

CASE NO.

6500

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
State Land Office Building  
Santa Fe, New Mexico  
28 March, 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Gulf Oil Corporation  
for approval of infill drilling,  
Lea County, New Mexico.

CASE  
6500

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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Division:

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CHARLES F. KALTEYER

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1 MR. STAMETS: We'll call next Case 6500.

2 MS. TESCHENDORF: Case 6500. Application of  
3 Gulf Oil Corporation for approval of infill drilling, Lea  
4 County, New Mexico.

5 MR. CROSS: Terry Cross on behalf of Gulf  
6 Oil Corporation. I believe Mr. Sperling has made an ap-  
7 pearance by letter.

8 MR. STAMETS: Yes, he has.

9 MR. CROSS: I have one witness.

10  
11 (Witness sworn.)

12  
13 CHARLES F. KALTEYER  
14 being called as a witness and having been duly sworn upon  
15 his oath, testified as follows, to-wit:

16  
17 DIRECT EXAMINATION

18 BY MR. CROSS:

19 Q Would you please state your name, your  
20 employer, and your position?

21 A My name is Charles F. Kalteyer. I'm em-  
22 ployed by Gulf Oil Corporation in Midland, and classified  
23 as Chief Proration Engineer, Southwest District.

24 Q Have you previously testified before the  
25 OCD and stated your qualifications as a petroleum engineer?

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1 A. Yes, sir, I have.

2 MR. CROSS: Is the witness qualified?

3 MR. STAMETS: Yes.

4 MR. CROSS: At this time I'd like to clarify  
5 the advertisement.

6 The Central Drinkard Unit includes Sections  
7 30 and 31, as well as Sections 28, 29, 32, and 33 of Town-  
8 ship 21 South, Range 37 East.

9 A. Portions thereof.

10 MR. CROSS: And portions thereof.

11 And Sections 30 and 31 were not mentioned  
12 in the advertisement.

13 MR. STAMETS: Mr. Cross, this was advertised  
14 for the Central Drinkard Unit. I think I'll listen to your  
15 case and then determine whether or not the advertisement can  
16 be amended to include Sections 30 and 31, and if not, we  
17 can re-advertise it.

18 Q (Mr. Cross continuing.) Mr. Kalteyer, what  
19 is Gulf seeking in this application?

20 A. As a result of NGPA certification re-  
21 quirements, Gulf requests that the OCD review the record  
22 which was developed at the hearing held May 14th, 1975, in  
23 Case Number 5474, and based on that review make a finding  
24 that the OCD has waived existing well spacing requirements  
25 and found that the drilling of additional wells was neces-

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1 sary to effectively and officiently drain portions of the  
2 existing proration unit within the Central Drinkard Unit  
3 that could not be drained by existing wells.

4 We would also request that the OCD make a  
5 finding at this time to continue the past interpretation  
6 and finding that future wells drilled and completed are  
7 necessary to effectively and efficiently drain existing  
8 proration units can be approved under the present admini-  
9 strative procedure.

10 Q Did you testify in the May 14, 1975 hearing  
11 held in Case Number 5474?

12 A Yes, sir, I was.

13 Q What was Gulf seeking in the appliction in  
14 Case Number 5474?

15 A There were three basic points that Gulf  
16 was seeking in that hearing. The first was the amendment  
17 of the Order R-2904, which approved the Central Drinkard  
18 Unit to expand the Central Drinkard Unit vertically to in-  
19 clude the entire Drinkard formation encountered in Gulf's  
20 JM Carson NCTA Well No. 7 from 6330 feet to 6590 feet.

21 And the second portion of that request,  
22 Gulf was asking for approval of two unorthodox well loca-  
23 tions on the same 40-acre proration unit in the Central  
24 Drinkard Unit for Wells No. 101 and 401.

25 Well No. 101 was to be completed as a pro-

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1 ducer in the oil zone of the Drinkard pay, which was under  
2 active waterflood, and to complete Well No. 401 in the gas  
3 zone of the Drinkard pay.

4 The third portion of our request was the  
5 amendment of Order R-2909 to establish a procedure for  
6 administrative approval for unorthodox producing wells --  
7 unorthodox producing well locations, and the purpose of  
8 this amendment was to provide separate wellbores for pro-  
9 duction of the oil zone and separate wellbores for the pro-  
10 duction of the gas zones in the Drinkard pay.

11 MR. CROSS: At this time I'll request the  
12 Examiner to take administrative notice of the transcript  
13 of the testimony received at the May 14, 1975 hearing of  
14 Case Number 5474, and of Order No. R-5030, dated May 22,  
15 1975, which approved those three requests of Gulf.

16 MR. STAMETS: The Examiner will take admin-  
17 istrative note of the record and the order.

18 Q (Mr. Cross continuing.) Mr. Kalteyer, will  
19 you at this time review the exhibits presented by Gulf in  
20 Case Number 5474?

21 A Yes, sir. Our Exhibit One was a plat of  
22 the Central Drinkard Unit project as outlined by hachures,  
23 which depicts the location of injection and producing wells,  
24 together with wells located in the immediate adjacent leases.

25 The wells enclosed in circles are Drinkard

1 producing wells, are designated to be Drinkard producing  
2 wells, and those enclosed in triangles are water injection  
3 wells.

4 The wells enclosed in orange squares,  
5 located outside the unit boundary, were Drinkard completions  
6 which were classified as gas wells at the time.

7 MR. CROSS: Let the record show that Gulf  
8 Exhibit Number One in Case Number 5474 has been reproduced  
9 and submitted to the Examiner as Exhibit Number One in Case  
10 Number 6500.

11 Q Mr. Kalteyer, what was your Exhibit Number  
12 Two at the May 14, 1975 hearing?

13 A Exhibit Number Two in that hearing was a  
14 performance history graph of the Central Drinkard Water-  
15 flood Unit. This Exhibit Two will also be our Exhibit Num-  
16 ber Two in this case.

17 The exhibit depicted the early response to  
18 the pilot waterflood, which began in 1967, and then the  
19 enlargement of the unit in 1972, showing the gas/oil ratio,  
20 the oil production rate, and the injection rate.

21 Q Why did Gulf request in Case Number 5474  
22 that the OCC expand the vertical limits of the Central  
23 Drinkard Unit?

24 A At that time a number of operators in the  
25 Drinkard Pool had been developing gas completions in the

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1 Upper Drinkard zone and the new gas development had resulted  
2 in a number of completions offsetting the Drinkard Unit,  
3 as can be seen on Exhibit One.

4 The gas pool -- the gas zone in this pool  
5 lies above the oil zone, which Gulf is now waterflooding in  
6 the Central Drinkard Unit, and apparently was not originally  
7 associated with the oil column due to the impermeable sec-  
8 tion between the two zones, and no wells within the Central  
9 Drinkard Unit area had been completed in this upper gas  
10 zone at that time.

11 Under the terms of the original unit agree-  
12 ment only the Drinkard Oil Pool found between the intervals  
13 6440 feet to 6590 feet in Gulf's No. 7 JM Carson NCTA,  
14 located 810 feet from the north line and 2180 feet from the  
15 east line of Unit B, Section 33, Township 21 South, Range  
16 37 East, Lea County, New Mexico, was unitized.

17 This interval can be seen on Gulf's Exhibit  
18 Number Three, which is also our Exhibit Number Three in this  
19 case.

20 In order to protect correlative rights,  
21 the unit operators decided to develop the gas zone as soon  
22 as possible without interference with the waterflood efforts  
23 in the oil column. This could be accomplished by extending  
24 the upper vertical limits of the Central Drinkard Unit from  
25 6440 feet to 6330 feet to include the entire Drinkard Sec-

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1 tion and thereby provide for the drilling of gas wells,  
2 new wells as gas producers, as well as completing other  
3 wells in the producing area of the unit in the gas zone.

4 Q Did the order entered in Case Number 5474  
5 extend the vertical limits of the Central Drinkard Unit?

6 A Yes, sir, it did.

7 Q Why did Gulf request approval of two unortho-  
8 dox well locations in the same 40-acre proration unit in  
9 Case 5474?

10 A The operators of the Central Drinkard Unit  
11 believed that the gas zone could be developed without de-  
12 trimental effect to the waterflood project, provided the  
13 unit maintained control of the gas completions, rather than  
14 by the individual operators who had -- were part of the unit.

15 There was ample evidence to show that  
16 separation existed between the Upper Drinkard Gas Zone with  
17 bottom hole pressures on the order of 1800 psi and the Lower  
18 Drinkard Oil Zone, which had bottom hole pressures on the  
19 order of 600 psi.

20 In order to protect the unit operator's in-  
21 vestment in the waterflood, and to maximize secondary oil  
22 recovery, which of course at that time was our primary con-  
23 cern, it was decided to use separate wellbores to develop  
24 the Drinkard gas zone and not interfere with the basic water-  
25 flood injection pattern, and this action would require making

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1 gas completions on those tracts which already had oil pro-  
2 ducers located thereon.

3 Dual completions would be acceptable where  
4 practical; however, no downhole commingling was contemplated  
5 between the upper and lower Drinkard zones.

6 This plan would also require that new wells  
7 must be drilled and wellbores be provided by the unit part-  
8 ners to properly develop the gas zone and oil zone within  
9 the unit.

10 Q The two unorthodox well locations requested  
11 in Case 5474, were they to be located in the same 40-acre  
12 proration unit?

13 A Yes, sir.

14 Q Since entry of Order R-5030 in Case 5474,  
15 have additional wells in Central Drinkard Unit been completed  
16 at unorthodox locations on existing 40-acre proration units?

17 A Yes, sir, they have.

18 Q Will you please discuss the administrative  
19 procedure provided for in Order 5030?

20 A Yes, sir. Order Number R-5030 approved the  
21 administrative procedure for approval of such wells, and  
22 numerous workovers and new wells have been approved and  
23 completed utilizing this administrative procedure.

24 Q Have the second wells on existing proration  
25 units allowed the unit, that is the Central Drinkard Unit,

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1 to effectively and efficiently drain the existing proration  
2 unit?

3 A. Yes, sir, we're proceeding with our develop-  
4 ment of the gas zone and continuation of the waterflood  
5 project.

6 MR. CROSS: At this time I'd like to read  
7 a portion from page 13 of the transcript developed in Case  
8 5474.

9 The question, "Will additional unorthodox  
10 well locations be necessary for development of the Drinkard  
11 Gas Zone under the Central Drinkard Unit?"

