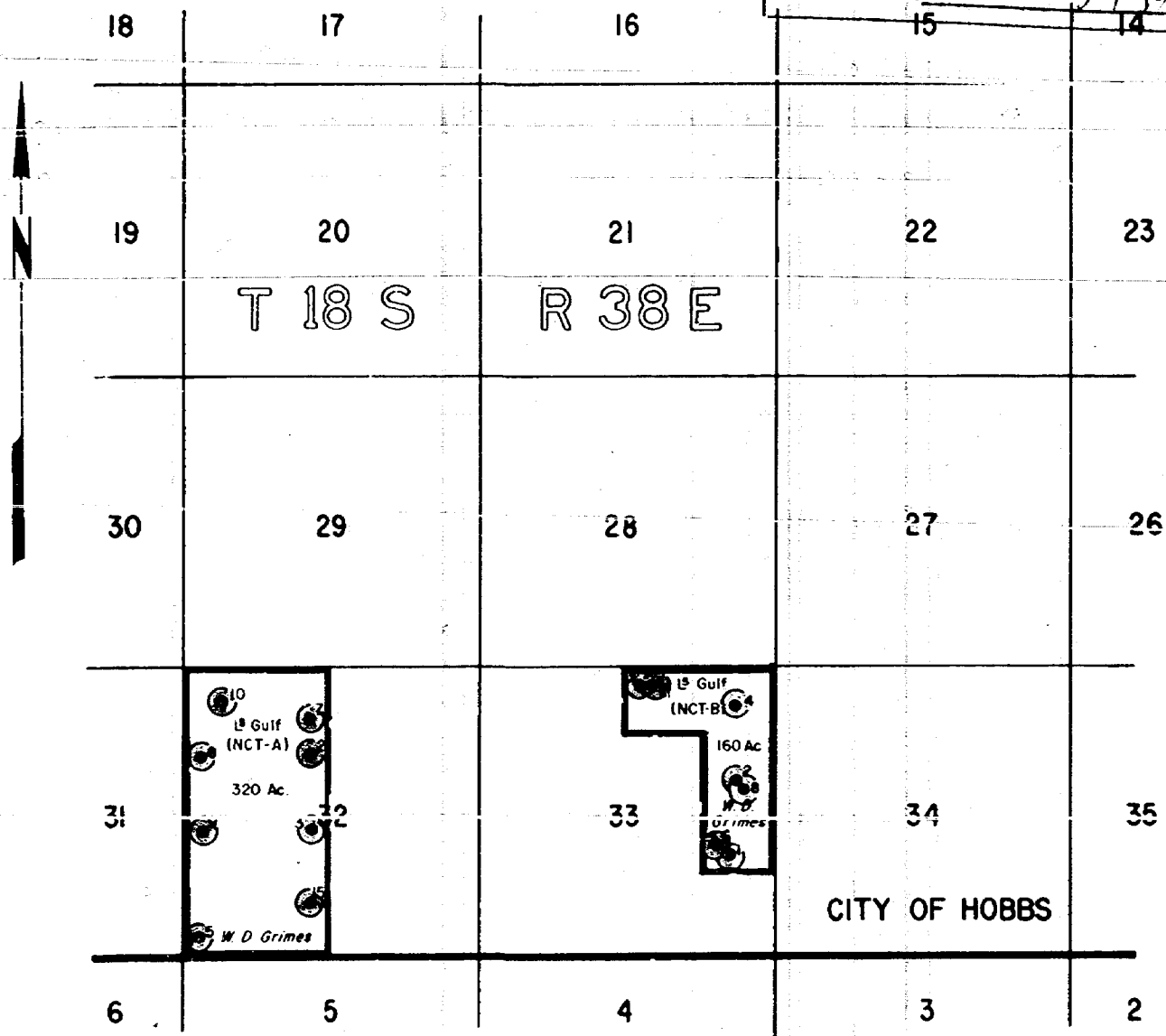


S E A L

dr/



BEFORE EXAMINER NUTTER  
 OIL CONSERVATION COMMISSION  
*Gulf* EXHIBIT NO. 1  
 CASE NO. 5439



PLAT OF  
 GULF OIL CORPORATION'S  
 W. D. GRIMES (NCT-A) and (NCT-B) LEASE  
 LEA COUNTY, NEW MEXICO

