

CASE 5741: GULF OIL CORP. FOR
DIRECTIONAL DRILLING, LEA COUNTY,
NEW MEXICO

CASE NO.

5741

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.



**REPORT
of
SUB-SURFACE
DIRECTIONAL
SURVEY**

Gulf Energy & Minerals U.S.
COMPANY

Central Drinkard Unit # L20
WELL NAME

Lea County, New Mexico
LOCATION

JOB NUMBER

WT 1176-G244
WT 1176-S0249
WT 1276-So2070

TYPE OF SURVEY

Gyro
Magnetic Multi Shot
Magnetic Multi Shot

DATE

11-16-76
11-19-76
12-6 -76

SURVEY BY

OFFICE



P. O. Box 5577/Midland, Texas 79701/(915) 563-0511
TVX 910-881-5066/Cable: EASTCO

STATE OF TEXAS
COUNTY OF MIDLAND

I, Ray Warner, in the employ of the Directional Drilling Department of Eastman Whipstock, Inc. did on the days of 11-16, 1976 thru _____, 19____ conduct or supervise the taking of a Gyroscopic Survey by the method of Magnetic Oriented Survey from a depth of 0 feet to 1098 feet, with records of inclination being taken at approximately every 100 feet.

This survey was conducted at the request of Gulf Energy and Minerals U.S. for their Central Drinkard Unit Well No. 1120, Lea county, State of New Mexico, in the field.

Ray Warner

STATE OF TEXAS
COUNTY OF MIDLAND

Before me, the undersigned authority, on this day personally appeared Ray Warner, known to me to be the person whose name is subscribed to this instrument, who after being by me duly sworn on oath, states that he has knowledge of all the facts stated above and that the same is a true and correct statement of facts therein recited.

Subscribed and sworn to before me on this 11th day of December, 19 76.

Phyllis J. Copeland
Notary Public in and for the county of
Midland, Texas



P. O. Box 5577/Midland, Texas 79701/(915) 563-0511
TWX 910-881-5066/Cable: EASTCO

STATE OF TEXAS
COUNTY OF MIDLAND

I, James Blackledge, in the employ of the Directional Drilling Department of Eastman Whipstock, Inc. did on the days of 11-19, 1976 thru , 19 conduct or supervise the taking of a Multiple Shot Survey by the method of Magnetic Oriented Survey from a depth of 1098 feet to 3000 feet, with records of inclination being taken at approximately every 91 feet.

This survey was conducted at the request of Gulf Energy and Minerals U.S. for their Central Drinkard Unit Well No. 420, Lea county, State of New Mexico, in the field.

STATE OF TEXAS
COUNTY OF MIDLAND

Before me, the undersigned authority, on this day personally appeared James Blackledge, known to me to be the person whose name is subscribed to this instrument, who after being by me duly sworn to oath, states that he has knowledge of all the facts stated above and that the same is a true and correct statement of facts therein recited.

Subscribed and sworn to before me on this 11th day of December, 1976.

Notary Public in and for the county of
Midland, Texas



P. O. Box 5577/Midland, Texas 79701/(915) 563-0511
TWX 910-881-5066/Cable: EASTCO

STATE OF TEXAS
COUNTY OF MIDLAND

I, Ray Warner, in the employ of the Directional Drilling Department of Eastman Whipstock, Inc. did on the days of 12-6, 19 76 thru _____, 19 _____ conduct or supervise the taking of a Multiple Shot Survey by the method of Magnetic Oriented Survey from a depth of 3000 feet to 6779 feet, with records of inclination being taken at approximately every 92 feet.

This survey was conducted at the request of Gulf Energy and Minerals U.S. for their Central Drinkard Unit Well No. 420, Lea county, State of New Mexico, in the _____ field.

Ray Warner

STATE OF TEXAS
COUNTY OF MIDLAND

Before me, the undersigned authority, on this day personally appeared Ray Warner, known to me to be the person whose name is subscribed to this instrument, who after being by me duly sworn on oath, states that he has knowledge of all the facts stated above and that the same is a true and correct statement of facts therein recited.

Subscribed and sworn to before me on this 11th day of December, 19 76.

Phyllis J. Copeland
Notary Public in and for the county of
Midland, Texas

GULF ENERGY AND MINERAL U. S.
 LEA COUNTY, NEW MEXICO
 CDU
 HO. 420
 GYRO
 WT1176-G244
 11-16-76

PAGE 1

 * SUBMITTED BY *
 * EASTMAN-WHIPSTOCK *
 * INC. *

RECORD OF SURVEY
 PRO. DIRECTION 0 0

MEAS. DEPTH	COURSE LENGTH	TRUE COURSE LENGTH	TRUE VERT. DEPTH	ANGLE OF INCLIN		COURSE DIRECTION			VERT. SEC.	DCG LEG DEGP/100	RECTANGULAR COORDINATES	
				D	M							
0	0.	0.00	0.00	0	0	N	0	0 E	0.00	0.00	0.00	0.00
100	100.	100.00	100.00	0	15	N	56	0 E	0.00	0.25	0.19 N	0.09E
200	100.	100.00	200.00	0	15	N	6	0 E	0.00	0.21	0.55 N	0.32E
300	100.	100.00	300.00	0	0	N	0	0 E	0.00	0.25	0.77 N	0.33E
400	100.	100.00	400.00	0	0	N	0	0 E	0.00	0.02	0.77 N	0.33E
500	100.	100.00	500.00	0	0	N	0	0 E	0.00	0.02	0.77 N	0.33E
600	100.	100.00	600.00	0	15	S	64	0 W	0.00	0.25	0.59 N	0.22E
700	100.	100.00	700.00	0	15	S	1	0 E	0.00	0.26	0.24 N	0.44E
800	100.	100.00	800.00	0	15	S	4	0 W	0.00	0.03	0.20 S	0.42E
900	100.	100.00	900.00	0	15	S	57	0 E	0.00	0.22	0.56 S	0.64E

MEAS. DEPTH	COURSE LENGTH	TRUE COURSE LENGTH	TRUE VERT. DEPTH	ANGLE OF INCLIN D M	COURSE DIRECTION D M	VERT. SEC.	DOG LEG DEGP 100	RECTANGULAR COORDINATES	
1000	100.	100.00	999.99	0 30	S 72 0 E	0.00	0.27	0.84 S	1.22E
1098	98.	98.00	1097.99	0 30	S 83 0 E	0.00	0.10	1.02 S	2.06E

BOTTOM HOLE CLOSURE 2.30 FEET AT S 63 31 58 E

(METHOD OF COMPUTATION--RADIUS OF CURVATURE)

GULF ENERGY AND MINERALS U.S.
 LEA COUNTY, NEW MEXICO
 C.D.U.
 WELL NO. 420
 MAGNETIC MULTISHOT SURVEY
 WT1176-S0249
 NOVEMBER 19, 1976

