CASE 3862: Application of GULF FOR A DUAL COMPLETION, LEA COUNTY, NEW MEXICO.

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GOVERNOR DAVID F. CARGO CHAIRMAN

State of New Mexico Gil Conservation Commission

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

P. O. BOX 3000 Santa Fe

October 2, 1968

Mr. Bill Kastler Gulf Oil Company-U.S. Post Office Box 1938 Roswell, New Mexico 88201

Ret	Case No	3862						
	Order No.	R-3512						
 . . 	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

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Astec OCC	
Other	

LAND COMMISSIONER GUYTON B, HAYS MEMBER

PEFORE 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. 3862 Order No. R-3512

APPLICATION OF GULF OIL CORPORATION FOR A DUAL COMPLETION, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 25, 1968, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 2nd day of October, 1968, the Commission, a guorum 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 to complete its W. D. Grimes (NCT-A) Well No. 16, located in Unit D of Section 32, Township 18 South, Range 38 Bast, NMPM, Lea County, New Mexico, as a dual completion (conventional) to produce oil from undesignated Paddock and Blinebry oil pools through parallel strings of 2 3/8-inch tubing, with separation of the zones by means of a packer set at approximately 5840 feet.

(3) That the mechanics of the proposed dual completion are feasible and in accord with good conservation practices.

(4) That approval of the subject application will prevent waste and protect correlative rights.

-2-CASE No. 3862 Order No. R-3512

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IT IS THEREFORE ORDERED:

(1) That the applicant, Gulf Oil Corporation, is hereby authorized to complete its W. D. Grimes (NCT-A) Well No. 16, located in Unit D of Section 32, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico, as a dual completion (conventional) to produce oil from undesignated Paddock and Blinebry oil pools through parallel strings of 2 3/8-inch tubing, with separation of the zones by means of a packer set at approximately 5840 feet;

PROVIDED HOWEVER, that the applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order;

PROVIDED FURTHER, that the applicant shall take packer-leakage tests upon completion and annually thereafter during the Annual Gas-Oil Ratio Test Period for the undesignated Blinebry pool.

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

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

STATE OF NEW MEXICO OIL CONSERVATION COMMISSION Δv. DAVID F. CARGO airman GUNTON È7 ember in.

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

Docket No. 28-68

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 25, 1968

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 Elvis A. Utz, Alternate Examiner:

CASE 3778: (Continued from the August 7, 1968, Examiner Hearing)

Application of Atlantic Richfield Company for a dual completion and salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its State BH Well No. 1 located 660 feet from the North and West lines of Section 13, Township 19 South, Range 34 East, Quail-Queen Pool, Lea County, New Mexico, in such a manner as to permit production of oil from 5080 feet to 5136 feet in the lower Queen formation through tubing and the disposal of produced salt water into the upper Queen formation through the casing-tubing annulus in the perforated interval from 4820 feet to 4830 feet.

<u>CASE 3862:</u>

Application of Gulf Oil Company - U. S. for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its W. D. Grimes (NCT-A) Well No. 16, located in Unit D of Section 32, Township 18 South, Range 38 East, Lea County, New Mexico, to produce oil from undesignated Paddock and Blinebry oil pools through parallel strings of tubing.

CASE 3863:

New Mexico.

3: Application of Pan American Petroleum Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the abovestyled cause, seeks approval of the North Crow Flats Unit Area comprising 6,419 acres, more or less, of Federal, State and Fee lands in Township 16 South, Range 28 East, Eddy County, New Mexico.

16 South, Range 34 East, Kemnitz-Wolfcamp Pool, Lea County,

CASE 3864: Application of Pubco Petroleum Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the abovestyled cause, seeks authority to dispose of produced salt water into the Wolfcamp formation in the perforated interval from approximately 10,756 feet to 10,834 feet in the Sinclair 668 State Well No. 1 located in Unit E of Section 27, Township

Gulf Oil Company-U.S.

EXPLORATION AND PRODUCTION DEPARTMENT ROSWELL DISTRICT

P. O. Drawer 1938 Roswell, New Mexico 88201

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T. W. KIdd
DISTRICT MANAGER
M.I. Taylor
DISTRICT PRODUCTION
MANAGER
P.E. Wyche
DISTRICT EXPLORATIO
MANAGER
H. A. Rankin

August 30, 1968

Case 386-2

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

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

Re

Application of Gulf Oil Company-U.S. for a Dual Completion Conventional, Undesignated Paddock and Rlinebry Oil Pools, Lea County, New Mexico

Gentlemen:

Guif Oil Company-U.S. respectfully requests an examiner hearing for approval of a dual completion conventional for the W. D. Grimes (NCT-A) Well No. 16, located 800 feet from the north line and 700 feet from the west line of Section 32, T-18S, R-38E, Undesignated Paddock and Blinebry Oil Pools, Lea County, New Mexico.