12 Mr. Kalteyer's answer, "Yes, sir, they will.  
13 As stated earlier, the operators propose to develop gas com-  
14 pletions along the boundaries of the north, south, and east  
15 portions of the Central Drinkard Unit for Drinkard Gas Zone  
16 production. In keeping with our plan to not disturb the  
17 efficiency of the Drinkard waterflood, no gas zone wells will  
18 be completed on any 40-acre injection tract, nor will we use  
19 any injection well as a dual gas producer and injector.

20 The operators propose to complete in the gas  
21 zone and where practical, dual with presently producing oil  
22 Drinkard oil wells. In such cases where separate wellbores  
23 are required for Drinkard gas and oil production on the  
24 same 40-acre tract, approval of unorthodox well locations  
25 will be required."

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1 I'd also like to read one finding of fact  
2 from Order Number R-5030, that is finding number nine,  
3 "The Oil Conservation Commission finds that to protect the  
4 said unit area from drainage by offsetting wells, the ap-  
5 plicant, as unit operator, must complete gas wells in the  
6 Upper Drinkard Gas pay on the same 40-acre tract as existing  
7 wells in the Lower Drinkard Oil pay, which are part of the  
8 Lower Drinkard Waterflood Project."

9 Q Mr. Kalteyer, do the Central Drinkard Unit  
10 working interest owners intend to continue with their in-  
11 fill drilling program and thereby drill additional wells  
12 on existing proration units in the Central Drinkard Unit?

13 A Yes, sir, that -- that is our plan. Of  
14 course, it will have to be approved.

15 Q Are these wells necessary to effectively and  
16 efficiently drain existing proration units -- or to effi-  
17 ciently drain the Upper Drinkard Gas Zone?

18 A Yes, sir.

19 Q Were Exhibits One through Three prepared  
20 under your supervision?

21 A Yes, sir, they were.

22 MR. CROSS: I move that Exhibits One through  
23 Five be admitted, Four and Five are the transcript and order

24 MR. STAMETS: Okay, they will be admitted  
25 if you'll give me a set.

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1 MR. CROSS: Yes, sir, I have these marked  
2 for you.

3 I have no further questions.

4 MR. STAMETS: Okay.

6 CROSS EXAMINATION

7 BY MR. STAMETS:

8 Q Mr. Kalteyer, I don't recall the administra-  
9 tive procedure. Is that limited to the drilling of infill  
10 gas wells only?

11 A No, sir, it's limited to the second well on  
12 the unit and we are limited to the -- for one proration unit  
13 in the gas allowable, is what it amounts to.

14 Q And I'm not sure I understood that.

15 A If we have a gas well and an oil well on  
16 the same unit, we're limited by the gas limit on production  
17 rate; however, we're given the authority for unorthodox  
18 locations.

19 Q Well, have you drilled infill wells both for  
20 the gas and for the flooded zone oil production?

21 A Yes, sir, we have drilled two infill oil  
22 wells in the area of the original pilot to see how we were  
23 flooding, and we have drilled some 22 gas wells on the  
24 unit.

25 Q Are you seeking your order today for both

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1 gas wells in the Upper Drinkard Zone and for oil wells com-  
2 pleted in the Lower Drinkard Zone?

3 A Yes, sir, this was -- all we're asking is  
4 a continuation of the present authority, and this was brought  
5 about by NGPA certification requirements, that this be a  
6 finding that this was necessary, and our basis, of course,  
7 was that we did not want to disturb the waterflood program  
8 and that we'd gone to the extra expense of drilling addi-  
9 tional wells not to disturb the waterflood.

10 Q Was there any evidence at the original  
11 hearing as to the necessity for the infill drilling program  
12 on oil wells? You've testified here today about the neces-  
13 sity for the Upper Drinkard Zone gas wells, but I don't  
14 recall that there was testimony relative to infill drilling  
15 in the flooded oil zone.

16 A Other than it would cause unorthodox com-  
17 pletions to be placed on production that had not been placed  
18 on production. In our Exhibit One you would see that we've  
19 indicated a number -- well, the complete program there, but  
20 all those wells were not on production at that time.

21 MR. STAMETS: Let's go off the record a  
22 second.

23 (Thereupon a discussion was  
24 had off the record.)

25 MR. STAMETS: Let's go back on the record.

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REDIRECT EXAMINATION

BY MR. CROSS:

Q Mr. Kalteyer, does Gulf as operator of the Central Drinkard Unit anticipate drilling wells to the lower oil zone on existing proration units?

A As I understand tentative plans, we will be drilling infill gas completions and in the future, after their depletion, it will put us in position, possibly, to change the drainage, or the development pattern for the oil zone from the 40-acre present development pattern to a 20-acre development pattern, to improve the flood efficiency, and to recover additional oil.

Q These wells would enable the operator to more effectively and efficiently drain existing proration units in the Central Drinkard Unit?

A Yes, sir, it would.

MR. CROSS: We will submit additional information to support our position that there is evidence in the transcript backing up the Commission's finding in its order that the oil completions were necessary to effectively and efficiently drain existing proration units.

RECROSS EXAMINATION

BY MR. STAMETS:

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1 Q Mr. Kalteyer, can you at this point, can  
2 you say that Gulf will have an infill program and how ex-  
3 tensive it will be in this -- this waterflood unit?

4 A No, sir, it's not that far along as far as  
5 our plan, and of course, it will have to be approved by  
6 the unit operators. This has not been approved yet.

7 Q Can you infill drill any oil wells at this  
8 point?

9 A Yes, sir, we have infill drilled two wells,  
10 as I mentioned earlier, in the area of the -- of the pilot  
11 waterflood. Those were Wells Nos. 417 and 419. They do not  
12 appear on that plat.

13 No. 419 was approved as a directional well.  
14 The surface location was 1631 feet from the south line and  
15 260 feet from the west line of Section 28, with a bottom  
16 hole location was projected to be within 100 feet of a point  
17 1335 feet from the south line and --

18 Q Whoa, whoa. Let's back up. Let's start  
19 in Section 28, Chuck.

20 A Okay.

21 Q Now, which quarter am I located in for the  
22 surface location?

23 A All right, this would be in -- the surface  
24 location was in the southwest quarter.

25 Q Okay, and it's 1631 from the south and how

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1 far from the west?

2 A. 260 feet from the west line of Section 28.

3 Q. Okay.

4 A. And it was to be bottomed in Section 29 in  
5 the southeast quarter.

6 Q. Okay, and then where in the southeast?

7 A. It was to be bottomed within 100 feet of  
8 a point 1335 feet from the south line and 15 feet from the  
9 east line of Section 29, which would put it -- that would  
10 put it in Unit I, in the southeast corner of Unit I, almost  
11 on a line between those two injection wells, 117 and 123.

12 Q. Okay.

13 A. So in that instance that well was drilled,  
14 targeted to be drilled on a proration unit which we had an  
15 injection well on, and not a producer.

16 Q. What kind of a well did you wind up with  
17 there?

18 A. I don't have those figures, but as I under-  
19 stand it, the water production was fairly high on it, indi-  
20 cating that during the pilot project this area had been  
21 virtually swept in that particular area.

22 We had no backup for the pilot area and we  
23 felt that the water had moved out of the area abnormally.

24 Q. Okay.

25 A. Then we drilled --

1 Q Just a second, Chuck, Lynn has some questions.

2  
3 CROSS EXAMINATION

4 BY MS. TESCHENDORF:

5 Q This injection Well No. 117, did it -- was  
6 it ever a producer?

7 A At one time it was.

8 Q What kind of a well was it?

9 A We'd have to search the records. It ap-  
10 parently was a Marathon well and we would have to go into  
11 the records to see what it was originally and when it was  
12 abandoned.

13 Q Do you know about when you started using it  
14 as an injection well?

15 A Well, I think it was part of the original  
16 pilot, so that would be back in '62 -- no, in '67.

17 MR. STAMETS: Go ahead.

18 A And our Number 417 was drilled in Section  
19 28 in Unit K on the line drawn between injection well 115  
20 and 123. That was also on a unit that formerly had an in-  
21 jection -- or that has an injection well on it, rather than  
22 another Drinkard oil producer.

23 So we actually are attempting to drill our --  
24 were attempting to drill our infill oil producers on injection  
25 proration units.

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RE CROSS EXAMINATION

BY MR. STAMETS:

Q What kind of a well did 417 have?

A It was similar to 419, as I understand it.  
I do not have those records, but I'd be glad to furnish that  
for the record, as to the results of those wells.

Q Does this lead you -- the results lead you  
to believe that the infill program in the waterflood zone  
would be effective?

A Well, this -- this still leaves a question  
in our minds because of the pilot area, that we would not  
have a backup for this injection program, and we felt that  
the water did move out of that area rather than be retained  
and be a more efficient flood at the time. I'll be glad to  
supply that test data.

MR. STAMETS: Let's go off the record again.

(Thereupon a discussion was  
had off the record.)

MR. STAMETS: Back on the record.

Are there any other questions of Mr. Kalteyer?  
He may be excused.

Anything further in this case?

The case will be taken under advisement.

(Hearing concluded.)

## REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing.

Sally W. Boyd, C.S.R.

BEFORE EXAMINER STAMETS  
OIL CONSERVATION DIVISION

EXHIBIT NO. \_\_\_\_\_

CASE NO. \_\_\_\_\_

Submitted by \_\_\_\_\_

Hearing Date \_\_\_\_\_

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. \_\_\_\_\_  
heard by me on \_\_\_\_\_ 19\_\_\_\_

\_\_\_\_\_, Examiner  
Oil Conservation Division

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STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6500  
Order No. R-6014

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

ORDER OF THE DIVISION

BY THE DIVISION:

This matter came on for hearing at 9 a.m. on March 28, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 12th day of June, 1979, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Gulf Oil Corporation, seeks a determination pursuant to the Federal Energy Regulatory Commission Rules, Part 271.305, that wells drilled to the Upper Drinkard gas zone on the Central Drinkard Unit, which covers portions of Sections 28, 29, 30, 31, 32 and 33, Township 21 South, Range 31 East, NMPM, Drinkard Pool, Lea County, New Mexico, are necessary to effectively and efficiently drain a portion of the reservoir covered by each of the proration units on which these wells have been drilled which cannot be effectively and efficiently drained by any existing well within such proration units.

(3) That the applicant further seeks a unit-wide determination pursuant to the Federal Energy Regulatory Commission Rules, Part 271.305, that each infill well drilled to the Upper Drinkard gas zone on the Central Drinkard Unit in the future is necessary to effectively and efficiently drain reserves from a portion of the reservoir covered by the proration unit involved which cannot be effectively and efficiently drained by any existing well within such proration unit.