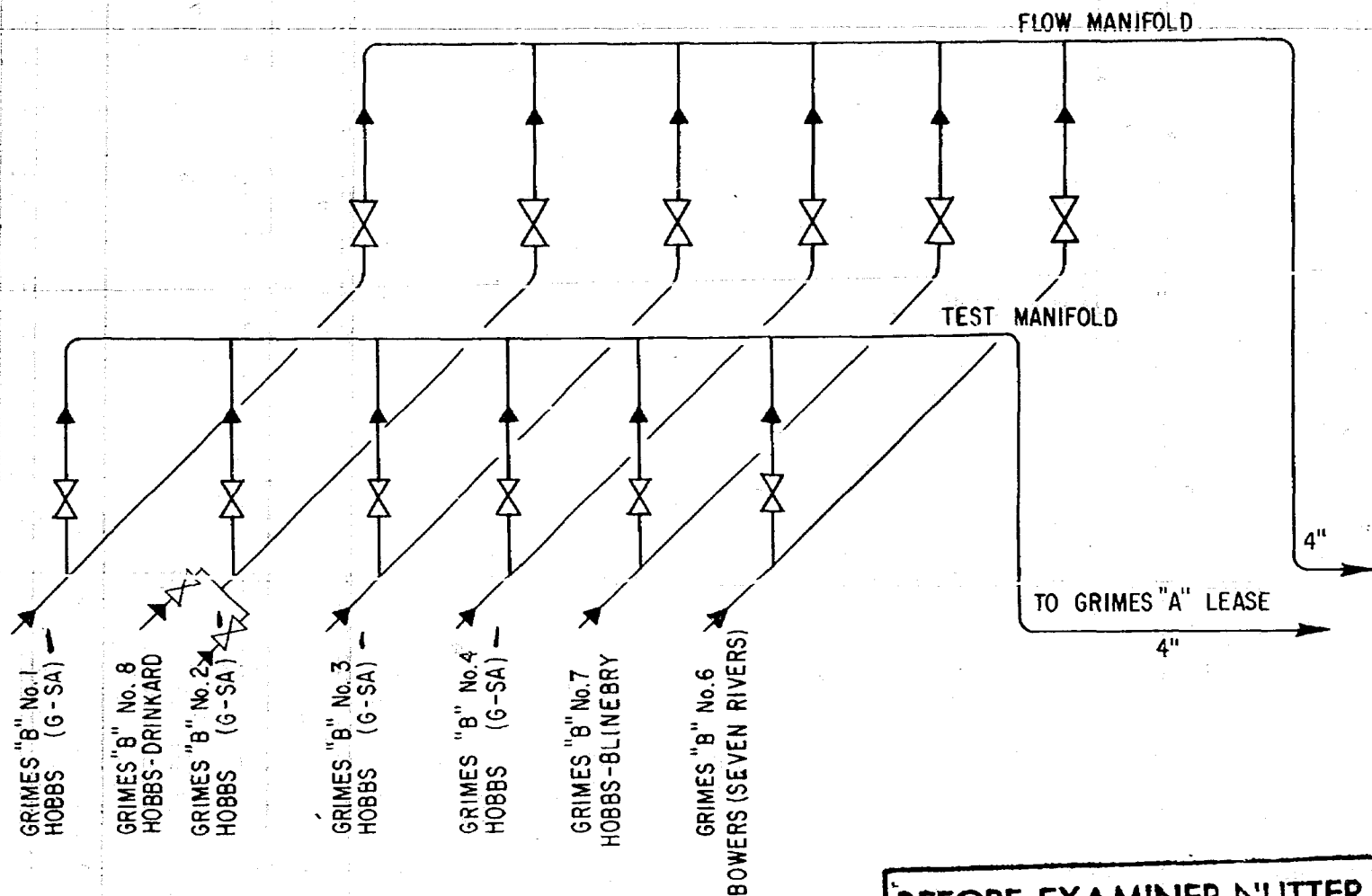
LEGEND

- Pertinent Lease
- Hobbs ( Grayburg - San Andres ) Pool
- Hobbs - Blinebry Pool
- Bowers ( Seven Rivers ) Pool
- Hobbs - Drinkard Pool

Exhibit No. 1  
 Case No. 5439  
 March 19, 1975