Attached is completed Form C-107, Application for Multiple Completion. Also attached is a lease plat showing the W. D. Grimes (NCT-A) Lease outlined in red and Well No. 16 circled and colored in red.

Respectfully submitted,

GULF OIL COMPANY-U.S. A DIVISION OF GULF CIL CORPORATION

M. I. Taylor

Attachments JHH:ers

cc: New Mexico Oil Conservation Commission Post Office Box 1980 Hobbs, New Mexico 88240

Offset Operators See Page 2



DOCKET MAILED 9-13-68 Date

Oil Conservation Commission

Offset Operators:

Humble Oil & Refining Company Post Office Box 2100 Hobbs, New Mexico 88240

Continental Oil Company Post Office Box 460 Hobbs, New Mexico 88240

Amerada Petroleur Corporation Post Office Box 668 Hobbs, New Mexico 88240

Marathon Oil Company Post Office Box 220 Hobbs, New Mexico 88240

Sun Cil Company Post Office Box 1205 Hobbs, New Mexico 88240 Pan American Petroleum Corporation Post Office Box 68 Hobbs, New Mexico 88240

Atlantic Richfield Company Post Office Box 1710 Hobbs, New Mexico 88240

Shell Oil Company Post Office Box 1509 Midland, Texas 79701

- 2 -

Cities Service Oil Company Post Office Box 69 Hobbs, New Mexico 88240

NEW MEXICO OIL CONSERVATION COMMISSION SANTA FE. NEW MEXICO APPLICATION FOR MULTIPLE COMPLETION

Form C-107	
5-1-61	

	S.	Lease	8-27-68 Well No.
Box 1938, Rommall, New	Merci co 88201	W. D. Grimes (NCT-A)	16
of Well D	32	185	Hange 38E
 Has the New Mexico Oil Conserva zones within one mile of the subject. If answer is yes, identify one succession. 	cct well? YES	NO_ X	
3. The following facts are submitted	: Upper	Intermediate	Lower
	Zone	Zone	Zone
a. Name of Pool and Formation	Undesignated Padd	ock	Undesignated Blinebr
b. Top-and Bottom of Pay Section (Perforations)	5389-91*		5871-60831
c. Type of production (Oil or Gas			<u>61</u>
 d. Method of Production (Flowing or Artificial Lift) 4. The following are attached. (Pleat 	Artificial Lift		Artificial Lift
d. Electrical log of a dicated thereon. (I 5. List all offset operators to the let	inished copies of the applicat the well or other acceptable ic if such log is not available at t ase on which this well is locat	on." og with tops and bottoms of producin he time application is filed it shall ed together with their correct mailing	thereof, evidence that said offset op ng zones and intervals of perforation be submitted as provided by Rule 112 g address.
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Lower San Andres 4964-4966', Squeezed, 32 sx, 3000 psi 2-3/8" slim hole J-55 4.6#, special ~ clearance couplings PARALLEL STRING ANCHOR AT APPROXIMATELY 53601 Į Paddock 5389-5391* 5434-5436! } Squeezed, 42 sacks, 3100 psi 5513-5515! -2-3/8" 4.7# J-55 EUE Tubing المغ و -1-بالدينية مير. والانتشار مدينة الانتشار (الإن الانتشار ال ON-OFF TOOL PERMANENT PACKER AT APPROXIMATELY 58401 Blinebry 5871-5873' 5905-5907' 5941-5943' 6081-6083* HOWCO EZ DRILL RETAINER AT 6350* 6381-6383**'** 6395-6397**'** Lower Blinebry, squeezed 79 sacks, 1750 psi HOWCO EZ DRILL RETAINER AT 6470' 65561 Tubb-Drinkard, squeezed 179 sacks, 2250 psi 66251 66361 67281 67741 67801 67921 68451 69411 GULF OIL COMPANY - U.S. W. D. GRIMES (NCT-A) NO. 16 Dual Completion Equipment Undesignated Paddock - Blinebry Care 3862 --· .[.] • •

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PLAT

W. D. GRIMES (NCT-A) LEASE UNDESIGNATED PADDOCK AND BLINEBRY OIL POOLS LEA COUNTY, NEW MEXICO

- LEGEND -

PERTINENT LEASE

PERTINENT WELL

Case 3862

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MR. KASTLER: Our exhibits have already been marked with the case number and exhibit numbers being placed on them. MR. NUTTER: We'll call the next case, 3862.