(4) That the Oil Conservation Division, after notice and hearing at which evidence was presented in Case No. 5474, entered its Order No. R-5030 on May 22, 1975, expanding the vertical limits of the Central Drinkard Unit to include the entire Drinkard formation as encountered in Gulf's J. N. Carson (NCT-A) Well No. 7 from 6,330 feet to 6,590 feet; granting approval of unorthodox well locations for Central Drinkard Unit Well Nos. 101 and 401, both wells to be completed on the same forty acre proration unit; and amending Order No. R-2909 to establish a procedure for administrative approval for future unorthodox well locations.

(5) At the hearing of Case 5474, May 14, 1975, evidence was presented which established that there is separation between the Upper Drinkard gas zone and the Lower Drinkard oil zone, and that waterflooding of the lower zone necessitates the completion of separate well bores to produce the reserves in the Upper Drinkard gas zone.

(6) That the standard spacing unit in the Drinkard Pool is 40 acres.

(7) That with the completion of said Unit Well No. 101 each 40-acre proration unit in the Central Drinkard Unit would contain either a lower Drinkard producing or injection well.

(8) That the completion of Upper Drinkard zone gas wells in the Central Drinkard Unit will result in the location of a second well or infill well upon a number of proration units therein.

(9) That each Central Drinkard Unit "infill" well completed in the Upper Drinkard gas zone subsequent to entry of Order No. R-5030, and each Central Drinkard Unit "infill" well to be completed in the Upper Drinkard gas zone in the future is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit on which such well is located which cannot be effectively and efficiently drained by any existing well within that proration unit.

IT IS THEREFORE ORDERED:

(1) That the establishment of a procedure for administrative approval for unorthodox producing well locations authorized by Division Order R-5030, and the unorthodox locations which have been approved pursuant to such procedure be and the same hereby are ratified and confirmed.

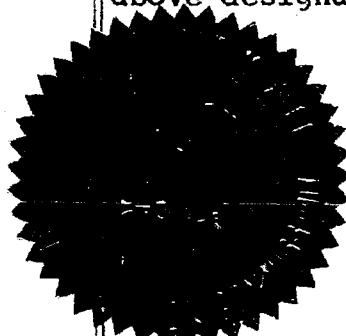
-3-

Case No. 6500  
Order No. R-6014

(2) That the authorization by this Order of infill drilling to the Upper Drinkard gas zone on the Gulf Oil Corporation Central Drinkard Unit is an exception to applicable well spacing requirements and is necessary to permit the drainage of a portion of the Upper Drinkard gas zone covered by existing proration units underlying each of the subject wells within Sections 28, 29, 30, 31, 32, and 33, Township 21 South, Range 31 East, NMPM, Lea County, New Mexico, which cannot effectively and efficiently be drained by any existing wells on such proration units.

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

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



S E A L

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY  
Director

fd/



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
State Land Office Building  
Santa Fe, New Mexico  
28 March, 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Gulf Oil Corporation ) CASE  
for approval of infill drilling, ) 6500  
Lea County, New Mexico. )

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Lynn Teschendorf, Esq.  
Legal Counsel for the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87503

For the Applicant: Terry I. Cross, Esq.  
Gulf Building  
P. O. Box 1150  
Midland, Texas 79702

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## I N D E X

## CHARLES F. KALTEYER

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1 MR. STAMETS: We'll call next Case 6500.

2 MS. TESCHENDORF: Case 6500. Application of  
3 Gulf Oil Corporation for approval of infill drilling, Lea  
4 County, New Mexico.

5 MR. CROSS: Terry Cross on behalf of Gulf  
6 Oil Corporation. I believe Mr. Sperling has made an ap-  
7 pearance by letter.

8 MR. STAMETS: Yes, he has.

9 MR. CROSS: I have one witness.

10  
11 (Witness sworn.)  
12

13 CHARLES F. KALTEYER

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

16  
17 DIRECT EXAMINATION

18 BY MR. CROSS:

19 Q Would you please state your name, your  
20 employer, and your position?

21 A My name is Charles F. Kalteyer. I'm em-  
22 ployed by Gulf Oil Corporation in Midland, and classified  
23 as Chief Proration Engineer, Southwest District.

24 Q Have you previously testified before the  
25 OCD and stated your qualifications as a petroleum engineer?

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1 A. Yes, sir, I have.  
2 MR. CROSS: Is the witness qualified?  
3 MR. STAMETS: Yes.  
4 MR. CROSS: At this time I'd like to clarify  
5 the advertisement.  
6 The Central Drinkard Unit includes Sections  
7 30 and 31, as well as Sections 28, 29, 32, and 33 of Town-  
8 ship 21 South, Range 37 East.  
9 A. Portions thereof.  
10 MR. CROSS: And portions thereof.  
11 And Sections 30 and 31 were not mentioned  
12 in the advertisement.  
13 MR. STAMETS: Mr. Cross, this was advertised  
14 for the Central Drinkard Unit. I think I'll listen to your  
15 case and then determine whether or not the advertisement can  
16 be amended to include Sections 30 and 31, and if not, we  
17 can re-advertise it.  
18 Q. (Mr. Cross continuing.) Mr. Kalteyer, what  
19 is Gulf seeking in this application?  
20 A. As a result of NGPA certification re-  
21 quirements, Gulf requests that the OCD review the record  
22 which was developed at the hearing held May 14th, 1975, in  
23 Case Number 5474, and based on that review make a finding  
24 that the OCD has waived existing well spacing requirements  
25 and found that the drilling of additional wells was neces-

1 sary to effectively and efficiently drain portions of the  
2 existing proration unit within the Central Drinkard Unit  
3 that could not be drained by existing wells.

4 We would also request that the OCD make a  
5 finding at this time to continue the past interpretation  
6 and finding that future wells drilled and completed are  
7 necessary to effectively and efficiently drain existing  
8 proration units can be approved under the present admini-  
9 strative procedure.

10 Q Did you testify in the May 14, 1975 hearing  
11 held in Case Number 5474?

12 A Yes, sir, I was.

13 Q What was Gulf seeking in the application in  
14 Case Number 5474?

15 A There were three basic points that Gulf  
16 was seeking in that hearing. The first was the amendment  
17 of the Order R-2904, which approved the Central Drinkard  
18 Unit to expand the Central Drinkard Unit vertically to in-  
19 clude the entire Drinkard formation encountered in Gulf's  
20 JM Carson NCTA Well No. 7 from 6330 feet to 6590 feet.

21 And the second portion of that request,  
22 Gulf was asking for approval of two unorthodox well loca-  
23 tions on the same 40-acre proration unit in the Central  
24 Drinkard Unit for Wells No. 101 and 401.

25 Well No. 101 was to be completed as a pro-

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1 ducer in the oil zone of the Drinkard pay, which was under  
2 active waterflood, and to complete Well No. 401 in the gas  
3 zone of the Drinkard pay.

4 The third portion of our request was the  
5 amendment of Order R-2909 to establish a procedure for  
6 administrative approval for unorthodox producing wells --  
7 unorthodox producing well locations, and the purpose of  
8 this amendment was to provide separate wellbores for pro-  
9 duction of the oil zone and separate wellbores for the pro-  
10 duction of the gas zones in the Drinkard pay.

11 MR. CROSS: At this time I'll request the  
12 Examiner to take administrative notice of the transcript  
13 of the testimony received at the May 14, 1975 hearing of  
14 Case Number 5474, and of Order No. R-5030, dated May 22,  
15 1975, which approved those three requests of Gulf.

16 MR. STAMETS: The Examiner will take admin-  
17 istrative note of the record and the order.

18 Q (Mr. Cross continuing.) Mr. Kalteyer, will  
19 you at this time review the exhibits presented by Gulf in  
20 Case Number 5474?

21 A Yes, sir. Our Exhibit One was a plat of  
22 the Central Drinkard Unit project as outlined by hachures,  
23 which depicts the location of injection and producing wells,  
24 together with wells located in the immediate adjacent leases.

25 The wells enclosed in circles are Drinkard

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1 producing wells, are designated to be Drinkard producing  
2 wells, and those enclosed in triangles are water injection  
3 wells.

4 The wells enclosed in orange squares,  
5 located outside the unit boundary, were Drinkard completions  
6 which were classified as gas wells at the time.

7 MR. CROSS: Let the record show that Gulf  
8 Exhibit Number One in Case Number 5474 has been reproduced  
9 and submitted to the Examiner as Exhibit Number One in Case  
10 Number 6500.

11 Q Mr. Kalteyer, what was your Exhibit Number  
12 Two at the May 14, 1975 hearing?

13 A Exhibit Number Two in that hearing was a  
14 performance history graph of the Central Drinkard Water-  
15 flood Unit. This Exhibit Two will also be our Exhibit Num-  
16 ber Two in this case.

17 The exhibit depicted the early response to  
18 the pilot waterflood, which began in 1967, and then the  
19 enlargement of the unit in 1972, showing the gas/oil ratio,  
20 the oil production rate, and the injection rate.

21 Q Why did Gulf request in Case Number 5474  
22 that the OCC expand the vertical limits of the Central  
23 Drinkard Unit?

24 A At that time a number of operators in the  
25 Drinkard Pool had been developing gas completions in the

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1 Upper Drinkard zone and the new gas development had resulted  
2 in a number of completions offsetting the Drinkard Unit,  
3 as can be seen on Exhibit One.

4 The gas pool -- the gas zone in this pool  
5 lies above the oil zone, which Gulf is now waterflooding in  
6 the Central Drinkard Unit, and apparently was not originally  
7 associated with the oil column due to the impermeable sec-  
8 tion between the two zones, and no wells within the Central  
9 Drinkard Unit area had been completed in this upper gas  
10 zone at that time.

11 Under the terms of the original unit agree-  
12 ment only the Drinkard Oil Pool found between the intervals  
13 6440 feet to 6590 feet in Gulf's No. 7 JM Carson NCTA,  
14 located 810 feet from the north line and 2180 feet from the  
15 east line of Unit B, Section 33, Township 21 South, Range  
16 37 East, Lea County, New Mexico, was unitized.

17 This interval can be seen on Gulf's Exhibit  
18 Number Three, which is also our Exhibit Number Three in this  
19 case.

20 In order to protect correlative rights,  
21 the unit operators decided to develop the gas zone as soon  
22 as possible without interference with the waterflood efforts  
23 in the oil column. This could be accomplished by extending  
24 the upper vertical limits of the Central Drinkard Unit from  
25 6440 feet to 6330 feet to include the entire Drinkard Sec-

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1 tion and thereby provide for the drilling of gas wells,  
2 new wells as gas producers, as well as completing other  
3 wells in the producing area of the unit in the gas zone.

4 Q Did the order entered in Case Number 5474  
5 extend the vertical limits of the Central Drinkard Unit?

6 A Yes, sir, it did.

7 Q Why did Gulf request approval of two unortho-  
8 dox well locations in the same 40-acre proration unit in  
9 Case 5474?