SCHEMATIC DIAGRAM  
PROPOSED FLOW LINE HEADER

GULF OIL CORPORATION  
W. D. GRIMES (NCT-B) LEASE



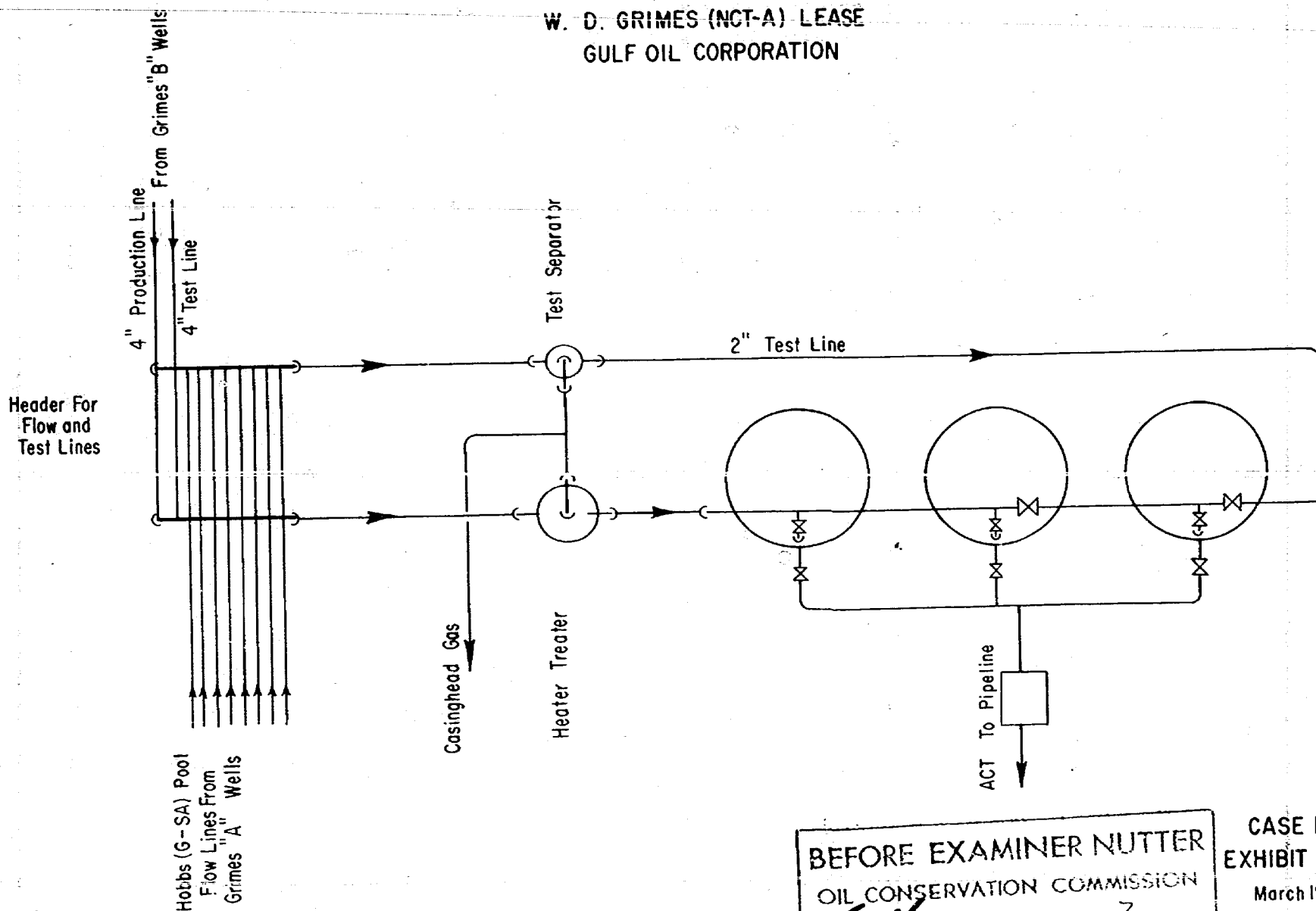
BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
<i>Gulf</i>	EXHIBIT NO. <u>2</u>
CASE NO.	<u>5439</u>