MR. HATCH: Case 3862. Application of Gulf Oil Company - U.S. for a dual completion, Lea County, New Mexico.

MR. KASTLER: Mr. Examiner, my name is Bill Kastler, and I'm an attorney for Gulf from Roswell, and at the outset of this case, I'd like to make the observation that Gulf Oil Corporation has formed an administrative operating company Which is not legally chartered and the name of this is Gulf Oil Company, U.S., a Division of Gulf Oil Corporation.

This diversifies all of the United States domestic marketing, refining and production activities, and their central office is Houston. But there is no legal character change and, in the future, our applications before this Board, as in the case of the Texas Railroad Commission, will be made in the name of Gulf Oil Corporation.

MR. NUTTER: In other words, this application was filed by Gulf Oil Company, United States, and so advertised, but you prefer that the company be known to the Commission and in the Commission operations as Gulf Oil Corporation, is that

correct?

MR. KASTLER: Yes, sir,

MR. NUTTER: The application is amended, then, to

read: Gulf Oil Corporation, and we'll call you Gulf Oil

Corporation from here on out.

MR. KASTLER: Thank you, sir. Our witness this

morning is Mr. John H. Hoover.

(Witness sworn.)

(Whereupon, Applicant's Exhibits 1 -3 were marked for identification.)

3

JOHN H. HOOVER

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KASTLER:

Q Will you please state your name, by whom you are employed, and in what position?

A John Hoover, employed by Gulf Oil Corporation, District Production Engineer, Roswell, New Mexico.

MR. KASTLER: Mr. Hoover's qualifications are well-

known. Are they satisfactory to you?

MR. NUTTER: Yes, they are.

Q What is Gulf seeking in this application?

A We are asking for a dual completion, conventional,

for the W.D. Grimes (NCT-A) Well No. 16 in undesignated Paddock and Blinebry oil pools, Lea County, New Mexico.

Q What is Exhibit Number 1, and explain what it shows.

please?

A Exhibit Number 1 is a plat showing the W.D. Grimes NCT-A lease outlined in red, and it's described as the west half of Section 32, Township 18 South, Range 38 East. Well No. 16 is circled and colored in red, and it is located 800 feet from the north line and 700 feet from the west line of this Section 32.

Q Unit D?

A Unit D.

Q Is Exhibit Number 2 a log of Well No. 16, and if so, please explain what's shown there.

A Yes. It is a log of our W.D. Grimes NCT-A Well No. 16. On this log, we have shown the top and bottom of the producing formations, the top of the Glorieta is shown at 5343 feet. The base of the Glorieta, top of the Blinebry, at 5665 feet, and the base of the Blinebry at 6427 feet.

We have also shown on this log, the perforations for the Paddock, the upper set being 5389 to 5391 feet. The middle set, 5434 to 5436 feet. Those perforations have been squeezed and 5513 feet to 5515 feet, those perforations have also been squeezed. The Blinebry perforations are shown in the interval, 5871 feet to 6,083 feet.

Q Will you now refer to what is labeled as Exhibit

Number 3, explain what it is and go through it?

Yes. Exhibit Number 3 is the schematic diagram Α of our proposed dual sompletion. This exhibit is divided in two parts. On the first page, we have the casing program and then on the second page is a detail of the dual completion. We have nine and five-eighths inch casing set at 1497 feet. It was cemented with 575 sacks, and the cement was circulated. Seven-inch casing was set at 7,039 feet. It was cemented in two stages; the first stage, 850 sacks, and we circul, ed 25 sacks after opening the D.V. tool. The second stage was cemented with 2,075 sacks with the D.V. tool at 3.039 feet. The cement did not circulate. The cement was estimated to bring it back to the surface, and by the differential pressure, when we were cementing, indicated that it almost circulated, so we believe that the top of the cement is up in the surface pipe. Although it is not necessary to circulate it, we do feel it's probably up in the surface pipe. The well was drilled to a total depth of 7.050 feet. The plug-back total depth is 7,002 feet.

On the second page is the proposed dual completion equipment, as well as the perforations for the other sections in the well. We have the lower San Andres. The San Andres was perforated 4964 to 4966 feet and it was squeeze-cemented.

The Paddock perforations are shown on here. I have previously given them to you off the log. These are the same as I gave on the log; likewise, the Blinebry perforations are the same.

The lower Brinebry was also perforated at 6,381 feet to 6,397 feet. These were squeezed off and the cement retainer, during the squeezing operation, was left in place so that zone is sealed off. The Tubb-Drinkard was perforated 6,556 feet to 6,941 feet. It, too, was squeezed off and the cement retainer left at 6470 feet.