10 A The operators of the Central Drinkard Unit  
11 believed that the gas zone could be developed without de-  
12 trimental effect to the waterflood project, provided the  
13 unit maintained control of the gas completions, rather than  
14 by the individual operators who had -- were part of the unit.

15 There was ample evidence to show that  
16 separation existed between the Upper Drinkard Gas Zone with  
17 bottom hole pressures on the order of 1800 psi and the Lower  
18 Drinkard Oil Zone, which had bottom hole pressures on the  
19 order of 600 psi.

20 In order to protect the unit operator's in-  
21 vestment in the waterflood, and to maximize secondary oil  
22 recovery, which of course at that time was our primary con-  
23 cern, it was decided to use separate wellbores to develop  
24 the Drinkard gas zone and not interfere with the basic water-  
25 flood injection pattern, and this action would require making

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1 gas completions on those tracts which already had oil pro-  
2 ducers located thereon.

3 Dual completions would be acceptable where  
4 practical; however, no downhole commingling was contemplated  
5 between the upper and lower Drinkard zones.

6 This plan would also require that new wells  
7 must be drilled and wellbores be provided by the unit part-  
8 ners to properly develop the gas zone and oil zone within  
9 the unit.

10 Q The two unorthodox well locations requested  
11 in Case 5474, were they to be located in the same 40-acre  
12 proration unit?

13 A Yes, sir.

14 Q Since entry of Order R-5030 in Case 5474,  
15 have additional wells in Central Drinkard Unit been completed  
16 at unorthodox locations on existing 40-acre proration units?

17 A Yes, sir, they have.

18 Q Will you please discuss the administrative  
19 procedure provided for in Order 5030?

20 A Yes, sir. Order Number R-5030 approved the  
21 administrative procedure for approval of such wells, and  
22 numerous workovers and new wells have been approved and  
23 completed utilizing this administrative procedure.

24 Q Have the second wells on existing proration  
25 units allowed the unit, that is the Central Drinkard Unit,

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1 to effectively and efficiently drain the existing proration  
2 unit?

3 A. Yes, sir, we're proceeding with our develop-  
4 ment of the gas zone and continuation of the waterflood  
5 project.

6 MR. CROSS: At this time I'd like to read  
7 a portion from page 13 of the transcript developed in Case  
8 5474.

9 The question, "Will additional unorthodox  
10 well locations be necessary for development of the Drinkard  
11 Gas Zone under the Central Drinkard Unit?"

12 Mr. Kalteyer's answer, "Yes, sir, they will.  
13 As stated earlier, the operators propose to develop gas com-  
14 pletions along the boundaries of the north, south, and east  
15 portions of the Central Drinkard Unit for Drinkard Gas Zone  
16 production. In keeping with our plan to not disturb the  
17 efficiency of the Drinkard waterflood, no gas zone wells will  
18 be completed on any 40-acre injection tract, nor will we use  
19 any injection well as a dual gas producer and injector.

20 The operators propose to complete in the gas  
21 zone and where practical, dual with presently producing oil  
22 Drinkard oil wells. In such cases where separate wellbores  
23 are required for Drinkard gas and oil production on the  
24 same 40-acre tract, approval of unorthodox well locations  
25 will be required."

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1 I'd also like to read one finding of fact  
2 from Order Number R-5030, that is finding number nine,  
3 "The Oil Conservation Commission finds that to protect the  
4 said unit area from drainage by offsetting wells, the ap-  
5 plicant, as unit operator, must complete gas wells in the  
6 Upper Drinkard Gas pay on the same 40-acre tract as existing  
7 wells in the Lower Drinkard Oil pay, which are part of the  
8 Lower Drinkard Waterflood Project."

9 Q Mr. Kalteyer, do the Central Drinkard Unit  
10 working interest owners intend to continue with their in-  
11 fill drilling program and thereby drill additional wells  
12 on existing proration units in the Central Drinkard Unit?

13 A Yes, sir, that -- that is our plan. Of  
14 course, it will have to be approved.

15 Q Are these wells necessary to effectively and  
16 efficiently drain existing proration units -- or to effi-  
17 ciently drain the Upper Drinkard Gas Zone?

18 A Yes, sir.

19 Q Were Exhibits One through Three prepared  
20 under your supervision?

21 A Yes, sir, they were.

22 MR. CROSS: I move that Exhibits One through  
23 Five be admitted, Four and Five are the transcript and order

24 MR. STAMETS: Okay, they will be admitted  
25 if you'll give me a set.

1 MR. CROSS: Yes, sir, I have these marked  
2 for you.

3 I have no further questions.

4 MR. STAMETS: Okay.

5  
6 CROSS EXAMINATION

7 BY MR. STAMETS:

8 Q Mr. Kalteyer, I don't recall the administra-  
9 tive procedure. Is that limited to the drilling of infill  
10 gas wells only?

11 A No, sir, it's limited to the second well on  
12 the unit and we are limited to the -- for one proration unit  
13 in the gas allowable, is what it amounts to.

14 Q And I'm not sure I understood that.

15 A If we have a gas well and an oil well on  
16 the same unit, we're limited by the gas limit on production  
17 rate; however, we're given the authority for unorthodox  
18 locations.

19 Q Well, have you drilled infill wells both for  
20 the gas and for the flooded zone oil production?

21 A Yes, sir, we have drilled two infill oil  
22 wells in the area of the original pilot to see how we were  
23 flooding, and we have drilled some 22 gas wells on the  
24 unit.

25 Q Are you seeking your order today for both

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1 gas wells in the Upper Drinkard Zone and for oil wells com-  
2 pleted in the Lower Drinkard Zone?

3 A Yes, sir, this was -- all we're asking is  
4 a continuation of the present authority, and this was brought  
5 about by NGPA certification requirements, that this be a  
6 finding that this was necessary, and our basis, of course,  
7 was that we did not want to disturb the waterflood program  
8 and that we'd gone to the extra expense of drilling addi-  
9 tional wells not to disturb the waterflood.

10 Q Was there any evidence at the original  
11 hearing as to the necessity for the infill drilling program  
12 on oil wells? You've testified here today about the neces-  
13 sity for the Upper Drinkard Zone gas wells, but I don't  
14 recall that there was testimony relative to infill drilling  
15 in the flooded oil zone.

16 A Other than it would cause unorthodox com-  
17 pletions to be placed on production that had not been placed  
18 on production. In our Exhibit One you would see that we've  
19 indicated a number -- well, the complete program there, but  
20 all those wells were not on production at that time.

21 MR. STAMETS: Let's go off the record a  
22 second.

23 (Thereupon a discussion was  
24 had off the record.)

25 MR. STAMETS: Let's go back on the record.

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REDIRECT EXAMINATION

BY MR. CROSS:

Q. Mr. Kalteyer, does Gulf as operator of the Central Drinkard Unit anticipate drilling wells to the lower oil zone on existing proration units?

A. As I understand tentative plans, we will be drilling infill gas completions and in the future, after their depletion, it will put us in position, possibly, to change the drainage, or the development pattern for the oil zone from the 40-acre present development pattern to a 20-acre development pattern, to improve the flood efficiency, and to recover additional oil.

Q. These wells would enable the operator to more effectively and efficiently drain existing proration units in the Central Drinkard Unit?

A. Yes, sir, it would.

MR. CROSS: We will submit additional information to support our position that there is evidence in the transcript backing up the Commission's finding in its order that the oil completions were necessary to effectively and efficiently drain existing proration units.

RECROSS EXAMINATION

BY MR. STAMETS:

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1 Q Mr. Kalteyer, can you at this point, can  
2 you say that Gulf will have an infill program and how ex-  
3 tensive it will be in this -- this waterflood unit?

4 A No, sir, it's not that far along as far as  
5 our plan, and of course, it will have to be approved by  
6 the unit operators. This has not been approved yet.

7 Q Can you infill drill any oil wells at this  
8 point?

9 A Yes, sir, we have infill drilled two wells,  
10 as I mentioned earlier, in the area of the -- of the pilot  
11 waterflood. Those were Wells Nos. 417 and 419. They do not  
12 appear on that plat.

13 No. 419 was approved as a directional well.  
14 The surface location was 1631 feet from the south line and  
15 260 feet from the west line of Section 28, with a bottom  
16 hole location was projected to be within 100 feet of a point  
17 1335 feet from the south line and --

18 Q Whoa, whoa. Let's back up. Let's start  
19 in Section 28, Chuck.

20 A Okay.

21 Q Now, which quarter am I located in for the  
22 surface location?

23 A All right, this would be in -- the surface  
24 location was in the southwest quarter.

25 Q Okay, and it's 1631 from the south and how

1 far from the west?

2 A. 260 feet from the west line of Section 28.

3 Q. Okay.

4 A. And it was to be bottomed in Section 29 in  
5 the southeast quarter.

6 Q. Okay, and then where in the southeast?

7 A. It was to be bottomed within 100 feet of  
8 a point 1335 feet from the south line and 15 feet from the  
9 east line of Section 29, which would put it -- that would  
10 put it in Unit I, in the southeast corner of Unit I, almost  
11 on a line between those two injection wells, 117 and 123.

12 Q. Okay.

13 A. So in that instance that well was drilled,  
14 targeted to be drilled on a proration unit which we had an  
15 injection well on, and not a producer.

16 Q. What kind of a well did you wind up with  
17 there?

18 A. I don't have those figures, but as I under-  
19 stand it, the water production was fairly high on it, indi-  
20 cating that during the pilot project this area had been  
21 virtually swept in that particular area.

22 We had no backup for the pilot area and we  
23 felt that the water had moved out of the area abnormally.

24 Q. Okay.

25 A. Then we drilled --

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1 Q Just a second, Chuck, Lynn has some questions.

2

3 CROSS EXAMINATION

4 BY MS. TESCHENDORF:

5 Q This injection Well No. 117, did it -- was  
6 it ever a producer?

7 A At one time it was.

8 Q What kind of a well was it?

9 A We'd have to search the records. It ap-  
10 parently was a Marathon well and we would have to go into  
11 the records to see what it was originally and when it was  
12 abandoned.

13 Q Do you know about when you started using it  
14 as an injection well?

15 A Well, I think it was part of the original  
16 pilot, so that would be back in '62 -- no, in '67.

17 MR. STAMETS: Go ahead.

18 A And our Number 417 was drilled in Section  
19 28 in Unit K on the line drawn between injection well 115  
20 and 123. That was also on a unit that formerly had an in-  
21 jection -- or that has an injection well on it, rather than  
22 another Drinkard oil producer.

23 So we actually are attempting to drill our --  
24 were attempting to drill our infill oil producers on injection  
25 proration units.