PAGE 1

 * SUBMITTED BY *
 * EASTMAN-WHIPSTOCK *
 * INC. *
 *

RECORD OF SURVEY
 PRO. DIRECTION 0 0

MEAS. DEPTH	COURSE LENGTH	TRUE COURSE LENGTH	TRUE VERT. DEPTH	ANGLE OF INCLIN D M	COURSE DIRECTION D M	VERT. SLC.	DOG LEG DEGP 100	RECTANGULAR COORDINATES	
1098	0.	0.00	1098.00	0 15	S 38 0 E	0.00	0.00	1.02 S	2.13 E
1154	56.	56.00	1154.00	0 45	N 3 0 E	0.00	1.01	0.57 S	2.30 E
1245	91.	90.99	1244.99	0 30	N 60 0 E	0.00	0.70	0.24 N	2.80 E
1337	92.	91.99	1336.99	0 45	N 48 0 E	0.00	0.31	0.83 N	3.61 E
1428	91.	90.99	1427.98	0 45	N 42 0 E	0.00	0.09	1.67 N	4.45 E
1520	92.	91.99	1519.97	1 0	N 56 0 E	0.00	0.36	2.59 N	5.51 E
1611	91.	90.99	1618.93	1 0	S 88 0 E	0.00	0.61	2.11 N	7.00 E
1703	92.	91.99	1702.94	0 45	N 48 0 E	0.00	0.70	2.62 N	8.27 E
1794	91.	90.99	1793.93	1 0	N 51 0 E	0.00	0.28	3.53 N	9.33 E
1886	92.	91.98	1885.91	1 30	N 32 0 E	0.00	0.70	5.02 N	10.65 E

MEAS. DEPTH	COURSE LENGTH	TRUE COURSE LENGTH	TRUE VERT. DEPTH	ANGLE OF INCLIN D M	COURSE DIRECTION D M	VERT. SEC.	DOG LEG DEGREE 100	RECTANGULAR COORDINATES	
1977	91.	90.96	1976.87	2 0	N 59 0 E	0.00	1.04	6.95 N	12.62E
2069	92.	91.93	2068.80	2 30	N 44 0 E	0.00	0.84	9.19 N	15.44E ✓
2160	91.	90.91	2159.71	2 30	N 46 0 E	0.00	0.09	12.00 N	18.24E
2252	92.	91.89	2251.60	3 0	N 52 0 E	0.00	0.63	14.90 N	21.57E
2343	91.	90.85	2342.46	3 30	N 47 0 E	0.00	0.63	18.24 N	25.49E
2435	92.	91.83	2434.29	3 30	N 47 0 E	0.00	0.02	22.08 N	29.60E
2526	91.	90.84	2525.13	3 15	N 45 0 E	0.00	0.30	25.80 N	33.46E ✓
2618	92.	91.86	2616.99	3 0	N 52 0 E	0.00	0.50	29.12 N	37.21E
2709	91.	90.88	2707.87	3 0	N 50 0 E	0.00	0.12	32.11 N	40.91E
2801	92.	91.87	2799.74	3 0	N 53 0 E	0.00	0.17	35.11 N	44.68E
2892	91.	90.89	2890.63	2 45	N 50 0 E	0.00	0.32	37.95 N	48.25E
2984	92.	91.90	2982.53	2 30	N 45 0 E	0.00	0.37	40.80 N	51.36E
3000	16.	15.98	2998.51	2 30	N 45 0 E	0.00	0.13	41.29 N	51.85E

BOTTOM HOLE CLOSURE 66.28 FEET AT N 51 27 58 E

(METHOD OF COMPUTATION--RADIUS OF CURVATURE)

GULF ENERGY AND MINERALS U.S.
 LEA COUNTY, NEW MEXICO
 CENTRAL DRILLING UNIT
 NUMBER 420
 MAGNETIC MULTIPLE SHOT SURVEY
 WT1276S0270
 DECEMBER 6, 1976

PAGE 1

 * SUBMITTED BY *
 * EASTMAN-WHIPSTOCK *
 * INC. *
 *

RECORD OF SURVEY
 PRG. DIRECTION 0 0

MEAS. DEPTH	COURSE LENGTH	TRUE COURSE LENGTH	TRUE VERT. DEPTH	ANGLE OF INCLIN D M	COURSE DIRECTION D M	VERT. SEC.	DOG LEG DEGREE 100	RECTANGULAR COORDINATES	
3000	0.	0.00	2996.51	2 30	N 45 0 E	0.00	0.00	41.29 N	51.85E
3074	74.	73.92	3072.43	2 45	N 47 0 E	0.00	0.36	43.64 N	54.29E
3166	92.	91.85	3164.23	3 45	N 50 0 E	0.00	1.10	47.10 N	58.19E
3259	93.	92.77	3257.06	4 15	N 43 0 E	0.00	0.75	51.56 N	62.90E
3352	93.	92.66	3349.72	5 30	N 36 0 E	0.00	1.49	57.66 N	67.92E
3443	91.	90.56	3440.28	5 45	N 28 0 E	0.00	0.90	65.22 N	72.64E
3536	93.	92.47	3532.75	6 30	N 18 0 E	0.00	1.40	74.34 N	76.52E
3627	91.	90.39	3623.14	6 45	N 14 0 E	0.00	0.58	84.43 N	79.41E
3720	93.	92.41	3715.45	7 15	N 11 0 E	0.00	0.67	95.49 N	81.86E
3813	93.	92.23	3807.66	7 30	N 16 0 E	0.00	0.74	107.10 N	84.65E

MEAS. DEPTH	COURSE LENGTH	TRUE COURSE LENGTH	TRUE VERT. DEPTH	ANGLE OF INCLIN D M	COURSE DIRECTION		VERT. SEC.	DOG LEG DEEPER 100	R E C T A N G U L A R C O O R D I N A T E S	
					D M	D M				
3906	93.	91.67	3899.35	11 45	N 31	0 E	0.00	5.27	121.31 N	90.83E
3999	93.	91.85	3990.40	11 45	N 28	0 E	0.00	0.66	137.79 N	100.15E ✓
4092	93.	91.69	4031.49	11 30	N 30	0 E	0.00	0.51	154.18 N	109.24E
4185	93.	91.13	4172.62	11 30	N 30	0 E	0.00	0.00	170.24 N	118.51E
4279	94.	91.63	4260.25	14 15	N 34	0 E	0.00	3.07	188.00 N	129.60E
4372	93.	89.50	4353.75	17 15	N 27	0 E	0.00	3.81	209.73 N	142.41E
4464	92.	87.68	4441.43	18 0	N 28	0 E	0.00	0.88	234.44 N	155.27E ✓
4554	90.	85.47	4526.91	18 30	N 28	0 E	0.00	0.56	259.33 N	168.50E
4646	92.	86.92	4613.83	19 45	N 28	0 E	0.00	1.36	285.94 N	182.65E
4737	91.	85.30	4699.13	21 0	N 29	0 E	0.00	1.43	313.78 N	197.77E
4829	92.	85.30	4784.43	23 0	N 30	0 E	0.00	2.21	343.78 N	214.74E
4922	93.	85.12	4869.55	24 30	N 27	0 E	0.00	2.07	376.69 N	232.61E ✓
5014	92.	83.71	4953.27	24 30	N 27	0 E	0.00	0.00	410.68 N	249.93E
5105	91.	82.47	5035.74	25 30	N 25	0 E	0.00	1.44	445.24 N	266.79E
5196	91.	81.79	5117.53	26 30	N 23	0 E	0.00	1.46	481.69 N	283.01E ✓
5290	94.	83.75	5201.28	27 30	N 19	0 E	0.00	2.20	521.52 N	298.30E
5382	92.	81.14	5282.42	28 45	N 18	0 E	0.00	1.45	562.64 N	312.06E ✓
5476	94.	82.41	5364.83	28 45	N 16	0 E	0.00	1.02	605.88 N	325.28E
5568	92.	80.56	5445.39	29 0	N 15	0 E	0.00	0.59	648.69 N	337.15E
5662	94.	82.31	5527.71	28 45	N 16	0 E	0.00	0.56	692.43 N	349.28E ✓