In our dual completion, we will have two strings of tubing, two and three-eighths inch tubing, the upper string will be set in a parallel string anchor at approximately 5360 feet. We will have a permanent production packer set at approximately 5,840 feet and the long string of two and threeeighths will be set in the packer.

Q Is this -- pardon me.

A Yes. I believe that covers that exhibit.

Q Is this proposed method of dual completing, the conventional or standard?

A Yes, it is. It utilizes the equipment used in many vehicles.

Q

Α

Do you have any bottom hole pressure information? No, we did not take any bottom hole pressures. The

zones were swab tested and we anticipate that both zones will be pumping; therefore, the need of a bottom hole pressure was not thought necessary.

The Faddock zone is now pumping as a single zone and we anticipate that the Blinebry will also be pumping. We do not have the Blinebry open. It's still sealed off. It will be below. We'll have a cement retainer set at 5409 feet when we squeeze off the lower set of the Paddock perforations. This is the seal that has the Blinebry blanked off.

Q Do you have any production test information?

A The Blinebry zone swab tested before we temporarily plugged off and it produced 272 barrels of oil per day, based on 51 barrels in four and a half hours, 128 barrels of load water per day based on the four and a half hour test. The gravity of the oil was 33 degrees, API corrected. The closedin tubing pressure was 375 psig. The Paddock swab tested 281 barrels of oil per day based on 117 barrels in ten hours and 96 barrels of water per day based on the ten-hour test. The gravity of the Paddock was 29.5 decrees, API corrected. Current production is about 45 barrels of oil per day in the Paddock, and approximately 120 barrels of water. The gas volume is too small to measure.

Q

Do you have drilling and completing cost figures

comparing the dual completion to the single well completion?

A Yes. We estimate a single zone Paddock well at \$77,000 for drilling and completion. For the Blinebry, 90,000, which would be a total of \$167,000.00 for two single wells. We estimate dual cost on this well at \$135,000 with a saving of approximately 32,000.

Q Is this a discovery well in both the Blinebry and the Paddock zones?

A Yes, it is, and we have made application to the Commission for new pool designation and discovery allowable.

Q What are you calling it?

A The recommended names are the Hobbs, Hobbs Paddock and Hobbs Blinebry, since this is a Hobbs pool.

Q Is this application in the interest of conservation

and prevention of waste?

A Yes, it is.

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

A No, sir.

MR. KASTLER: At this point, I'd like to move that the exhibits, 1, 2, and 3 be entered into evidence.

MR. NUTTER: Gulf Oil Corporation's Exhibits 1 through 3 will be admitted in evidence.

> (Whereupon, Applicant's Exhibits Numbers 1 through 3 were admitted in evidence.)

MR. NUTTER: Does anyone have any questions of the witness? He may be excused. Do you have anything further, Mr. Kastler?

9

MR. KASTLER: Nothing further.

MR. NUTTER: Does anyone have anything they wish to offer in case 3862? The case will be taken under advisement.



STATE OF NEW MEXICO)) ss COUNTY OF BERNALILLO)

I, CHARLOTTE MACIAS, Court Reporter in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Court Reporter

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1001 EXHIBIT NO. ASE NO. 386 CASE NO.

- LEGEND -PERTINENT LEASE

6

PERTINENT WELL

Case No. <u>3862</u> Exhibit No. <u>7</u> September 25, 1968



Iower San Andres 4964-49561, Squeezed, 32 sx, 3000 psi 2-3/8" slim hole J-55 4.6#, special clearance couplings PARALLEL STRING ANCHOR AT APPROXIMATELY 53601 IJ Paddock Squeezed, 42 sacks, 3109 bsi ROP 5389-53921 apen Bopp 5434-54367 BUPPD, BUPPD, 2-3/8" 4.7# J-55 EUE Tubing 5513-55151 BAR MADE SIM 30 BI 105 ON-OFF TOOL 120 PERMANENT PACKER AT APPROXIMATELY 5840' Blinebry 5871-5873' 5905-5907' 5941-5943' Swal tests & 6031-60531 HONCO EZ DRILL RETAINER AT 6350' 6381-63831 Icwer Blinebry, squeezed 79 sacks, 1750 psi 6395-63971 HONCO EZ DRILL RETAINER AT 6470* 65561 Tubb-Drinkard, sourcezed 179 sacks, 2250 psi 66251 66361 67281 67741 67801 67921 68451 69411 GULF OIL COMPANY - U.S. W. D. GRIMES (NOT-A) NO. 16 Dual Completion Equipment Undesignated Paddock - Blinebry