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RECROSS EXAMINATION

BY MR. STAMETS:

Q What kind of a well did 417 have?

A It was similar to 419, as I understand it. I do not have those records, but I'd be glad to furnish that for the record, as to the results of those wells.

Q Does this lead you -- the results lead you to believe that the infill program in the waterflood zone would be effective?

A Well, this -- this still leaves a question in our minds because of the pilot area, that we would not have a backup for this injection program, and we felt that the water did move out of that area rather than be retained and be a more efficient flood at the time. I'll be glad to supply that test data.

MR. STAMETS: Let's go off the record again.

(Thereupon a discussion was had off the record.)

MR. STAMETS: Back on the record.

Are there any other questions of Mr. Kalteyer?

He may be excused.

Anything further in this case?

The case will be taken under advisement.

(Hearing concluded.)

## REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing.

Sally W. Boyd  
Sally W. Boyd, C.S.R.

BEFORE EXAMINER STAMETS	
OIL CONSERVATION DIVISION	
EXHIBIT NO.	_____
CASE NO.	_____
Submitted by	_____
Hearing Date	_____

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6500, heard by me on 3-28, 1979.  
Richard H. Stamps, Examiner  
Oil Conservation Division

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STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
State Land Office Building  
Santa Fe, New Mexico  
25 April 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Gulf Oil Corporation ) CASE  
for approval of infill drilling, ) 6500  
Lea County, New Mexico. )

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Ernest L. Padilla, Esq.  
Legal Counsel for the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87503

For the Applicant:

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
2020 Plaza Blanca (SOS) 471-2462  
Santa Fe, New Mexico 87501

1 MR. STAMETS: We'll call last Case Number  
2 6500.

3 MR. PADILLA: Application of Gulf Oil Corpor-  
4 ation for approval of infill drilling, Lea County, New  
5 Mexico.

6 And this case has been continued and re-  
7 advertised.

8 MR. STAMETS: The case was originally heard  
9 at the Examiner Hearing one month ago. Is there any addi-  
10 tional testimony in this case today?

11 The record in that case on that date will  
12 stand.

13 If there is nothing further, the hearing  
14 is adjourned.

15 (Hearing concluded.)  
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SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3010 Plaza Blanca (SOS) 471-2462  
Santa Fe, New Mexico 87501

REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY  
 CERTIFY that the foregoing and attached Transcript of  
 Hearing before the Oil Conservation Division was reported  
 by me; that said transcript is a full, true, and correct  
 record of the hearing, prepared by me to the best of my  
 ability, knowledge, and skill, from my notes taken at the  
 time of the hearing.

Sally W. Boyd CSR  
 Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is  
 a complete record of the proceedings in  
 the Examiner hearing of Case No. 6500.  
 heard by me on 4-25 1977.  
Richard D. Hunt, Examiner  
 Oil Conservation Division

SALLY WALTON BOYD  
 CERTIFIED SHORTHAND REPORTER  
 3020 Plaza Blanca (SOS) 471-2462  
 Santa Fe, New Mexico 87501

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
State Land Office Building  
Santa Fe, New Mexico  
25 April 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Gulf Oil Corporation  
for approval of infill drilling,  
Lea County, New Mexico.

CASE  
6500

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Ernest L. Padilla, Esq.  
Legal Counsel for the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87503

For the Applicant:

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3020 Plaza Blanca (SOS) 471-2442  
Santa Fe, New Mexico 87501

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MR. STAMETS: We'll call last Case Number  
6500.

MR. PADILLA: Application of Gulf Oil Corpor-  
ation for approval of infill drilling, Lea County, New  
Mexico.

And this case has been continued and re-  
advertised.

MR. STAMETS: The case was originally heard  
at the Examiner Hearing one month ago. Is there any addi-  
tional testimony in this case today?

The record in that case on that date will  
stand.

If there is nothing further, the hearing  
is adjourned.

(Hearing concluded.)

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3020 Plaza Blanca (SOS) 471-2462  
Santa Fe, New Mexico 87501

REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing.

Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. \_\_\_\_\_ heard by me on \_\_\_\_\_ 19\_\_\_\_.

\_\_\_\_\_, Examiner  
Oil Conservation Division

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3020 Plaza Blanca (505) 471-2462  
Santa Fe, New Mexico 87501

CASE 6492: (Continued from March 28, 1979, Examiner Hearing)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the NE/4 NW/4 of Section 13, Township 17 South, Range 25 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. 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 6502: (Continued from April 11, 1979, Examiner Hearing)

Application of Stevens Oil Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the SW/4 SW/4 of Section 30, Township 8 South, Range 29 East, Chaves County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. 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 6500: (Continued and Readvertised)

Application of Gulf Oil Corporation for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the Division waived existing well-spacing requirements and found that the drilling of additional wells was necessary to effectively and efficiently drain those portions of the proration units in the Central Drinkard Unit located in Sections 28, 29, 30, 31, 32 and 33, Township 21 South, Range 37 East, Lea County, New Mexico, which could not be so drained by the existing wells.

CASE 6501: (Continued and Readvertised)

Application of Delta Drilling Company for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter the Williamson State Unit Well No. 1, the surface location of which is 660 feet from the North and West lines of Section 30, Township 16 South, Range 33 East, Lea County, New Mexico, and directionally drill said well in such a manner as to bottom it in the Morrow formation within 100 feet of a point 1980 feet from the North and East lines of said Section 30, the N/2 of the section to be dedicated to the well.

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Docket No. 17-79

DOCKET: COMMISSION HEARING - MONDAY - APRIL 30, 1979

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6533: Application of El Paso Natural Gas Company for the amendment of Orders Nos. R-1670 and R-1670-C, Basin-Dakota Pool, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Orders Nos. R-1670 and R-1670-C, Basin-Dakota Pool, San Juan and Rio Arriba Counties, New Mexico, to permit the optional drilling and production of a second well on proration units in said pool, to establish well location requirements, and to provide that the deliverabilities of both wells on the unit would be additive for allowable purposes.

Dockets Nos. 18-79 and 20-79 are tentatively set for hearing on May 9 and 23, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 25, 1979

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

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

- CASE 6525: In the matter of the hearing called by the Oil Conservation Division on its own motion to amend the Special Rules for the Tubb Gas Pool in Lea County, New Mexico, to provide for the classification of wells as oil wells and gas wells on the basis of gas-oil ratios rather than on the basis of liquid gravity as at present.
- CASE 6526: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider a procedure for the adoption of findings, when applicable and pursuant to the Federal Natural Gas Policy Act, that another well is necessary to effectively and efficiently drain that portion of its proration unit which cannot be so drained by any existing well, and that existing well spacing requirements are waived. The proposed procedure would provide a system whereby such findings could be issued administratively without the necessity for public hearing.
- CASE 6527: Application of Tenneco Oil Company for two non-standard oil proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of two 80-acre non-standard oil proration units, the first comprising the N/2 NW/4, the other the N/2 NE/4, of Section 12, Township 9 South, Range 34 East, Vada-Pennsylvanian Pool, Lea County, New Mexico; said units to be dedicated to applicant's Ward Insall Wells Nos. 1 and 2, respectively, located in Units D and A of said Section 12.
- CASE 6528: Application of Bass Enterprises Production Co. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox Morrow test well location to be drilled 660 feet from the North and West lines of Section 10, Township 21 South, Range 32 East, Lea County, New Mexico, the W/2 of said Section 10 to be dedicated to the well.
- CASE 6529: Application of Amoco Production Company 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 the S/2 of Section 22, Township 23 South, Range 28 East, Eddy County, New Mexico, to be dedicated to its Brantley Gas Com. Well No. 1 located in Unit K of said Section 22. 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 6530: Application of Amoco Production Company for unorthodox gas well locations, temporary injection of produced gas, and to vent gas, Union and Harding Counties, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox locations in the Tubb formation of its State FI Well No. 3, located 1315 feet from the South line and 1980 feet from the East line of Section 36, Township 20 North, Range 34 East, Union County, and its Heimann Well No. 5, located 660 feet from the South line and 1315 feet from the West line of Section 3, Township 19 North, Range 33 East, Harding County. Applicant further seeks authority to conduct pressure interference tests, including authority to vent gas produced from the State FI Well No. 1 for a period not to exceed 45 days and to inject produced gas into its Heimann Well No. 4 located in Unit K of Section 34, Township 20 North, Range 33 East, for a period not to exceed six months.
- CASE 6531: Application of Getty Oil Company for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to simultaneously dedicate its Baker B Well No. 6 at an unorthodox location 510 feet from the South and West lines of Section 10, Township 22 South, Range 37 East, Lea County, New Mexico, and its Baker B Well No. 15 located in Unit L of said Section 10, the current unit well, to the existing proration unit.
- CASE 6532: Application of Northwest Production Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Tapacito-Pictured Cliffs and Blanco Mesaverde production in the wellbore of its Jicarilla 117E Well No. 5 located in Unit M of Section 28, Township 26 North, Range 3 West, Rio Arriba County, New Mexico.
- CASE 6072: (Continued from March 28, 1979, Examiner Hearing)
- In the matter of Case 6072 being reopened pursuant to the provisions of Order No. R-5643 which order created the Travis-Upper Pennsylvanian Pool, Eddy County, New Mexico, with provisions for 80-acre spacing. All interested parties may appear and show cause why the Travis-Upper Pennsylvanian Pool should not be developed on 40-acre spacing units.