MEAS. DEPTH	COURSE LENGTH	TRUE COURSE LENGTH	TRUE VERT. DEPTH	ANGLE OF INCLIN D P	COURSE DIRECTION	VERT. SEC.	LOG DEG PER 100	RECTANGULAR COORDINATES	
5752	90.	75.92	5503.23	29 45	N 14 0 E	0.00	1.55	734.91 N	360.68E
5845	93.	80.84	5667.07	29 30	N 14 0 E	0.00	0.27	779.51 N	371.79E
5939	94.	81.81	5768.89	29 30	N 14 0 E	0.00	0.02	824.42 N	382.98E
6030	91.	78.71	5847.59	30 45	N 14 0 E	0.00	1.37	868.74 N	394.03E
6121	91.	78.41	5926.00	30 15	N 14 0 E	0.00	0.55	913.55 N	405.21E
6216	93.	82.17	6008.17	30 0	N 15 0 E	0.00	0.59	959.71 N	417.14E
6307	91.	78.51	6086.68	30 45	N 14 0 E	0.00	0.99	1004.26 N	428.67E
6397	90.	78.23	6164.91	29 30	N 15 0 E	0.00	2.56	1047.33 N	439.80E
6490	93.	81.73	6246.64	29 30	N 15 0 E	0.00	0.00	1090.19 N	451.29E
6581	91.	80.16	6325.80	28 0	N 15 0 E	0.00	0.55	1131.80 N	462.44E
6680	99.	87.41	6414.21	28 0	N 15 0 E	0.00	0.00	1176.69 N	474.47E
6779	99.	87.41	6501.62	28 0	N 15 0 E	0.00	0.00	1221.59 N	486.50E

BOTTOM HOLE CLOSURE 1314.90 FEET AT N 21 42 53 E

(METHOD OF COMPUTATION--RADIUS OF CURVATURE)

All distances must be from the outer boundaries of the Section.

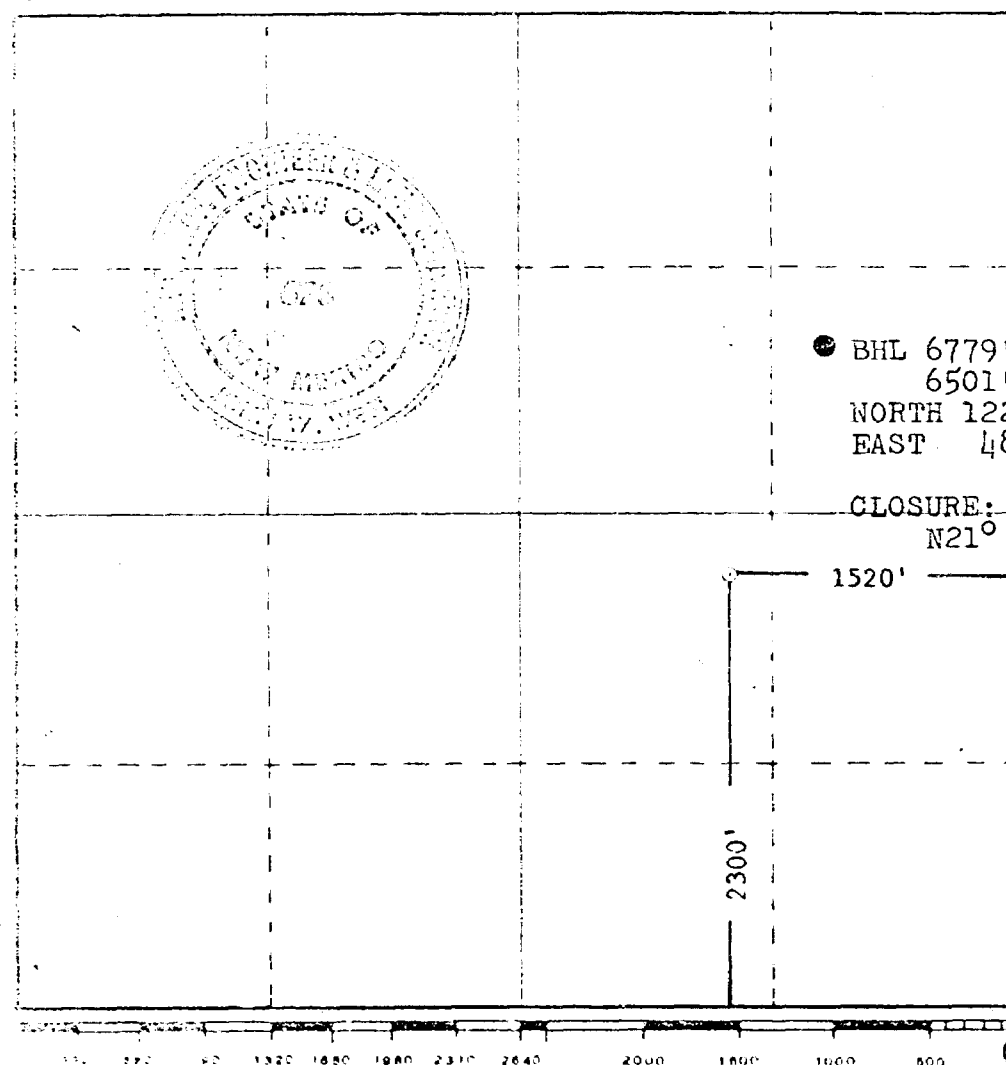
GULF OIL CORP.		CENTRAL DRINKARD UNIT		420
J	33	21 SOUTH	37 EAST	LEA
2300		1520		
3443.4				

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Name

Firm

● BHL 6779 M.D.
6501 T.V.D.
NORTH 1221.59'
EAST 486.50'