CASE NO. 5439  
EXHIBIT NO. 2

March 19, 1975

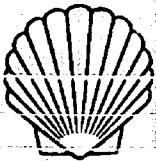
# SCHEMATIC DIAGRAM TANK BATTERY

W. D. GRIMES (NCT-A) LEASE  
GULF OIL CORPORATION



BEFORE EXAMINER NUTTER  
OIL CONSERVATION COMMISSION  
*Gulf* EXHIBIT NO. 3  
CASE NO. 5439

CASE NO. 5439  
EXHIBIT NO. 3  
March 19, 1975



## SHELL OIL COMPANY

PETROLEUM BUILDING  
P.O. BOX 1509  
MIDLAND, TEXAS 79701

March 4, 1975

Subject: Gulf Oil Corporation  
W. D. Grimes NCT-B Lease  
Hobbs (Drinkard) Pool  
Lea County, New Mexico

Gulf Oil Corporation  
Post Office Box 1150  
Midland, Texas 79701

Attention Mr. J. R. Colvin

Gentlemen:

This is to confirm our conversation wherein we stated Shell Oil Company is agreeable to purchasing the Hobbs (Drinkard) production from the captioned lease commingled with Bowers, Hobbs and Hobbs (Blinbry) production from this lease and Hobbs production from your W. D. Grimes NCT-A lease.

Please advise us when the production is actually commingled so we may advise our pipeline carrier to run the oil for our account.

Yours very truly,

J. C. Hart  
Field Operations Midland  
Domestic Raw Materials Supply-East

JCH:ERL

cc - Shell Pipe Line Corporation  
Tender Section (C-83612-B00)

Copy to C. F. Keltner  
3-775

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
<i>Emly</i>	EXHIBIT NO. <u>4</u>
CASE NO. <u>5439</u>	



# SHELL OIL COMPANY

PETROLEUM BUILDING  
P.O. BOX 1509  
MIDLAND, TEXAS 79701

March 4, 1975

Subject: Gulf Oil Corporation  
W. D. Grimes NCT-B Lease  
Hobbs (Drinkard) Pool  
Lea County, New Mexico

Gulf Oil Corporation  
Post Office Box 1150  
Midland, Texas 79701

Attention Mr. J. R. Colvin

Gentlemen:

This is to confirm our conversation wherein we stated Shell Oil Company is agreeable to purchasing the Hobbs (Drinkard) production from the captioned lease commingled with Bowers, Hobbs and Hobbs (Blinebry) production from this lease and Hobbs production from your W. D. Grimes NCT-A lease.

Please advise us when the production is actually commingled so we may advise our pipeline carrier to run the oil for our account.

