

Case No.

807

Application, Transcript,
Small Exhibits, Etc.

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. 807
Order No. R-578

THE APPLICATION OF GULF OIL
CORPORATION FOR AN EXCEPTION
TO RULE 309 IN THE UTILIZATION OF
A SINGLE TANK BATTERY FOR PRO-
DUCTION FROM A MAXIMUM OF 12
WELLS DRILLED TO THE BLINEBRY
FORMATION ON ITS HARRY LEONARD
"F" LEASE IN THE TERRY-BLINEBRY
OIL POOL, COMPOSED OF LOTS 1, 2,
7, 8, 9, 10, 15, 16, AND THE SE/4 OF
SECTION 2, TOWNSHIP 21 SOUTH, RANGE
37 EAST, NMPM, LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m., on January 13, 1955, at Santa Fe, New Mexico before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 9th day of February, 1955, the Commission, a quorum being present, having considered the records and testimony adduced, and being fully advised in the premises:

FINDS:

1. That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

2. That the Commission has power and authority to permit the production of more than eight wells on the same lease into a common tank battery after notice and hearing by the Commission.

3. That applicant, Gulf Oil Corporation, is the owner of oil and gas lease in Lea County, New Mexico, the land consisting of:

TOWNSHIP 21 South, RANGE 37 East, NMPM
Lots 1, 2, 7, 8, 9, 10, 15, 16 and
SE/4 of Sec. 2.

4. That the above-described acreage has the same royalty interests, the same being the State of New Mexico.

5. That the central tank battery will have adequate facilities for the storage and handling of production from the wells, and that adequate, suitable equipment is available to permit the taking of all required state tests.

6. That the central tank battery will be in the best interests of economy and efficiency.

7. That by reason of practical convenience and economy, and in absence of objection by the Commissioner of Public Lands of New Mexico, exception to Rule 309 should be granted.

8. That no objection by the Commissioner of Public Lands has been entered.

IT IS THEREFORE ORDERED:

That the application of Gulf Oil Corporation for an exception to Rule 309 be, and the same hereby is approved, and Gulf Oil Corporation be and it hereby is authorized to establish, maintain and operate a central tank battery to receive production from wells completed in the Terry-Blinebry Oil Pool on the following described contiguous portions of its Harry Leonard "F" Lease:

TOWNSHIP 21 South, RANGE 37 East, NMPM
Lots 1, 2, 7, 8, 9, 10, 15, 16, and SE/4 of Sec. 2

PROVIDED HOWEVER, That adequate tankage and proper equipment be installed and maintained so as to permit specific production tests of each connected well at reasonable intervals upon request of the Commission or of the Commissioner of Public Lands, and

PROVIDED FURTHER, That no well now or hereafter connected to such tank battery be permitted to produce at a rate in excess of top allowable as now or hereafter may be fixed for the Terry-Blinebry Oil Pool.

IT IS FURTHER ORDERED:

That jurisdiction of this case is hereby retained for the purpose of revocation and modification under changed conditions.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John F. Simms
JOHN F. SIMMS, Chairman

E. S. Walker
E. S. WALKER, Member

W. B. Macey
W. B. MACEY, Member and Secretary



OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

February 10, 1955

Gulf Oil Corporation
Drawer 1290
FT. WORTH, TEXAS

Attention: Mr. Don Walker

Gentlemen:

We attach copies of Order R-578 issued by the Commission in Case 807, and Order R-580 in Case 808, both of which were heard on January 13, 1955, upon your company's application.