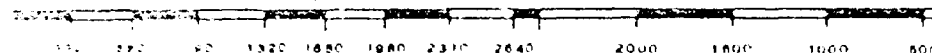
CLOSURE: 1314.90'
N21° 43' E

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
SEPT. 10, 1976

Registered Professional Engineer
and/or Land Surveyor

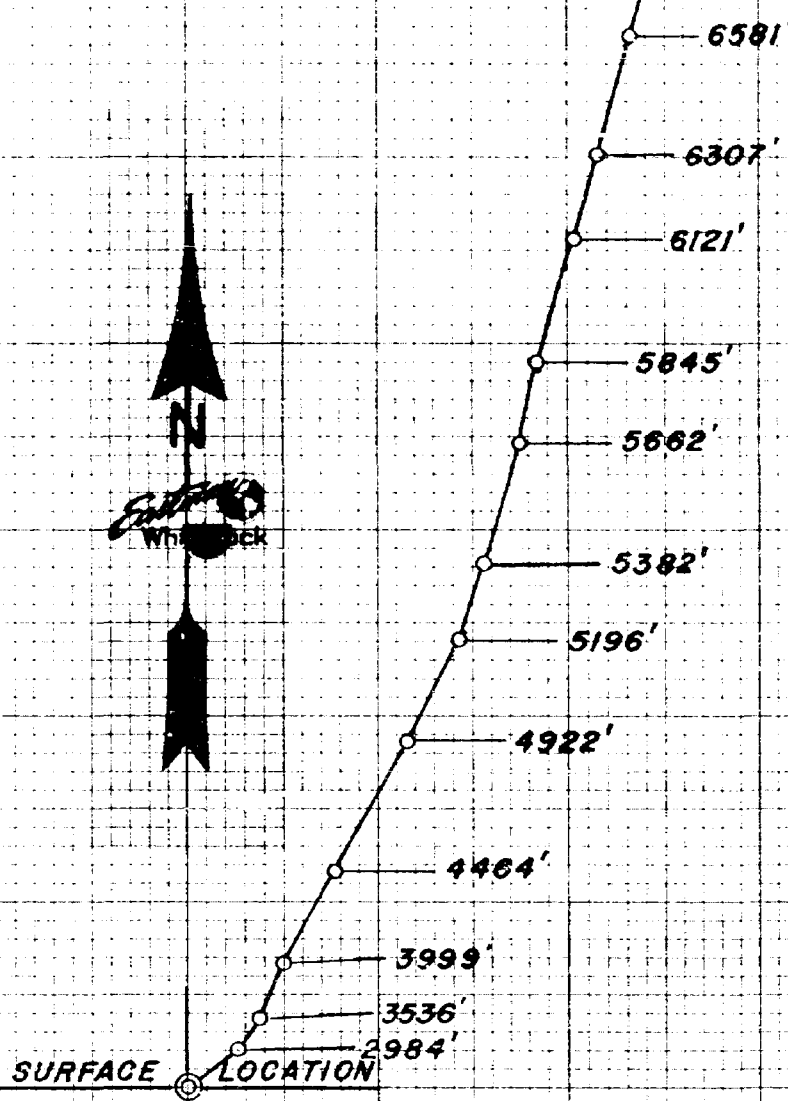
John W. West
Certificate No. 676



GULF ENERGY AND MINERALS - U.S. CENTRAL DRINKARD UNIT NO. 420 LEA CO., NEW MEXICO

WT1176-50243
WT1276-50270

6779' M.D. 6501.62' T.V.D.
NORTH 1221.59'
EAST 486.50'
CLOSURE 1314.90'
N21°43'E



10 X 10 PER INCH
100-300-10 DIETZEN GRAPH PAPER

MADE IN U.S.A.
DIETZEN CORPORATION

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
August 18, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Gulf Oil Corporation for) CASE
directional drilling, Lea County,) 5741
New Mexico.)

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: Lynn Teschendorf, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant: Robert H. Thomas, Esq.
Legal Counsel for Gulf Oil Corp.
Midland, Texas

Jack M. Campbell, Esq.
CAMPBELL & BINGAMAN
Attorneys at Law
Box 2208
Santa Fe, New Mexico

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

I N D E X

Page

CHARLES F. KALTEYER

Direct Examination by Mr. Thomas

3

EXHIBIT INDEX

Offered Admitted

Applicant's Exhibit One, Plat

4

10

Applicant's Exhibit Two, Map

8

10

Applicant's Exhibit Three, Order R-5030

10

10

1 MR. STAMETS: We will call next Case 5741.

2 MS. TESCHENDORF: Case 5741, application of Gulf Oil
3 Corporation for directional drilling, Lea County, New Mexico.

4 MR. THOMAS: Mr. Examiner, I'm Robert H. Thomas,
5 Gulf Oil in Midland, Texas. I have one witness to be sworn.
6 Is the witness still under oath?

7 MR. STAMETS: Mr. Kalteyer was sworn in the
8 previous case and he is still under oath.

9 MR. THOMAS: Once again, Mr. Examiner, we wish to
10 reflect that Jack M. Campbell, attorney in Santa Fe has
11 entered an appearance in this case.

12
13 CHARLES F. KALTEYER

14 called as a witness, having been previously sworn, was
15 examined and testified as follows:

16
17 DIRECT EXAMINATION

18 BY MR. THOMAS:

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

21 A Gulf is seeking authority to directionally drill
22 three gas wells in the Central Drinkard Unit, Drinkard Pool,
23 Lea County, New Mexico. The proposed wells are to be
24 located as follows: Unit Well No. 406 with a surface location
25 of twenty-two hundred feet from the south line and fourteen

sid morrish reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

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825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

1 hundred and seventy feet from the east line, Section 33,
2 Township 21 South, Range 37 East and the proposed bottom-
3 hole location is in Unit I approximately twenty-three hundred
4 and ninety feet from the south line and eight hundred and
5 seventy feet from the east line of Section 33, Township 21
6 South, Range 37 East.

7 Unit Well No. 407 with a surface location of
8 fourteen hundred and seventy-five feet from the south line
9 and fourteen hundred and forty feet from the east line of
10 Section 33, Township 21 South, Range 37 East and a proposed
11 bottom-hole location in Unit P approximately located at
12 eleven hundred and ten feet from the south line, seven hundred
13 feet from the east line of Section 33, Township 21 South,
14 Range 37 East.

15 And the third well, Unit Well No. 420 with a
16 surface location twenty-three hundred feet from the south
17 line fifteen hundred and twenty feet from the east line of
18 Section 33, Township 21 South, Range 37 East and a proposed
19 bottom-hole location in Unit H approximately seventeen
20 hundred and ninety feet from the north line and one thousand
21 and thirty feet from the east line of Section 33, Township 21
22 South, Range 37 East.

23 Q Do you have an exhibit which shows the Central
24 Drinkard Unit and the locations of the proposed wells?

25 A Yes, sir, Exhibit One is a plat of the Central

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

1 Drinkard Unit project. It is outlined by hachures and it
2 depicts the location of the injection and producing wells,
3 together with the wells located in the immediately adjacent
4 leases. The wells which are encircled are Drinkard oil
5 producing wells and those enclosed in triangles are water
6 injection wells. The wells enclosed in orange squares are
7 currently Drinkard gas completions. The three wells enclosed
8 in the green squares are the proposed bottom-hole locations
9 of the three wells which are the subject of this hearing.

10 Q Will these three wells be bottomed at regular
11 locations according to state-wide spacing rules?

12 A Yes, sir, we propose to complete these wells within
13 a hundred feet of the herein proposed bottom-hole location.

14 Q Are there currently oil wells producing from each
15 of the proration units to which these wells are scheduled
16 to be drilled?

17 A Yes, sir, there are. Each of the forty-acre proration
18 units currently have wells producing therefrom.

19 The latest production test data is as follows:
20 Well No. 144 for which Unit Well No. 420 will be drilled to,
21 that unit on test produced three oil and five water, pumping
22 with a gas-oil ratio of sixteen hundred and thirty-three to
23 one.

24 Unit Well No. 145 on test on June 4th of '76
25 produced five barrels of oil and eight barrels of water,

1 pumping with a fourteen hundred to one ratio. Unit Well
2 No. 406 is to be located in that proration unit.

3 The next well is Unit Well No. 157 on east in
4 May produced seven barrels of oil and one barrel of water,
5 pumping with a nineteen thousand, one hundred and forty-three
6 to one ratio. Unit Well No. 407 is to be located in that
7 proration unit.

8 Q Why does Gulf believe it is necessary to drill a
9 second well on each of these proration units?

10 A During the past two years there has been a develop-
11 ment of gas completions in the Upper Drinkard zone. This
12 new gas development has resulted in a number of completions
13 offsetting the Central Drinkard along the northeast and south
14 boundaries as shown in Exhibit One. The gas zone in the
15 Drinkard Pool lies above the oil zone which we are waterflood-
16 ing in the Central Drinkard Unit and apparently was not
17 originally associated with the oil column due to an impermeable
18 section existing between the two zones.