Yours very truly,

J. C. Hart  
Field Operations Midland  
Domestic Raw Materials Supply-East

JCH:ERL

cc - Shell Pipe Line Corporation  
Tender Section (C-83612-B00)

*Copy to C. F. Keltgen  
3-7-75*

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
EXHIBIT NO:	4
CASE NO.	5439

Docket No. 7-75

Dockets Nos. 8-75 and 9-75 are tentatively set for hearing on April 2, and April 16, 1975. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 19, 1975

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas from seventeen prorated pools in Lea, Eddy, Roosevelt, and Chaves Counties, New Mexico, for April, 1975;
- (2) Consideration of the allowable production of gas from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for April, 1975.

CASE 5415: (Continued from the February 19, 1975, Examiner Hearing)

Application of Burk Royalty Co., for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Double L Queen Unit Area, comprising 2670 acres, more or less, of Federal, State, and fee lands in Townships 14 and 15 South, Ranges 29 and 30 East, Chaves County, New Mexico.

CASE 5409: (Continued & Readvertised)

Application of Atlantic Richfield Company for a non-standard gas proration unit, an unorthodox gas well location, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit comprising the SE/4 of Section 12 and the NE/4 of Section 13, both in Township 24 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its George W. Toby WN Wells Nos. 4, 1, and 1-A, located, respectively, in Units I and P of said Section 12 and in Unit A of said Section 13.

CASE 5438: Application of Exxon Corporation for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of temporary special rules for the Fairview Mills-Wolfcamp Gas Pool, Township 25 South, Range 34 East, Lea County, New Mexico, including a provision for 640-acre spacing units.

CASE 5439: Application of Gulf Oil Corporation for the amendment of Order No. R-4079, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4079, which order, as amended, authorized the commingling, prior to measurement, of Hobbs Grayburg-San Andres, Hobbs-Blinbry, and Bowers-Seven Rivers production from its W. D. Grimes "A" and "B" Leases in Sections 32 and 33, Township 18 South, Range 38 East, Lea County, New Mexico, to include in said commingling authority Hobbs-Drinkard production.

- CASE 5440: Application of Gulf Oil Corporation for two unorthodox oil well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its South Penrose Skelly Wells Nos. 220 and 262 to be located, respectively, 1034 feet from the South line and 2635 feet from the West line of Section 5 and 1300 feet from the South line and 1139 feet from the East line of Section 8, both in Township 22 South, Range 37 East, Penrose Skelly Pool, Lea County, New Mexico. Applicant further seeks the amendment of Order No. R-2794 to provide an administrative procedure for the approval of additional unorthodox locations for injection and producing wells within the South Penrose Skelly Unit Area.
- CASE 5441: Application of J. Gregory Merrion and Robert L. Bayless for down-hole commingling, Rio Arriba County, New Mexico. Applicants, in the above-styled cause, seek authority to commingle undesignated Gallup and Basin-Dakota production in the wellbore of the El Paso Canyon Largo NP Well No. 1, located in Unit K of Section 3, Township 24 North, Range 6 West, Rio Arriba County, New Mexico.
- CASE 5442: Application of David Fasken for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of his Feil Federal Well No. 1, to be drilled 660 feet from the North and West lines of Section 28, Township 20 South, Range 25 East, Cemetery-Morrow Gas Pool, Eddy County, New Mexico, the N/2 of said Section 28 to be dedicated to the well.
- CASE 5443: Application of Sun Oil Company for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Bone Spring production for its Jennings-Federal Well No. 1, located in Unit F of Section 15, Township 19 South, Range 32 East, Lea County, New Mexico, and the promulgation of special pool rules therefor, including a provision for 160-acre proration units.
- CASE 5444: Application of C & K Petroleum, Inc., for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a new gas pool for production from the Wolfcamp formation for its Harold Olive Com No. 1 Well, located in Unit O of Section 14, Township 22 South, Range 26 East, Eddy County, New Mexico, and the promulgation of temporary special rules therefor, including a provision for 320-acre spacing units.
- CASE 5445: Application of C & K Petroleum, Inc., for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp formation underlying the S/2 or, in the alternative, the SE/4 of Section 14, Township 22 South, Range 26 East, Eddy County, New Mexico, to be dedicated to its Harold Olive Com Well No. 1, located at an orthodox location in the SE/4 of said Section 14. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of the applicant as operator of the well and a charge for the risk involved in drilling said well.