GULF No. 7 CARSON  
TYPE LOG IN  
CENTRAL DRINKARD UNIT

EXXON No. 20 STATE S  
NMOCC TYPE LOG

Location of Well  
810' FWL 2180' FWL  
Sec. 33-218-378

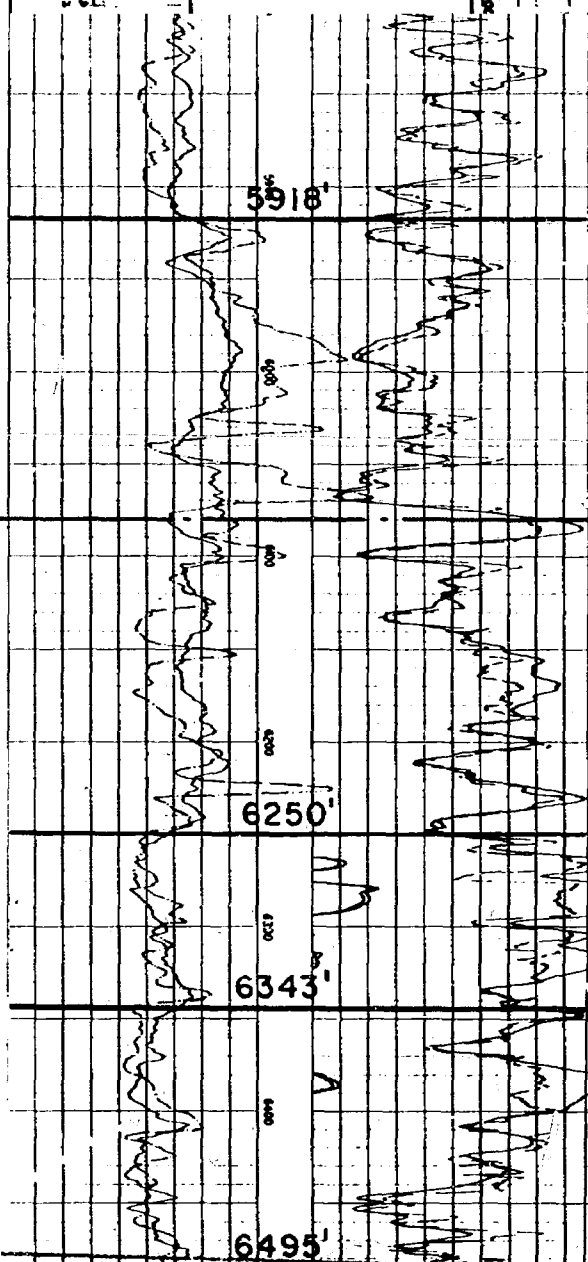
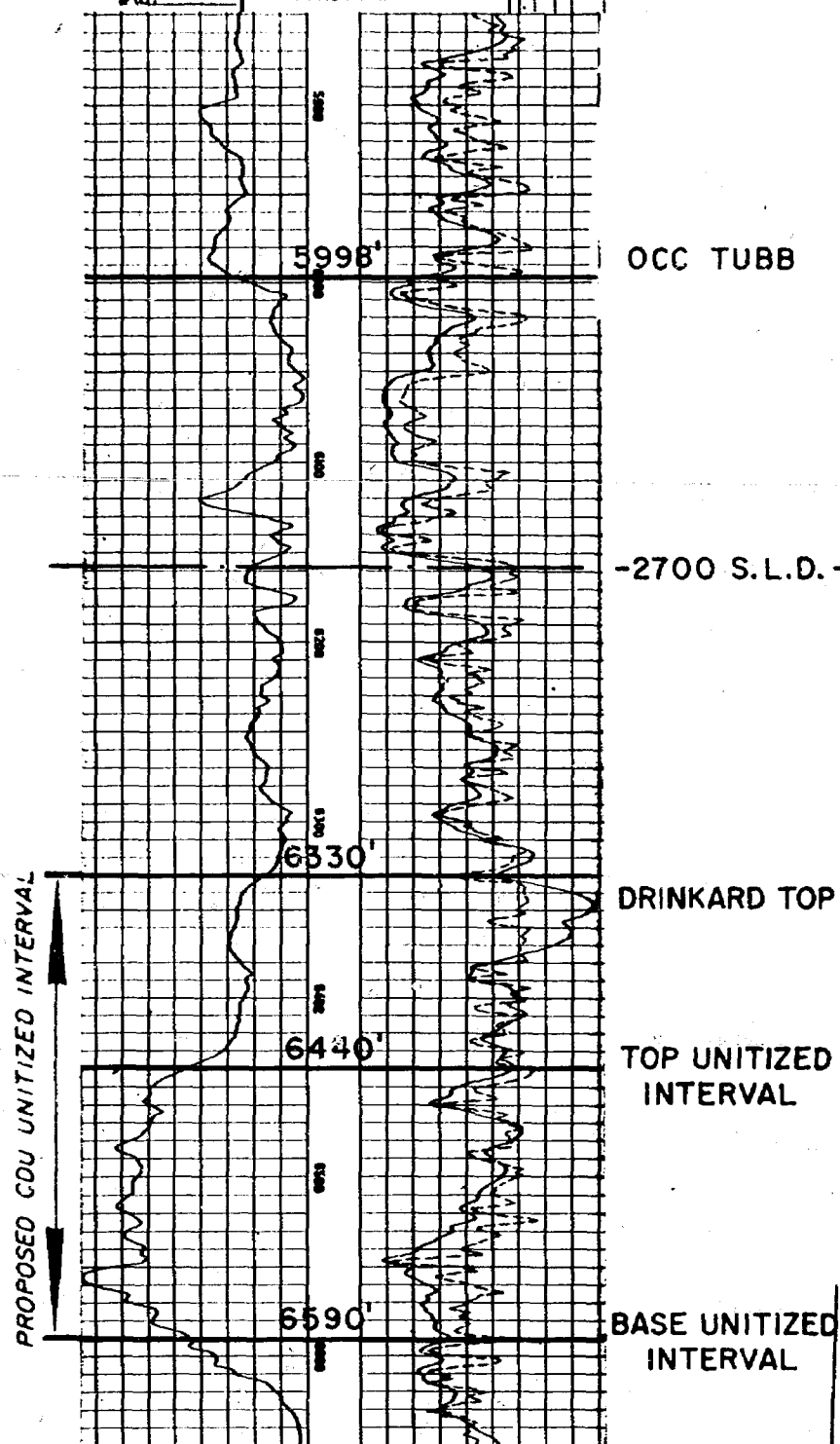
COMPANY: GULF OIL CORPORATION  
WELL: G. 7, CARSON #7  
RUN NO.: 1-11  
FIELD: BUTLER-4800  
LOCATION: SEC. 33-218-378  
COUNTY: LEA  
STATE: NEW MEXICO  
PLING No.

Location K.A.  
D.F. 3380  
or G.L.

Location of Well  
8200' FWL & 900' FWL  
Sec. 2 228-378

COMPANY: EXXON OIL & REFINING  
WELL: STATE S #80  
FIELD: BUTLER-4800  
LOCATION: SEC. 2 228-378  
COUNTY: LEA  
STATE: NEW MEXICO  
PLING No.

Location K.A.  
D.F. 3380  
or G.L.



BEFORE EXAMINER STATE  
OIL CONSERVATION DIVISION  
EXHIBIT NO. 3  
CASE NO. 6500  
Submitted by GULF OIL  
Hearing Date 3-28-79

EXHIBIT 3  
**TYPE LOG SECTION**  
**CENTRAL DRINKARD UNIT**  
**LEA COUNTY, NEW MEXICO**

CASE NO. 5474  
MAY 14, 1975

This well will be worked over to the interval 6390 feet to 6460 feet in the Drinkard gas interval. This will place two Drinkard producers on production on the same forty acre proration units which are located only 149.9 feet apart. Approval for these unorthodox well locations in the Central Drinkard Unit are hereby requested.

Q Will additional unorthodox well locations be necessary for development of the Drinkard gas zone under the Central Drinkard Unit?

A Yes, sir, they will. As stated earlier, the operators propose to develop the gas completions along the boundaries of the north, south, and east portion of the Central Drinkard Unit for Drinkard gas zone production. In keeping with our plan to not disturb the efficiency of the Drinkard waterflood, no gas zone wells will be completed on any forty acre injection tract nor will we use any injection well as a dual gas producer and injector. The operators propose to complete in the gas zone and where practical, dual with presently producing oil -- Drinkard oil wells. In such cases where separate well bores are required for Drinkard gas and oil production on the same forty acre tract, approval of unorthodox

BEFORE EXAMINER STAMETS  
OIL CONSERVATION DIVISION

EXHIBIT NO. 4

CASE NO. 6500

Submitted by Gulf

Hearing Date 3-28-79

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

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 DIVISION

EXHIBIT NO. S

CASE NO. 6500

Submitted by Gulf

Hearing Date CASE NO. 5474 3-28-79  
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.