19 Q Have any of the wells on the Central Drinkard Unit
20 been completed in the gas zone?

21 A Yes, sir, you will note that as of this time there
22 have been eleven Drinkard gas completions within the unit.

23 Q Why do the operators of the Central Drinkard Unit
24 propose to directionally drill these three wells which are the
25 subject of this hearing?

sid morrish reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

sid morrish reporting service

General Court Reporting Service
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Phone (505) 982-9212

1 A. By referring to Exhibit One you will note the
2 heavy concentration of Drinkard gas completions offsetting
3 the southeast portion of the Central Drinkard Unit in the
4 west half of Section 34. Our proposed wells are necessary to
5 protect correlative rights of the Central Drinkard Unit
6 owners. The operators of the unit believe that gas can be
7 developed without a detrimental effect on the waterflood
8 project. There is evidence that separation exists between
9 the Upper Drinkard gas zone and the Lower Drinkard oil zone
10 and in order to protect our investment in the waterflood
11 and maximize secondary oil recovery which, of course, is our
12 primary concern, we have decided to use separate wellbores
13 to develop the Drinkard gas zone. Since the gas completions
14 have to be initially fractured we do not intend to have a
15 gas producer on the same forty-acre proration unit where
16 water is being injected. We propose to make gas completions
17 only on those tracts which have Drinkard oil producers
18 located thereon.

19 Dual completions would be acceptable where practical,
20 however, no downhole commingling is planned between the
21 Upper and Lower Drinkard sections in the Central Drinkard
22 Unit.

23 Q. How do you intend to handle the allowable of two
24 Drinkard completions on each forty-acre proration unit?

25 A. As in Case 5474, Order R-5030 which authorized

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Phone (505) 982-9212

1 the administrative procedure for additional wells on each
2 proration unit of the Central Drinkard Unit, irrespective of
3 how many completions are made on each tract, each forty-acre
4 proration unit will receive no more than the eight hundred and
5 fifty-two MCF per day gas limit based on the top allowable of
6 a hundred and forty-two barrels of oil per day times the
7 gas-oil ratio limit of six thousand to one cubic feet per
8 barrel. There is no allowable limit on the rate of oil
9 production from the Central Drinkard Unit since it is under
10 active waterflood.

11 Q Why is it necessary to directionally drill these
12 wells?

13 A Because of residential and commercial development
14 within the city limits of Eunice and to minimize the disruption
15 of city streets and alleys the operators of the Central
16 Drinkard Unit believe it more practicable to directionally drill
17 these wells from outside the city limits.

18 Q Do you have a second exhibit giving more detail as
19 to the location of the surface and bottom-hole locations with
20 respect to the city limits of Eunice?

21 A Yes, sir, Exhibit Two is a large scale map which
22 depicts the surface locations outside the city limits of
23 Eunice with bottom-holes projected well under the city limits
24 at regular locations. We propose to kick the bottom-hole
25 locations of these wells from six hundred and thirty feet in

1 the case of Well No. 406 to as much as thirteen hundred and
2 ten feet in Unit Well No. 420.

3 Q What is the normal cost to drill and complete a
4 gas well in the Drinkard Pool as compared to directionally
5 drilling the subject wells?

6 A A normal hole drilled as a Drinkard gas completion
7 costs in the neighborhood of a hundred and ninety thousand
8 dollars each and we have estimated the cost to directionally
9 drill the subject wells at approximately two hundred twenty-
10 six thousand dollars each.

11 Q You have previously referred to Oil Conservation
12 Commission Case No. 5474 and Order R-5030, what spacing
13 requirements were set out in that case?

14 A The Commission authorized the approval of such
15 additional producing wells and injection wells at orthodox
16 and unorthodox locations within the boundaries of the Central
17 Drinkard Unit area as may be necessary to complete an
18 efficient production and injection pattern and to protect the
19 Unit from drainage provided said wells are drilled no closer
20 than three hundred and thirty feet to the outer boundary of
21 the unit area nor closer than ten feet to any quarter-quarter
22 section or subdivision inner boundary.

23 Q Will the three proposed wells be in compliance with
24 the spacing requirements as set out by this order?

25 A Yes, sir.

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1 Q Do you have a copy of Order R-5030 for the
2 convenience of the Examiner?

3 A Yes, I labeled it Exhibit Three.

4 Q Exhibit Three, please. Will you again summarize
5 what the operators of the Central Drinkard Unit are seeking
6 in this application?

7 A The operators are seeking authority to directionally
8 drill Unit Wells No. 406, 407 and 420 in the Central Drinkard
9 Unit from the previously mentioned surface locations and
10 to be bottomed within one hundred feet of the proposed bottom-
11 hole location.

12 Q Mr. Kalteyer, is it your opinion based on your
13 experience that the granting of this application will prevent
14 waste and protect correlative rights?

15 A Yes, sir, I do.

16 Q Were these exhibits prepared under your supervision?

17 A Yes, sir.

18 MR. THOMAS: Mr. Examiner, we have nothing further,
19 I would move that Exhibits One, Two and Three be admitted in
20 this case.

21 MR. STAMETS: These exhibits will be admitted.

22 (THEREUPON, Applicant's Exhibits One through
23 Three were admitted into evidence.)

24 MR. STAMETS: Are there questions of the witness?
25 He may be excused.

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1 (THEREUPON, the witness was excused.)

2 MR. STAMETS: Is there anything further in this
3 case? The case will be taken under advisement.

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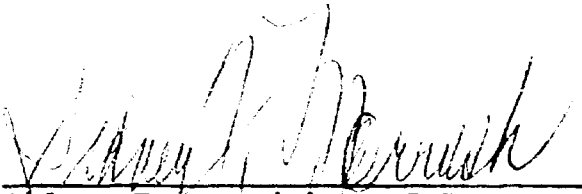
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General Court Reporting Service
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Phone (505) 982-9212

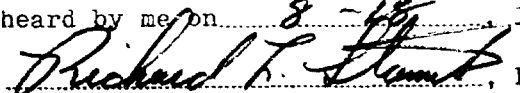
REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.


Sidney F. Morrish, C.S.R.

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5741,
heard by me on 8-18-1976.


Richard T. Hunt, Examiner
New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87501

DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO
September 1, 1976



STATE GEOLOGIST
EMERY C. ARNOLD

Mr. Jack Campbell
Campbell & Bingaman
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico 87501

Re: CASE NO. 5741
ORDER NO. R-5263

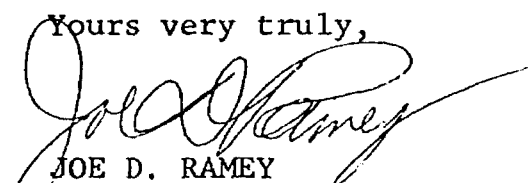
Applicant:

Gulf Oil Corporation

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC

Other Bob Thomas

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. 5741
Order No. R-5263

APPLICATION OF GULF OIL CORPORATION FOR
DIRECTIONAL DRILLING, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 18, 1976, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 31st day of August, 1976, 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, seeks authority for the directional drilling of three wells on its Central Drinkard Unit, Drinkard Pool, Lea County, New Mexico, all in Section 33, Township 21 South, Range 37 East, with 40-acre proration units to be dedicated as follows:

Well No. 406, surface location 2200 feet from the South line and 1470 feet from the East line, bottom-hole location within 100 feet of a point 2390 feet from the South line and 870 feet from the East line, Unit I dedication;

Well No. 407, surface location 1475 feet from the South line and 1440 feet from the East line, bottom-hole location within 100 feet of a point 1110 feet from the South line and 700 feet from the East line, Unit P dedication and;

Well No. 420, surface location 2300 feet from the South line and 1520 feet from the East line, bottom-hole location within 100 feet of a point 1790 feet from the North line and 1030 feet from the East line, Unit H dedication.