CASE 5446: Application of C & K Petroleum, Inc., for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a new oil pool for Strawn production for its Shipp "27" Well No. 1, located in Unit 0 of Section 27, Township 16 South, Range 37 East, Lea County, New Mexico, and the promulgation of temporary special rules therefor, including a provision for 80-acre proration units.

CASE 5447: Application of C & K Petroleum, Inc., for amendment of Order No. R-4857, Lea County, New Mexico. Applicant, in the above-styled cause, seeks amendment of Order No. R-4857, which order pooled all mineral interests in the Pennsylvanian formation underlying the SW/4 SE/4 of Section 27, Township 16 South, Range 37 East, Lea County, New Mexico, to pool all such mineral interests underlying the S/2 SE/4 of said Section 27.

CASE 5428: (Continued from the February 19, 1975, Examiner Hearing)

Application of Amax Chemical Corporation for the extension of the Potash-Oil Area, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the Potash-Oil Area in Eddy County, New Mexico, as defined by Order No. R-111-A, as amended, by the addition of the following described lands:

TOWNSHIP 19 SOUTH, RANGE 29 EAST

Section 13: S/2 SE/4

Section 14: W/2 SW/4

Section 23: N/2 NW/4, SE/4 NW/4, S/2 NE/4

Section 24: NW/4, W/2 NE/4, NE/4 NE/4

TOWNSHIP 19 SOUTH, RANGE 30 EAST

Section 14: W/2 NE/4

Section 18: SW/4



Case 5439

# Gulf Oil Company - U.S.

PRODUCTION DEPARTMENT

MIDLAND DISTRICT

W. B. Hopkins  
DISTRICT PRODUCTION MANAGER  
J. L. Pike  
DISTRICT OPERATIONS MANAGER  
M. B. Moseley  
DISTRICT SERVICES MANAGER  
A. J. Evans, Jr.  
DISTRICT ENVIRONMENTAL & SAFETY MANAGER  
J. C. Howard  
DISTRICT EMPLOYEE RELATIONS MANAGER

February 21, 1975

P. O. Drawer 1150  
Midland, Texas 79701

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

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

Re: Application of Gulf Oil Corporation  
to Amend Order No. R-4079 Permitting  
Commingle of Production, W. D. Grimes  
(NCT-A) and W. D. Grimes (NCT-B) Leases,  
Lea County, New Mexico

Gentlemen:

It is respectfully requested that the above application be approved administratively or in the alternative be set on your Examiner's docket for March 19, 1975. By Orders R-4079 dated 12-8-70, R-4079-A dated 10-8-71, and R-4079 dated 6-4-74, Gulf Oil Corporation was authorized to surface commingle, prior to measurement, production from the Hobbs (Grayburg-San Andres), Hobbs-Blinbry and Bowers (7Rivers) Pools from wells on the W. D. Grimes (NCT-B) Lease with production from the Hobbs (Grayburg-San Andres) Pool on the W. D. Grimes (NCT-A) Lease.

The W. D. Grimes (NCT-B) Lease is situated within the city limits of Hobbs, New Mexico, and comprises the NW/4 NE/4, E/2 NE/4, and NE/4 SE/4 of Section 33, T-18-S, R-38-E. The W. D. Grimes (NCT-A) Lease which is located outside the city limits of Hobbs, comprises the W/2 of Section 32 of the same township and range. The Commission approved the allocation of production to each of the wells in the subject pools and leases on the basis of bi-monthly well tests.