-4-  
Case No. 5474  
Order No. R-5030

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/

GULF No. 7 CARSON  
TYPE LOG IN  
CENTRAL DRINKARD UNIT

EXXON No. 20 STATE S  
NMOCC TYPE LOG

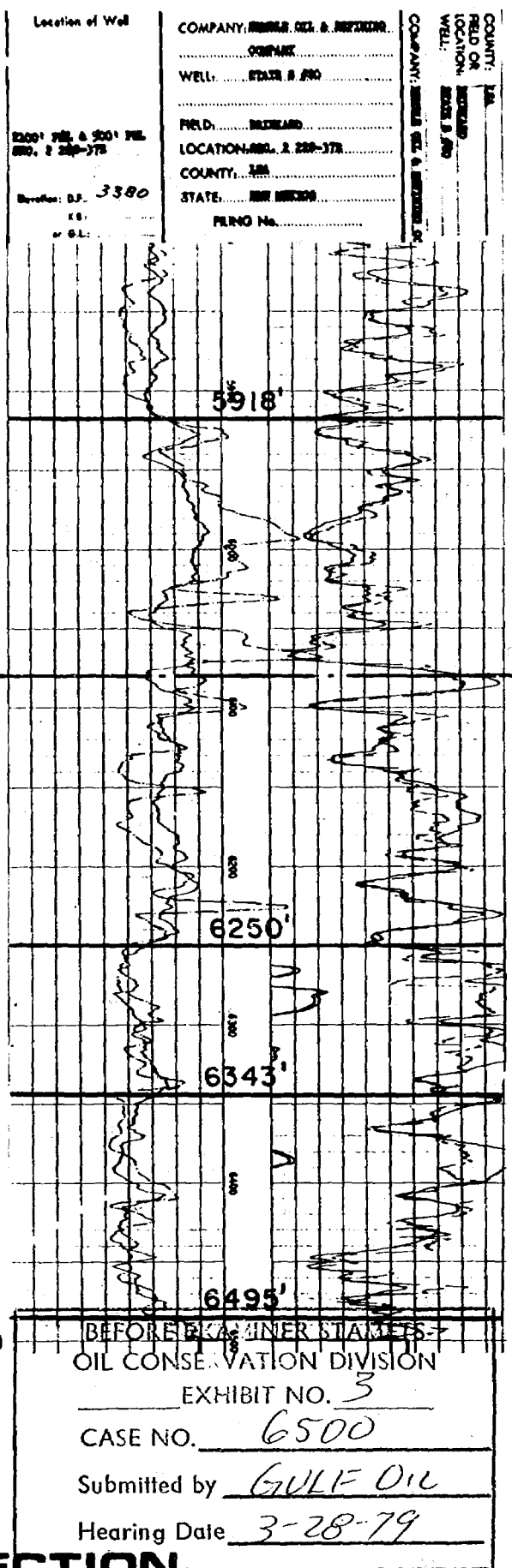
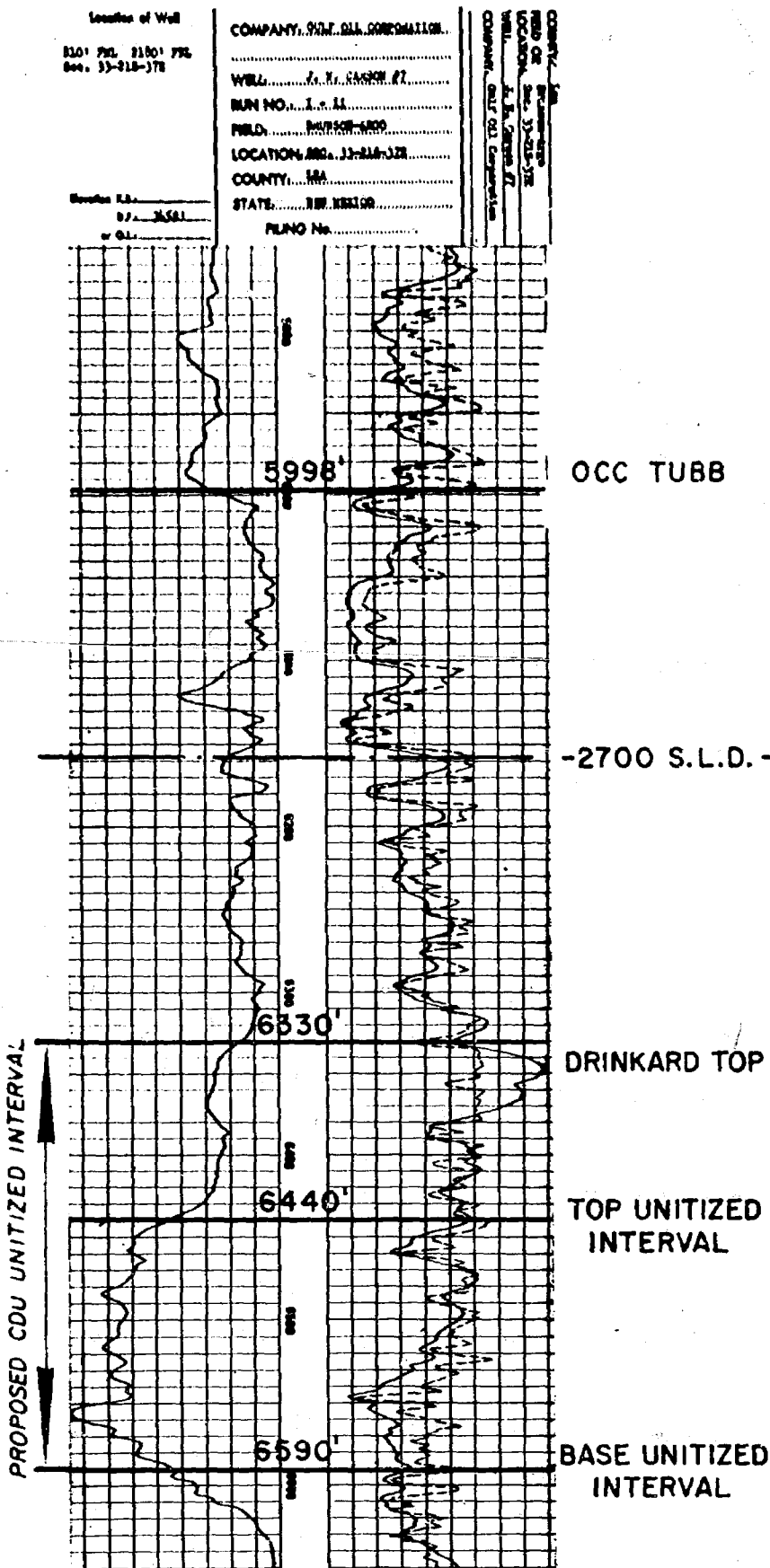


EXHIBIT 3  
**TYPE LOG SECTION**  
CENTRAL DRINKARD UNIT  
LEA COUNTY, NEW MEXICO

CASE NO. 5474  
MAY 14, 1975

GULF No. 7 CARSON  
TYPE LOG IN  
CENTRAL DRINKARD UNIT

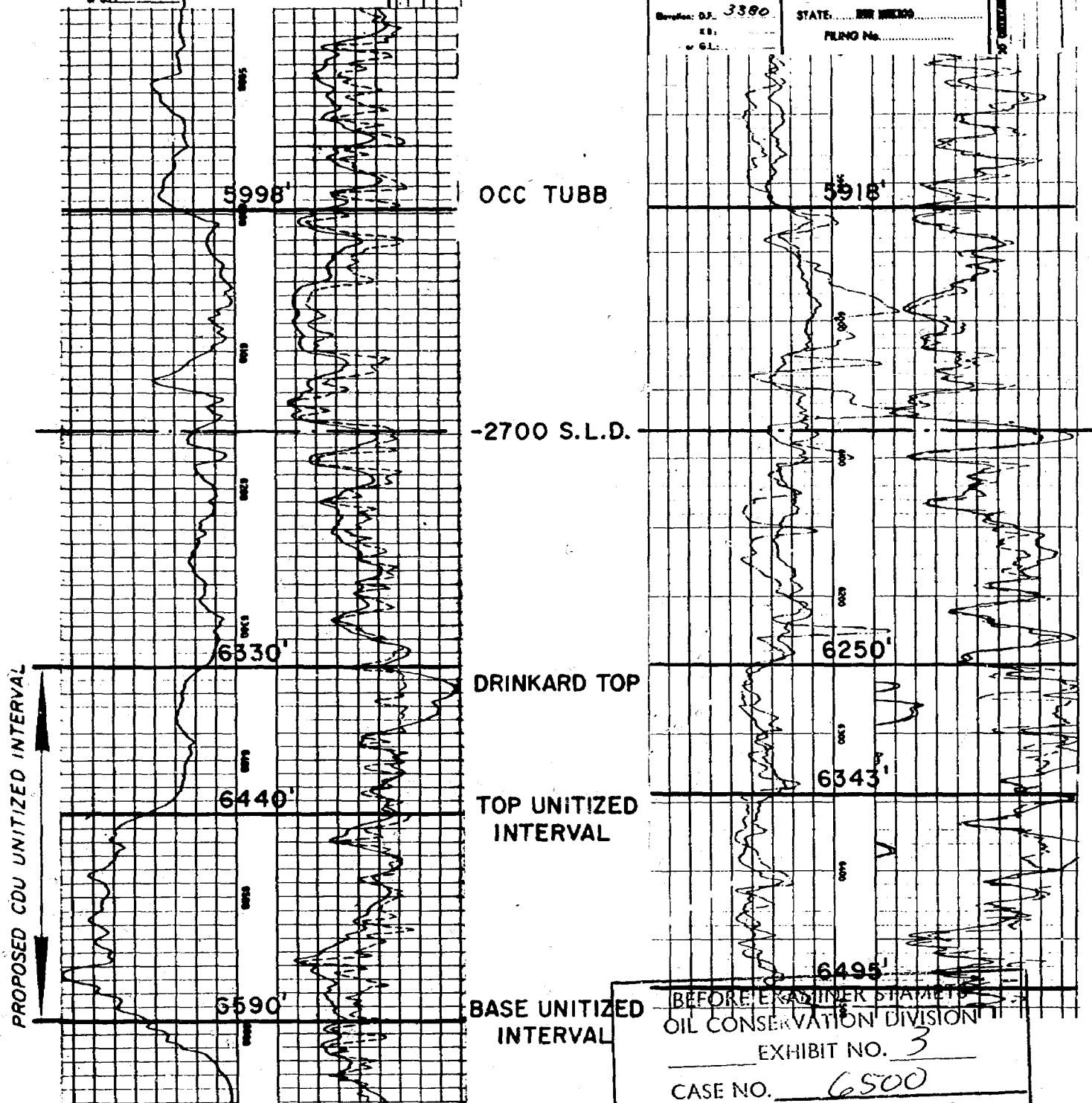
EXXON No. 20 STATE S  
NMOCC TYPE LOG

Location of Well  
510' PRL 2180' PRL  
Sec. 33-218-37E

COMPANY: GULF OIL CORPORATION  
WELL: J. H. CARSON #7  
RUN NO.: 1-11  
FIELD: DRINKARD-ABDO  
LOCATION: SEC. 33-218-37E  
COUNTY: LEA  
STATE: NEW MEXICO  
PLANO No.

Location of Well  
5200' PRL & 500' PRL  
SEC. 2 228-37E

COMPANY: EXXON OIL & REFINING  
WELL: STATE S #20  
FIELD: MIDLAND  
LOCATION: SEC. 2 228-37E  
COUNTY: LEA  
STATE: NEW MEXICO  
PLANO No.



BEFORE EXAMINER STARTS  
OIL CONSERVATION DIVISION II  
EXHIBIT NO. 3  
CASE NO. 6500  
Submitted by GULF OIL  
Hearing Date 3-28-79

EXHIBIT 3  
**TYPE LOG SECTION**  
**CENTRAL DRINKARD UNIT**  
**LEA COUNTY, NEW MEXICO**

CASE NO. 5474  
MAY 14, 1975

ROUGH

dr/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6500

Order No. \_\_\_\_\_

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 28  
19 79, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this \_\_\_\_\_ day of \_\_\_\_\_, 1979, the  
Division Director, 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 Division has jurisdiction of this cause and the  
subject matter thereof.

(2) That the applicant, Gulf Oil Corporation, seeks a finding  
that the Division waived existing well-spacing requirements and  
found that the drilling of additional wells was necessary to

effectively and efficiently drain those portions of the proration units in the Central Drinkard Unit located in Sections 28, 29, 32 and 33, Township 21 South, Range 37 East, Lea County, New Mexico, which could not be so drained by the existing wells.