Very truly yours,

W. B. Macey
Secretary-Director

WEM:nr

C
O
P
Y

CASE 307

C
O
P
Y

GULF OIL CORPORATION
P. O. Drawer 1290 Ft. Worth, Texas

December 15, 1954

New Mexico Oil Conservation Commission
State of New Mexico
Santa Fe, New Mexico

Attention: Mr. W. B. Macey, Secretary-Director

Re: Application of Gulf Oil Corporation
for an Exception to Rule 309 to Apply to
their Harry Leonard F Lease, Terry-Blinbry
Oil Pool, Lea County, New Mexico

Gentlemen:

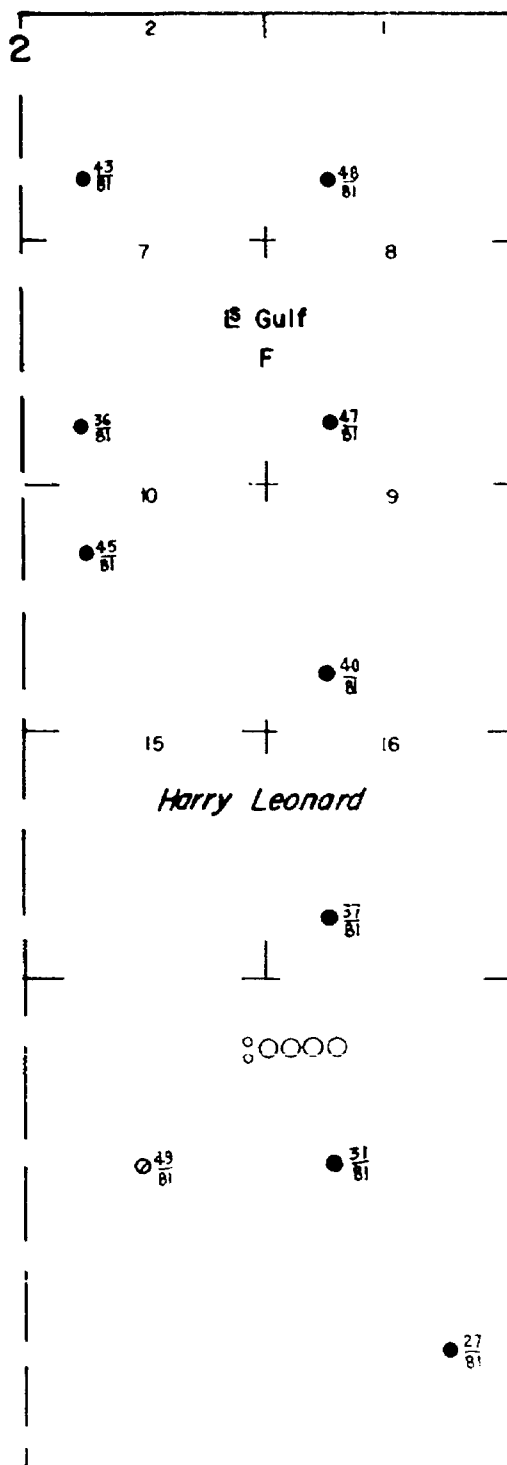
Gulf Oil Corporation herewith makes application for an exception to Rule 309 of the Rules and Regulations of the New Mexico Oil Conservation Commission requesting permission to produce more than eight wells into the existing tank battery on Gulf's Harry Leonard F Lease in the Terry-Blinbry Oil Pool, composed of Lots 1, 2, 7, 8, 9, 10, 15 and 16, and the SE/4 of Section 2, T-21-S, R-37-E. In support of this request Gulf Oil Corporation states the following:

- (1) That all of the Harry Leonard F Lease described above has the same royalty interest.
- (2) That the existing battery on the Harry Leonard F Lease now handles production from eight Blinbry wells. A ninth well was completed on December 4, 1954.
- (3) That the central tank battery will have adequate facilities to permit taking of all required tests.
- (4) That the granting of this application will result in substantial savings in steel, reduce the costs of operation and maintenance, prevent waste, and protect correlative rights.

Therefore, Gulf Oil Corporation respectfully requests that the New Mexico Oil Conservation Commission set a certain day upon which this matter may be heard, and after said hearing grant permission for applicant to utilize the existing tank battery for storage of production from the ninth well completed December 4, 1954, and future Blinbry wells which may be drilled on the above mentioned lease, the maximum to be twelve wells.