On February 14, 1975 Gulf completed its W. D. Grimes (NCT-B) No. 8 with a 24-hour production rate of 147 barrels of oil, 78 barrels of water, and 440 MCF gas. Gulf now proposes to produce the Hobbs (Drinkard) production from the W. D. Grimes (NCT-B) No. 8 prior



A DIVISION OF GULF OIL CORPORATION

DOCKET MAILED

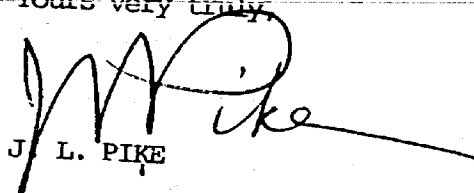
Date 3/6/75

Case 5439

Oil Conservation Commission  
Page 2  
February 21, 1975

to measurement into the flow line of W. D. Grimes (NCT-B) Well No. 2  
and thence to commingle with production from the other pools on the  
NCT-B and NCT-A Lease. The above mentioned production is to be  
allocated to each of the involved wells, pools, and leases on the  
basis of bi-monthly well tests.

Yours very truly,

  
J. L. PIKE

CFK/cm

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

RECEIVED  
OIL CONSERVATION COMMISSION  
SAN ANTONIO

Case 5439

J. R. MODRALL  
JAMES E. SPERLING  
JOSEPH E. ROEHL  
GEORGE T. HARRIS, JR.  
DANIEL A. SISK  
LELAND S. REDBERRY, JR.  
ALLEN C. DEWEY, JR.  
FRANK H. ALLEN, JR.  
JAMES A. PARKER  
JOHN R. COONEY  
KENNETH L. HARRIGAN  
PETER J. ADAMS  
DALE W. EK  
DENNIS J. FALK

ARTHUR O. MELENORES  
BRUCE D. BLACK  
JOE R. O. FULCHER  
MEL E. YOST  
JAMES P. HOUGHTON  
GEORGE J. HOPKINS  
PAUL M. FISH  
JUDY A. FRY

LAW OFFICES OF  
MODRALL, SPERLING, ROEHL, HARRIS & SISK

PUBLIC SERVICE BUILDING

P. O. BOX 2168

ALBUQUERQUE, NEW MEXICO 87103

JOHN F. SIMMS (1885-1954)  
AUGUSTUS T. SEYMOUR  
(1907-1965)

TELEPHONE 243-4511  
AREA CODE 505

February 25, 1975

Mr. A. L. Porter  
Secretary-Director  
Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Applications of Gulf Oil Corporation:  
(1) For Two Unorthodox Well Locations  
South Penrose Skelly Unit, Penrose  
Skelly Pool, Lea County, New Mexico;  
and (2) To Amend Order No. R-4079

Dear Mr. Porter:

Enclosed is Entry of Appearance on behalf of the Applicant,  
Gulf Oil Corporation, in each of the above-captioned appli-  
cations, which have been requested for docketing at the  
Examiner's hearing on March 19, 1975.

Very truly yours,

  
James E. Sperling

/jv

Enclosures

cc: Mr. Robert W. Fuller, w/encl.  
Divisional Attorney  
Gulf Oil Company - U.S.

Mr. J. L. Pike, w/encl.  
District Operations Manager  
Gulf Oil Company - U.S.

DOCKET MAILED

Date \_\_\_\_\_

Case 5439

BEFORE THE OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION  
OF GULF OIL CORPORATION FOR TWO  
UNORTHODOX WELL LOCATIONS SOUTH  
PENROSE SKELLY UNIT, PENROSE  
SKELLY POOL, LEA COUNTY, NEW MEXICO

Case No. \_\_\_\_\_

ENTRY OF APPEARANCE

The undersigned, Modrall, Sperling, Roehl, Harris &  
Sisk, of Albuquerque, New Mexico, hereby enter their ap-  
pearance herein for the Applicant, Gulf Oil Corporation,  
with its house counsel of Midland, Texas.