-2-

Case No. 5741
Order No. R-5263

(3) That the applicant seeks authority to directional drill said wells to permit the surface locations to be outside the Eunice city limits and more distant from occupied dwellings.

(4) That approval of the application is in the interest of conservation, inasmuch as it will minimize surface damage and fire hazard, and will not cause waste, and will not impair correlative rights, provided that the applicant should be required to determine the subsurface locations of the bottom of the holes by means of a continuous multi-shot directional survey conducted subsequent to directional drilling, if said wells are to be completed as producing wells.

IT IS THEREFORE ORDERED:

(1) That the applicant, Gulf Oil Corporation, is hereby authorized to directionally drill three wells on its Central Drinkard Unit, Drinkard Pool, Lea County, New Mexico, all in Section 33, Township 21 South, Range 37 East, and with unit dedications as follows:

Well No. 406, surface location 2200 feet from the South line and 1470 feet from the East line, bottom-hole location within 100 feet of a point 2390 feet from the South line and 870 feet from the East line, Unit I dedication;

Well No. 407, surface location 1475 feet from the South line and 1440 feet from the East line, bottom-hole location within 100 feet of a point 1110 feet from the South line and 700 feet from the East line, Unit P dedication and;

Well No. 420, surface location 2300 feet from the South line and 1520 feet from the East line, bottom-hole location within 100 feet of a point 1790 feet from the North line and 1030 feet from the East line, Unit H dedication.

PROVIDED HOWEVER, that subsequent to the above-described directional drilling, should said wells be producers, a continuous multi-shot directional survey shall be made of the wellbore from total depth to the whipstock point with shot points not more than 100 feet apart; that the operator shall cause the surveying company to forward a copy of the survey report directly to the Santa Fe office of the Commission, Box 2088, Santa Fe, New Mexico; and that the operator shall notify the Commission's Hobbs district office of the date and time said surveys are to be commenced.

(2) That Form C-105 shall be filed in accordance with Commission Rule 1108 and the operator shall indicate thereon true vertical depths in addition to measured depths.

-3-
Case No. 5741
Order No. R-5263

(3) 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


Phil R. Lucero
PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

jr/

- CASE 5735: Application of Continental Oil Company to amend Order No. R-1234, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Rule 19 of the Special Rules for the Warren Tubb Gas Pool promulgated by Order No. R-1234, to provide for an increase in the gas-oil ratio limitation for oil wells in said pool to some figure not to exceed 10,000 to one.
- CASE 5736: Application of BCO Inc. for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Basin Dakota Gas Pool and Lybrook-Gallup Oil Pool and undesignated Greenhorn and Mancos production in the wellbore of its Dunn Well No. 2, located in Unit F of Section 10, Township 23 North, Range 7 West, Rio Arriba County, New Mexico.
- CASE 5737: Application of Howard Boatright Company for amendment of Order No. R-5208, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5208 which authorized salt water disposal into the Delaware formation through applicant's State CS Well No. 1 located in Unit L of Section 17, Township 21 South, Range 27 East, Eddy County, New Mexico. Applicant seeks to increase the maximum wellhead injection pressure for said well from 400 psi to 800 psi.
- CASE 5709: Application of Tahoe Oil and Cattle Company for an exception to the provisions of Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to construct and operate an earthen salt water disposal pit in the NE/4 SW/4 of Section 2, Township 20 South, Range 30 East, Eddy County, New Mexico.
- CASE 5738: Application of Hayes Oil Company for a non-standard proration unit and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 240-acre non-standard gas proration unit comprising the NE/4 and N/2 SE/4 of Section 18, Township 20 South, Range 26 East, Eddy County, New Mexico, to be dedicated to a Morrow test well proposed to be drilled at an unorthodox location for said unit at a point 1980 feet from the South line and 660 feet from the East line of said Section 18.
- CASE 5739: Application of William T. McCoy for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of its McCord Well No. 1 to be drilled at a point 660 feet from the North and East lines of Section 22, Township 23 South, Range 26 East, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico.
- CASE 5740: Application of Gulf Oil Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying Section 28, Township 24 South, Range 26 East, Eddy County, New Mexico, to be dedicated to applicant's White City Penn Gas Com. Unit No. 3 Well No. 1, to be drilled at a point 2310 feet from the North and West lines of said Section 28. 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5741: Application of Gulf Oil Corporation for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the directional drilling of three wells on its Central Drinkard Unit, Drinkard Pool, Lea County, New Mexico, all in Section 33, Township 21 South, Range 37 East, as follows: Well No. 406, surface location 2200 feet from the South line and 1470 feet from the East line, bottom-hole location 2390 feet from the South line and 870 feet from the East line; Well No. 407, surface location 1475 feet from the South line and 1440 feet from the East line, bottom-hole location 1110 feet from the South line and 700 feet from the East line; Well No. 420, surface location 2300 feet from the South line and 1520 feet from the East line, bottom-hole location 1790 feet from the North line and 1030 feet from the East line. All of the above wells would be bottomed within 100 feet of the above-described bottom-hole locations.
- CASE 5742: Application of Gulf Oil Corporation for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard Blinberry gas proration unit comprising the S/2 NW/4 and W/2 NE/4 of Section 28, Township 21 South, Range 37 East, Lea County, New Mexico, to be simultaneously dedicated to applicant's Eunice King Wells Nos. 5 and 24, located, respectively, 1874 feet from the North and West lines, and 2086 feet from the North line and 760 feet from the West line of said Section 28. Applicant further seeks authority to later substitute its Eunice King Well No. 15, located 2086 feet from the North and West lines of said Section 28 for the aforesaid Well No. 5 in the above-described simultaneous dedication.
- CASE 5743: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit John W. Adams, Executor of Estates of R. W. and June Adams; and Ruth McGahey, Fred McGahey and David McGahey dba Adams & McGahey, American Employers' Insurance Company, and all other interested parties to appear and show cause why the following wells located in Township 21 North, Range 30 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program:

Gonzales Well No. 2, located in Unit P of Section 9; Adams & McGahey Well No. 1, located in Unit B of Section 16; and Gonzales "A" Well No. 1, located in Unit H of Section 32.

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:

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

EXHIBIT NO. 3

CASE NO. 5741

Submitted by Gulf Oil Corp.

Hearing Date 5-18-75

CASE NO. 5474

Order No. R-5030

APPLICATION OF GULF OIL COMPANY
FOR TWO NON-STANDARD LOCATIONS
AND THE AMENDMENT OF ORDERS
NOS. R-2904 AND R-2909, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 14, 1975,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 22nd day of May, 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 Gulf Oil Company is the operator of the Central
Drinkard Unit, Drinkard Pool, Lea County, New Mexico, which
unit is governed by the Central Drinkard Unit Agreement which
was approved by the Commission by Order No. R-2904, dated May
6, 1965.

(3) That pursuant to Commission Order No. R-2909, dated
May 10, 1965, and certain other orders, the applicant is con-
ducting secondary recovery operations within said Central
Drinkard Unit Area.

(4) That the unitized interval for said Central Drinkard
Unit Area was defined in the original Central Drinkard Unit
Agreement as being from 6440 feet to 6590 feet as found on the
log of the Gulf Oil Corporation J. N. Carson Well No. 7,
located 810 feet from the North line and 2180 feet from the East
line of Section 33, Township 21 South, Range 37 East, NMPM,
Lea County, New Mexico.