Yours very truly,

s/ G. H. FISHER



PROPOSED EXCEPTION TO RULE 309
FOR TANK BATTERY INSTALLATION

HARRY LEONARD F LEASE
TERRY-BLINEBRY OIL POOL

LOCATION-SECTION 2, T-21-S, R-37-E
SOUTHEASTERN LEA COUNTY, NEW MEXICO

GULF OIL CORP.
FT. WORTH, TEX.

CASE NO. 807
JAN. 13, 1955

SCALE 1"=1000'

BEFORE THE
OIL CONS. COMMISSION
SANTA FE, NEW MEXICO
EXHIBIT NO. 1
CASE 807



PETROLEUM AND ITS PRODUCTS

GULF OIL CORPORATION

P.O. DRAWER 1290 · FORT WORTH 1, TEXAS

December 15, 1954

FORT WORTH
PRODUCTION DIVISION

GORDON H. FISHER
DIVISION PRODUCTION MANAGER

New Mexico Oil Conservation Commission
State of New Mexico
Santa Fe, New Mexico

Attention: Mr. W. B. Macey, Secretary-Director

Re: Application of Gulf Oil Corporation
for an Exception to Rule 309 to Apply
to their Harry Leonard F Lease, Terry-
Blinebry Oil Pool, Lea County, New Mexico

Gentlemen:

Gulf Oil Corporation herewith makes application for an exception to Rule 309 of the Rules and Regulations of the New Mexico Oil Conservation Commission requesting permission to produce more than eight wells into the existing tank battery on Gulf's Harry Leonard F Lease in the Terry-Blinebry Oil Pool, composed of Lots 1, 2, 7, 8, 9, 10, 15, and 16, and the SE/4 of Section 2, T-21-S, R-37-E. In support of this request Gulf Oil Corporation states the following:

- (1) That all of the Harry Leonard F Lease described above has the same royalty interest.
- (2) That the existing battery on the Harry Leonard F Lease now handles production from eight Blinebry wells. A ninth well was completed on December 4, 1954.
- (3) That the central tank battery will have adequate facilities to permit taking of all required tests.
- (4) That the granting of this application will result in substantial savings in steel, reduce the costs of operation and maintenance, prevent waste, and protect correlative rights.

New Mexico Oil Conservation Commission

-2-

December 15, 1954

Therefore, Gulf Oil Corporation respectfully requests that the New Mexico Oil Conservation Commission set a certain day upon which this matter may be heard, and after said hearing grant permission for applicant to utilize the existing battery for storage of production from the ninth well completed December 4, 1954, and future Blinbry wells which may be drilled on the above mentioned lease, the maximum to be twelve wells.

Yours very truly,

G. H. Fisher

G. H. FISHER

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
January 13, 1955

IN THE MATTER OF:

CASE NO. 807 - Regular Hearing

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
ROOMS 105, 106, 107 EL CORTEZ BUILDING
TELEPHONE 7-9546
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 13, 1955

IN THE MATTER OF:

Application of Gulf Oil Corporation for an exception to Rule 309 in utilization of a single tank battery for production from a maximum of 12 wells drilled to the Blinebry formation on its Harry Leonard 'F' Lease in 2-21S-37E, Lea County, New Mexico, in the Terry-Blinebry Pool.

Case No. 807

BEFORE:

Honorable John Simms, Jr.
Mr. E. S. (Johnny) Walker
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 807. Do you wish to consolidate this case with Case 808?

MR. UPCHURCH: Claude Upchurch, attorney for Gulf. We would like to keep them separate. However, we are going to use the same witness.

MR. MACEY: The next cases are Case 807 and Case 808.

W. G. SINCLAIR,
called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. UPCHURCH:

Q Mr. Sinclair, for the record, would you state your name, please?