MODRALL SPERLING ROEHL HARRIS & SISK

By: 

Attorneys for Gulf Oil Corporation  
P. O. Box 2168  
Albuquerque, New Mexico 87103

Case 5439

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION  
OF GULF OIL CORPORATION TO AMEND  
ORDER NO. R-4079 PERMITTING  
COMMINGLING OF PRODUCTION, W. D.  
GRIMES (NCT-A) AND W. D. GRIMES  
(NCT-B) LEASES, LEA COUNTY, NEW  
MEXICO

Case No. \_\_\_\_\_

ENTRY OF APPEARANCE

The undersigned, Modrall, Sperling, Roehl, Harris &  
Sisk, of Albuquerque, New Mexico, hereby enter their ap-  
pearance herein for the Applicant, Gulf Oil Corporation,  
with its house counsel of Midland, Texas.

MODRALL SPERLING ROEHL HARRIS & SISK

By: 

Attorneys for Gulf Oil Corporation  
P. O. Box 2168  
Albuquerque, New Mexico 87103

STATE

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. 5439

Order No. R-4079-C

APPLICATION OF GULF OIL CORPORATION  
FOR THE AMENDMENT OF ORDER NO.  
R-4079, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 19, 1975  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of March, 1975, 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 by Order No. R-4079, dated December 8, 1970, ~~and~~  
*Order No. R-4079-A, dated October 8, 1971, and*  
as amended by Order No. R-4079-B, dated June 4, 1974, the  
Commission granted Gulf Oil Corporation an exception to Rules  
303 and 309 of the Commission Rules and Regulations to commingle,  
prior to measurement, production from the Hobbs (Grayburg-San  
Andres), *and Burre-Seven Rivers* and Hobbs-Blinebry Pools on applicant's W. P. Grimes  
NCT-B Lease and to commingle, prior to measurement, the aforesaid  
production with the Hobbs (Grayburg-San Andres) production from  
applicant's W. D. Grimes NCT-A Lease, said NCT-A lease being  
located in Section 32 and said NCT-B Lease being located in

(3) That allocation of production to each of the ~~apfoveid~~  
~~pools and leases~~ is provided by said orders  
to be on the basis of bi-monthly well tests.

-2-

Case No. 5439  
Order No. R-4079-C

Section 33, both in Township 18 South, Range 38 East, NMPM, Lea  
County, New Mexico.

(4) That the applicant, Gulf Oil Corporation, now seeks an  
amendment of Order No. R-4079, as amended, ~~by Order No. R-4079-B,~~  
to include in the commingling authority therein granted Hobbs-  
Drinkard production from its W. D. Grimes NCT-B lease.

(5) That applicant proposes to <sup>continue to</sup> allocate the production to  
each of said leases and pools on the basis of bi-monthly well tests.

(6) That approval of the subject application will allow the  
applicant to continue to take desirable safety precautions, will  
result in economic savings to the applicant, prevent waste, and  
protect correlative rights, provided that the facilities for comming-  
ling production are modified to provide for individual testing for  
each of the wells added to such facilities by virtue of this order.

~~(6) That Order No. R-4079, as amended by Order No. R-4079-A,  
and Order No. R-4079-B, should be amended to provide for bi-monthly  
testing of wells.~~

IT IS THEREFORE ORDERED:

(1) That Order (1) of Order No. R-4079, dated December 8,  
1970, is hereby amended to read as follows:

"(1) That the applicant, Gulf Oil Corporation, is hereby  
authorized to commingle prior to measurement production  
from the Hobbs (Grayburg-San Andres), Hobbs Blinebry,  
Bowers-Seven Rivers, and Hobbs-Drinkard Pools from wells  
on the W. D. Grimes NCT-B Lease comprising the NW/4 NE/4,  
E/2 NE/4, and NE/4 SE/4 of Section 33, Township 18 South,  
Range 28 East, NMPM, 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 herein-  
above designated.