(5) That the applicant seeks the amendment of the Central Drinkard Unit Agreement to change the unitized interval for said Central Drinkard Unit Area to be from 6330 feet to 6590 feet as found on the log of the aforesaid J. N. Carson Well No. 7.

(6) That the applicant further seeks approval for the unorthodox location of two wells in the Drinkard Pool underlying said Central Drinkard Unit, said wells being Unit Well No. 101 located 554 feet from the North line and 766 feet from the East line, and Unit Well No. 401 located 660 feet from the North line and 660 feet from the East line, both in Section 28, Township 21 South, Range 37 East, NMPM.

(7) That the applicant further seeks the amendment of Order No. R-2909, which authorized the secondary recovery project in said Central Drinkard Unit Area, to provide for the administrative approval of additional wells at unorthodox locations in said unit area.

(8) That the necessity for the amendment of the unitized interval of the Central Drinkard Unit, the location of the two wells described in Finding No. (6) above, and the establishment of the administrative procedure described in Finding No. (7) above is occasioned by development of the Upper Drinkard gas pay in wells offsetting the Central Drinkard Unit Area.

(9) That to protect the said unit area from drainage by offsetting wells, the applicant, as unit operator, must complete gas wells in the Upper Drinkard gas pay on the same 40-acre tract as existing wells in the Lower Drinkard oil pay which are part of the Lower Drinkard Waterflood Project.

(10) That approval of the amendment of the vertical limits of the unitized interval of the Central Drinkard Unit, the two above-described non-standard locations, and the aforesaid administrative procedure is in the interest of the protection of correlative rights and the prevention of waste, and should be approved, provided that the gas production from any 40-acre tract should be limited to top unit allowable for the Drinkard Pool times the limiting gas-oil ratio for the pool.

IT IS THEREFORE ORDERED:

(1) That the vertical limits of the unitized interval of the Central Drinkard Unit Area are hereby amended to be from 6330 feet to 6590 feet as found on the log of the Gulf Oil Corporation J. N. Carson Well No. 7, located 810 feet from the North line and 2180 feet from the East line of Section 33, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, subject to like approval by the Commissioner of Public Lands for the State of New Mexico.

(2) That the applicant, Gulf Oil Company, is hereby authorized to complete the following wells in the Drinkard Pool at the following non-standard locations in Section 28, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico:

Central Drinkard Unit Well No. 101, located 554 feet from the North line and 766 feet from the East line; and

Central Drinkard Unit Well No. 401, located 660 feet from the North line and 660 feet from the East line.

PROVIDED HOWEVER, that the 40-acre tract upon which said wells are located shall have a limited casinghead gas allowable determined by multiplying top unit allowable for the Drinkard Pool by the gas-oil ratio limitation for said pool.

(3) That Order (1) of Commission Order No. R-2909, is hereby amended by the addition of the following:

"PROVIDED HOWEVER, that the Secretary-Director of the Commission is hereby authorized to approve such additional producing wells and injection wells at orthodox and unorthodox locations within the boundaries of the Central Drinkard Unit Area as may be necessary to complete an efficient production and injection pattern, and to protect the unit from drainage, provided said wells are drilled no closer than 330 feet to the outer boundary of the unit area nor closer than 10 feet to any quarter-quarter section or subdivision inner boundary, and provided further, that no 40-acre tract shall be permitted to produce more gas than the amount obtained by multiplying top unit allowable for the Drinkard Pool by the limiting gas-oil ratio for the pool. To obtain such administrative approval, the unit operator shall file proper application with the Commission, which application, if it seeks to convert additional wells to injection or to drill additional production or injection wells, shall include the following:

(1) A plat showing the location of the proposed well, all wells within the project area, and offset operators, and locating wells which offset the project area.

(2) A schematic drawing of the proposed injection well which fully describes the casing, tubing, perforated interval, and depth.

(3) A letter stating that all offset operators to the proposed well have been furnished a complete copy of the application and the date of notification.

The Secretary-Director may approve the proposed well if, within 20 days after receiving the application, no objection to the proposal is received. The Secretary-Director may grant immediate approval, provided waivers of objection are received from all offset operators."

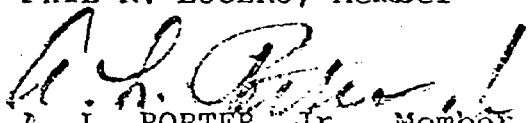
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


I. R. TRUJILLO, Chairman


PHIL R. LUCERO, Member


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

S E A L

jr/

J. R. MODRALL
JAMES E. SPERLING
JOSEPH E. ROEHL
GEORGE T. HARRIS, JR.
DANIEL A. SISK
LELAND S. SEDBERRY, 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
JOE R. G. FULCHER
ARTHUR D. MELENDRES
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 11885-1954
AUGUSTUS T. SEYMOUR
11907-1985

TELEPHONE 243-4511
AREA CODE 505

August 12, 1976

Mr. Joe D. Ramey
Secretary-Director
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Application of Gulf Oil Corporation -
Case No. 5741

Dear Mr. Ramey:

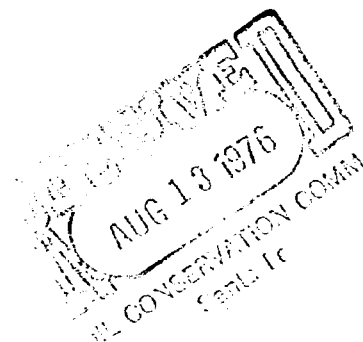
Please be advised that we inadvertently filed an
Entry of Appearance on behalf of Gulf Oil Corporation
in the above-captioned case which has been docketed
for examiner's hearing on August 18, 1976. This let-
ter will serve as your notification that we withdraw
as local counsel for Gulf Oil Corporation in this
matter.

Very truly yours,

James E. Sperling

/jev

cc: Mr. Morgan L. Copeland
Regional Attorney
The Gulf Companies



BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF GULF OIL CORPORATION FOR
DIRECTIONAL DRILLING ON ITS
CENTRAL DRINKARD UNIT, DRINKARD
POOL, LEA COUNTY, NEW MEXICO

Case No. 5741

ENTRY OF APPEARANCE

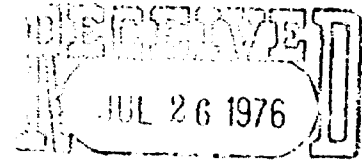
The undersigned, Modrall, Sperling, Roehl, Harris & Sisk, of Albuquerque, New Mexico, hereby enter their appearance for the Applicant, Gulf Oil Corporation, with its house counsel of Midland, Texas.