ADA DEARNLEY & ASSOCIATES
STENOGRAPHIC REPORTERS
ALBUQUERQUE, NEW MEXICO
TELEPHONE 3-6691

A W. G. Sinclair, Junior.

Q By whom employed and in what capacity?

A I am employed by the Gulf Oil as Petroleum Engineer.

Q How long have you been employed by the Gulf Company, Mr. Sinclair?

A Approximately five years.

Q You have never testified before this Commission before, have you?

A No, sir, I have not.

Q What are your educational qualifications?

A I have a Bachelor of Science Degree in Geological Engineering, Bachelor of Science Degree in Petroleum Engineering from Texas A & M College, graduated in 1950.

MR. UPCHURCH: Are the witnesses qualifications acceptable?

MR. MACEY: They are.

Q Mr. Sinclair, in this application of Gulf for an exception to Rule 309, in Case 708, for utilization of a single tank battery for production from a maximum of 12 wells drilled to the Blinbry formation on its Harry Leonard F Lease, will you state what property is covered by this lease?

A This lease is composed of Lots 1, 2, 7, 8, 9, 10, 15 and 6 in the northeast quarter of Section 2, Township 21 South, Range 37 East, Lea County, New Mexico.

Q Who is the lessor of this lease? Isn't this true this is a State of New Mexico lease?

A Yes, that is true.

Q The State of New Mexico owns all the royalty?

A That is correct.

Q At the present time, Mr. Sinclair, how many wells are drilled and producing from the Terry-Blinebry formation?

A At the present time there are nine wells drilled to and completed in the Terry-Blinebry Pool, and also at the present time there is one additional well drilling.

Q At the present time, are all nine of these wells being produced in a single battery?

A Yes, sir, they are.

Q That is under a temporary order of the Commission, is that correct?

A That is correct.

Q Do you have a plat showing the description of that property?

A Yes, sir, I have.

MR. UPCHURCH: We would like to introduce this as Gulf's Exhibit 1.

(Marked Gulf's Exhibit 1, for identification.)

Q Mr. Sinclair, how many possible additional locations could be made into this formation under present spacing rules?

A There are two possible additional locations.

Q Which would make the maximum 12 wells?

A Yes, sir, that is correct.

Q Is the present battery of such capacity to take care of all the production from 12 wells?

A At the present time there are four 500 barrel stock tanks in this battery, and Gulf plans to add one 500 barrel tank to the existing tank battery in the event this request is granted.

Q That would be sufficient to handle how many days of production

on the present allowable from all wells?

A From the possible maximum of 12 wells?

Q Yes.

A That would be approximately four days storage.

Q What disposition is being made of casinghead gas produced by this oil?

A The casinghead gas is being taken by Skelly.

Q After the addition of the proposed tanks, should this application be granted, would there be adequate facilities for this battery to permit taking all required tests?

A Yes, sir.

Q Would this result in substantial savings, both in steel and money, and reduce the cost of operation and maintenance, prevent waste and protect correlative rights?

A It would.

MR. UPCHURCH: I believe that is all.

MR. MACEY: Any questions of the witness? Mr. Rieder?

CROSS EXAMINATION

By MR. RIEDER:

Q I wonder if you would give a little idea how you plan to test these wells?

A In the same manner which is requested as now, Mr. Rieder. We have adequate facilities, I believe, as far as storage is concerned in isolating tanks into which wells are to be tested, and also adequate separator facilities for separate separation of individual wells being tested.

Q You split your tank battery then?

A Yes, sir, that is correct.

MR. MACEY: Any other questions? Mr. Sinclair, do you have separate flow lines from all the wells to the tank battery?

A Yes, sir, we do.

MR. MACEY: Is that all you have in the case?

MR. UPCHURCH: On this case.

MR. MACEY: If no further questions we will take Case 807 under advisement and move on to Case 808.

(Witness excused.)

STATE OF NEW MEXICO)
 : SS.
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission 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 16th day of January, 1955.


Notary Public, Court Reporter

My Commission Expires:
June 19, 1955