MODRALL SPERLING ROEHL HARRIS & SISK

By: 

James E. Sperling, Attorneys for
Gulf Oil Corporation
P. O. Box 2168
Albuquerque, New Mexico 87103
Telephone: (505) 243-4511

Case 5741



Gulf Energy and Minerals Company

PRODUCTION DEPARTMENT
MIDLAND DISTRICT

B. L. Choate
DISTRICT PRODUCTION MANAGER
R. F. Ward, Jr.
DISTRICT OPERATIONS MANAGER
C. E. Fields
DISTRICT SERVICES MANAGER
A. J. Evans, Jr.
DISTRICT ENVIRONMENTAL, SAFETY,
AND JOINT OPERATIONS MANAGER
J. C. Howard
DISTRICT EMPLOYEE RELATIONS MANAGER

P. O. Drawer 1150
Midland, Texas 79701

July 23, 1976

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

ATTN: Mr. Joe D. Ramey

RE: Application to Directionally Drill Three (3)
Central Drinkard Unit Wells, Drinkard Pool,
Lea County, New Mexico

Gentlemen:

Gulf Oil Corporation respectfully requests that a hearing be scheduled on your docket for August 18, 1976 to consider an application to directionally drill three (3) wells in the Central Drinkard Unit, Drinkard Pool, Lea County, New Mexico. The proposed wells are to be located as follows:

Unit Well #406	Surface Location:	2200' FSL & 1470' FEL Section 33, T-21-S, R-37-E.
	Bottom Hole Location:	Unit I, approximately 2390' FSL & 870' FEL, Section 33, T-21-S, R-37-E.
Unit Well #407	Surface Location:	1475' FSL & 1440' FEL Section 33, T-21-S, R-37-E.
	Bottom Hole Location:	Unit P, approximately 1110' FSL & 700' FEL, Section 33, T-21-S, R-37-E.
Unit Well #420	Surface Location:	2300' FSL & 1520' FEL Section 33, T-21-S, R-37-E.
	Bottom Hole Location:	Unit H, approximately 1790' FNL & 1030' FEL, Section 33, T-21-S, R-37-E.



A DIVISION OF GULF OIL CORPORATION

(Case 574)

OIL CONSERVATION COMMISSION
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Under Order #R-5030 the Commission amended Order #R-2909 to provide for the authorization of "such additional producing wells and injection wells at orthodox or unorthodox locations within the boundaries of the Central Drinkard Unit area as may be necessary to complete an efficient production and injection pattern, and to protect the unit from drainage, provided said wells are drilled no closer than 330' to the outer boundary of the unit area nor closer than 10' to any quarter-quarter section or subdivision inner boundary, and provided further, that no 40-acre tract shall be permitted to produce more gas than the amount obtained by multiplying the top unit allowable for the Drinkard Pool by the limiting gas-oil ratio for the pool".

Each of the proposed unit wells are to be completed in the gas zone of the Drinkard Pay as a second well on the same 40-acre tract on which a currently completed Drinkard oil zone producer is now under active waterflood.

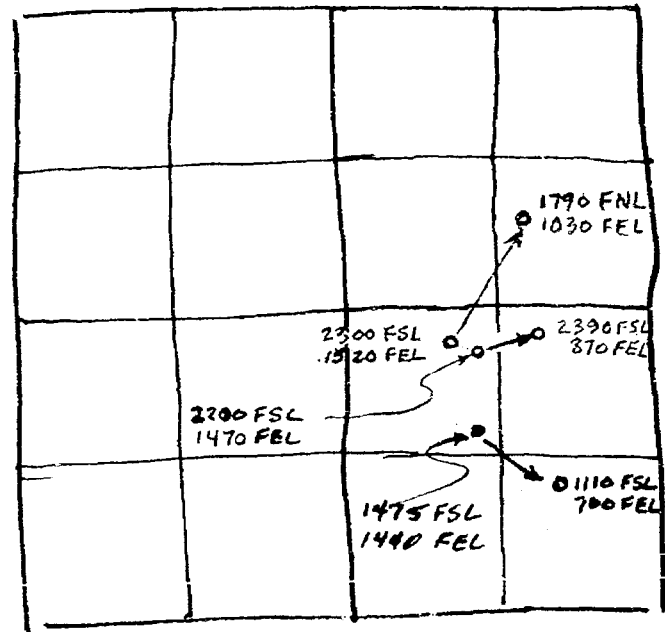
The proposed wells will be within the city limits of Eunice and will require directional drilling because of residential and commercial development in the area. The purpose of this request is to provide separate well bores for production of the oil zone and gas zone of the Drinkard Pay and to protect correlative rights.

Yours very truly,

R. F. Ward, Jr.
R. F. WARD, JR.

CFK:mw

cc: J. T. Sexton
Post Office Box 1980
Hobbs, New Mexico 88240



DRAFT

dr/

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. 5741
Order No. R- 5263

APPLICATION OF GULF OIL CORPORATION
FOR DIRECTIONAL DRILLING, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 18, 1976,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this _____ day of August, 1976, 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, seeks authority
for the directional drilling of three wells on its Central Drinkard
Unit, Drinkard Pool, Lea County, New Mexico, all in Section 33,
Township 21 South, Range 37 East, ^{20.44 or 40 acre} ~~as follows:~~ ^{provision units to be}
~~dedicated~~

Well No. 406, surface location 2200 feet from the South
line and 1470 feet from the East line, bottom-hole
^{within 100 feet of a point}
location 2390 feet from the South line and 870 feet
from the East line, ~~unit I~~ ^{unit I} dedication;

Well No. 407, surface location 1475 feet from the South
line and 1440 feet from the East line, bottom-hole
^{within 100 feet of a point}
location 1110 feet from the South line and 700 feet
from the East line ~~unit P~~ ^{unit P} dedication and;

Well No. 420, surface location 2300 feet from the South line and 1520 feet from the East line, bottom-hole location ^{within 100 feet of a point} 11790 feet from the North line and 1030 feet from the East line, *unit H dedication.*

(3) That the applicant seeks authority to directional drill ^{*permit the surface locations respective to be*} said wells to ~~within 100 feet of the above described bottom hole locations.~~ ^{*outside the city limits of Eunice and away from more distant from occupied dwellings.*}

(4) That approval of the application is in the interest of conservation, ^{*will minimize surface damage and fire*} inasmuch as it ~~may result in the recovery of~~ ^{*hazard, property, and will not cause waste,*} otherwise unrecoverable oil, thereby preventing waste, and will not impair correlative rights, provided that the applicant should be required to determine the subsurface locations of the bottom of the holes by means of a continuous multi-shot directional survey conducted subsequent to directional drilling, if said wells are to be completed as producing wells.

IT IS THEREFORE ORDERED:

(1) That the applicant, Gulf Oil Corporation, is hereby authorized to directionally drill three wells on its Central Drinkard Unit, Drinkard Pool, Lea County, New Mexico, all in Section 33, Township 21 South, Range 37 East, ^{*and with unit dedications*} as follows:

Well No. 406, surface location 2200 feet from the South line and 1470 feet from the East line, bottom-hole location ^{*within 100 feet of a point*} 12390 feet from the South line and 870 feet from the East line, *unit I dedication;*

Well No. 407, surface location 1475 feet from the South line and 1440 feet from the East line, ~~and~~ bottom-hole location ^{*within 100 feet of a point*} 11110 feet from the South line and 700 feet from the East line ~~and~~ *unit P dedication and;*

Well No. 420, surface location 2300 feet from the South line and 1520 feet from the East line, bottom-hole location ^{within 100 feet of a point} 1790 feet from the North line and 1030 feet from the East line, *unit # dedication.*

PROVIDED HOWEVER, that subsequent to the above-described directional drilling, should said wells be producers, a continuous multi-shot directional survey shall be made of the wellbore from total depth to the whipstock point with shot points not more than 100 feet apart; that the operator shall cause the surveying company to forward a copy of the survey report directly to the Santa Fe Office of the Commission, Box 2088, Santa Fe, New Mexico; and that the operator shall notify the Commission's Hobbs District Office of the date and time said surveys are to be commenced.

(2) That Form C-105 shall be filed in accordance with Commission Rule 1108 and the operator shall indicate thereon true vertical depths in addition to measured depths.

~~(3) That the _____ of said Section _____ shall be dedicated to the subject wells.~~

(3) 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.