Dockets Nos. 14-79 and 15-79 are tentatively set for hearing on April 11 and 18, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 28, 1979

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

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

- CASE 6500: Application of Gulf Oil Corporation for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the Division waived existing well-spacing requirements and found that the drilling of additional wells was necessary to effectively and efficiently drain those portions of the proration units in the Central Drinkard Unit located in Sections 28, 29, 32 and 33, Township 21 South, Range 37 East, Lea County, New Mexico, which could not be so drained by the existing wells.
- CASE 6501: Application of Delta Drilling Company for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter the Williamson State Unit Well No. 1, the surface location of which is 660 feet from the North and West lines of Section 30, Township 16 South, Range 33 East, Lea County, New Mexico, and directionally drill said well in such a manner as to bottom it in the Morrow formation within 100 feet of a point 1980 feet from the North and West lines of said Section 30, the N/2 of the section to be dedicated to the well.
- CASE 6502: Application of Stevens Oil Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the SW/4 SW/4 of Section 30, Township 8 South, Range 29 East, Chaves County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. 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 6503: Application of Sundance Oil Company for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation through the perforated interval from 4207 feet to 4228 feet in its Cone Federal Well No. 8 located in Unit P of Section 31, Township 7 South, Range 32 East, Tomahawk-San Andres Pool, Roosevelt County, New Mexico.
- CASE 6504: Application of Phoenix Resources Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Buckhorn Canyon Unit Area No. 2, comprising 23,009 acres, more or less, of Federal and State lands in Township 19 South, Ranges 19 and 20 East, Chaves County, New Mexico.
- CASE 6505: Application of Doyle Hartman for vertical pool limit redefinition, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order extending the vertical limits of the Langlie Mattix Pool in Lea County, New Mexico, to include the lowermost 200 feet of the Seven Rivers formation and the concomitant contraction of the vertical limits of the Jalmat Gas Pool underlying the following described lands in Township 23 South, Range 36 East: Section 35: SW/4, S/2 SE/4, and NW/4 SE/4; Section 36: W/2 SW/4; and in Township 24 South, Range 36 East: Section 1: NW/4, S/2 NE/4, and NW/4 NE/4; Section 2: W/2.
- CASE 6506: Application of Bedford, Inc. for approval of infill drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Ram Well No. 1-A located in Unit G of Section 8, Township 26 North, Range 12 West, WAW-Fruitland Pictured Cliffs Pool, San Juan County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.
- CASE 6507: Application of Harvey E. Yates Company for an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir or in the alternative a new onshore production well determination for its Haulad State Well No. 1 located in Unit K of Section 2, Township 18 South, Range 35 East, Queen formation, Lea County, New Mexico.
- CASE 6508: Application of Harvey E. Yates Company for an unorthodox well location and a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 62.75-acre non-standard gas proration unit comprising Lots 1 and 2 of Section 19, Township 18 South, Range 29 East, Eddy County, New Mexico, to be dedicated to its Depco Federal Well No. 1 to be located 330 feet from the North line and 660 feet from the West line of said Section 19.

CASE 6509: Application of Harvey E. Yates Company for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order creating a new gas pool in the Yates formation for its Depco Federal Well No. 1 located in Unit D of Section 19, Township 18 South, Range 29 East, Eddy County, New Mexico, and for promulgation of special pool rules, including provision for 80-acre gas well spacing.

CASE 6480: (Continued from February 28, 1979, Examiner Hearing)

Application of Harvey E. Yates Company for an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir or in the alternative a new onshore production well determination for its State 22 Well No. 1 located in Unit P of Section 22, Township 18 South, Range 35 East, Queen formation, Lea County, New Mexico.

CASE 6482: (Continued from February 28, 1979, Examiner Hearing)

Application of Harvey E. Yates Company for an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir or in the alternative a new onshore production well determination for its Mobil 27 State Well No. 1 located in Unit A of Section 27, Township 18 South, Range 35 East, Queen formation, Lea County, New Mexico.

CASE 6072: (Continued from March 14, 1979, Examiner Hearing)

In the matter of Case 6072 being reopened pursuant to the provisions of Order No. R-5643 which order created the Travis-Upper Pennsylvanian Pool, Eddy County, New Mexico, with provisions for 80-acre spacing. All interested parties may appear and show cause why the Travis-Upper Pennsylvanian Pool should not be developed on 40-acre spacing units.

CASE 6492: (Continued from March 14, 1979, Examiner Hearing)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the NE/4 NW/4 of Section 13, Township 17 South, Range 25 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. 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 6510: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location for the Wolfcamp through Mississippian formations of its Rio Pecos Federal "KO" Well No. 1, to be located 660 feet from the North line and 1300 feet from the East line of Section 28, Township 18 South, Range 27 East, Eddy County, New Mexico, the E/2 of said Section 28 to be dedicated to the well.

CASE 6511: Application of Yates Petroleum Corporation for a dual completion and downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Tom Brown "GO" Com. Well No. 1 located in Unit C of Section 22, Township 17 South, Range 26 East, Kennedy Farms Field, Eddy County, New Mexico, to produce gas from the Lower Morrow formation through tubing and to commingle and produce the Strawn and Upper Morrow zones in the annulus of said well.

CASE 6512: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Hilliard "BF" Federal Well No. 2, to be located 330 feet from the North line and 2310 feet from the West line of Section 14, Township 21 South, Range 22 East, to test the Wolfcamp through Mississippian formations, Eddy County, New Mexico, the W/2 of said Section 14 to be dedicated to the well.

CASE 6513: Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Atoka and Morrow production in the wellbore of its Stebbins GQ Fed. Well No. 1 located in Unit B of Section 20, Township 20 South, Range 29 East, East Burton Flats Field, Eddy County, New Mexico.

CASE 6514: Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of North Burton Flats-Atoka and East Burton Flats-Morrow production in the wellbore of its Williamson BC Fed. Well No. 4 located in Unit K of Section 7, Township 20 South, Range 29 East, Eddy County, New Mexico.

CASE 6515: Application of Southland Royalty Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the W/2 of Section 31, Township 31 North, Range 11 West, San Juan County, New Mexico, to be dedicated to its Grenier Well No. 23 drilled at a location 1190 feet from the South and West lines of said Section 31. 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 6516: Application of Union Oil Company of California for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Maduro Unit Area, comprising 2,560 acres, more or less, of Federal and State lands in Township 19 South, Range 33 East, Lea County, New Mexico.

CASE 6452: (Continued and Readvertised)

Application of Burleson & Huff for a non-standard gas proration unit and approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the SW/4 of Section 25, Township 24 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico. Applicant further seeks a finding that the recompletion of its Harrison Well No. 2 located in Unit N or in the alternative, the drilling of its Harrison Well No. 4 in Unit L, of Section 25 is necessary to effectively and efficiently drain that portion of the previously approved 160-acre proration unit which cannot be drained by the old unit well.

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

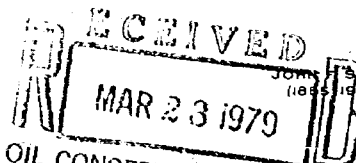
LAW OFFICES  
MODRALL, SPERLING, ROEHL, HARRIS & SISK

PUBLIC SERVICE BUILDING

P. O. BOX 2188

ALBUQUERQUE, NEW MEXICO 87103

505-243-4511



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(1902-1977)

AUGUSTUS T. SEYMOUR  
(1907-1965)

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PAUL M. FISH  
MARK B. THOMPSON III  
GEORGE J. HOPKINS  
JEFFREY W. LOUBET  
RUTH M. SCHIFANI  
THOMAS L. JOHNSON  
LYNN H. SLADE  
ALAN KONRAD  
ZACHARY L. MCCORMICK  
THURMAN W. MOORE II  
CLIFFORD K. ATKINSON  
DOUGLAS A. BAKER  
DEBORAH J. HERZBERG  
SUSAN R. STOCKSTILL

OIL CONSERVATION DIVISION March 22, 1979  
SANTA FE

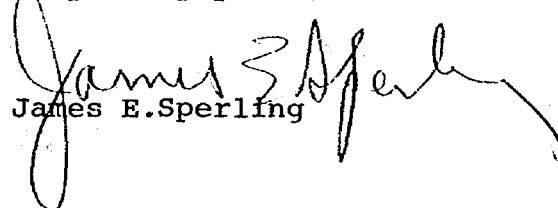
Mr. Joe D. Ramey  
Secretary-Director  
Oil Conservation Division  
Department of Energy & Minerals  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Application of Gulf Oil Corporation  
for Approval of Infill Drilling -  
Case No. 6500

Dear Mr. Ramey:

Enclosed is Entry of Appearance on behalf of Gulf Oil  
Corporation in Case No. 6500, which has been docketed  
for the Examiner's Hearing on March 28, 1979.

Very truly yours,

  
James E. Sperling

/jev  
Enclosure

cc: Mr. Morgan L. Copeland, w/encl.  
Mr. Terry I. Cross, w/encl.

BEFORE THE OIL CONSERVATION DIVISION

STATE OF NEW MEXICO



IN THE MATTER OF THE APPLICATION  
OF GULF OIL CORPORATION FOR APPROVAL  
OF INFILL DRILLING, LEA COUNTY, NEW  
MEXICO

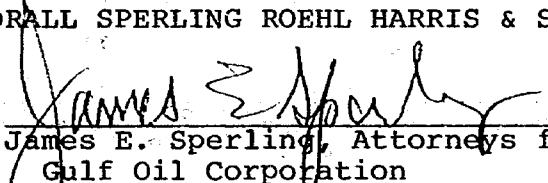
Case No. 6500

ENTRY OF APPEARANCE

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

MODRALL SPERLING ROEHL HARRIS & SISK

By:

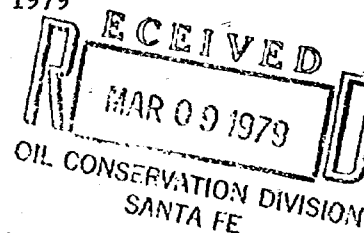
  
James E. Sperling, Attorneys for  
Gulf Oil Corporation  
P. O. Box 2168  
Albuquerque, New Mexico 87103  
Telephone: (505) 243-4511

# Gulf Oil Exploration and Production Company

R. E. Galvin  
GENERAL MANAGER PRODUCTION  
SOUTHWEST DISTRICT

March 7, 1979

P. O. Drawer 1150  
Midland, TX 79702



*Case 6500*

New Mexico Department of Energy & Minerals  
Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87501

Attention: Mr. Joe D. Ramey

Gentlemen:

This will confirm our request that a hearing be scheduled on your March 28 Examiners Docket, for the purpose of considering Gulf Oil Corporation's application for a finding that the Division waived existing well spacing requirements and found that the drilling of additional infill wells was necessary to effectively and efficiently drain those portions of the proration units in the Central Drinkard Unit, Drinkard Pool, Lea County, New Mexico, which could not be so drained by the then existing wells. It is further requested, that a finding be made that the additional infill wells were necessary to prevent waste and to protect correlative rights.

Yours very truly,

J. M. THACKER  
Manager - Operations

CFK:sdn

cc: J. T. Sexton - Hobbs, New Mexico



A DIVISION OF GULF OIL CORPORATION

March 28

Application of Gulf Oil Corp for  
Approval of surface drilling, Lea  
County, NM

Applicant in the above-styled  
cause seeks a finding that the  
Division waived existing well-  
spacing requirements and found  
that ~~second~~ wells the drilling of  
~~second~~ additional wells was necessary to  
effectively and efficiently drain  
those portions of the proration unit  
in the Central Drinkard Unit  
which could not be so drained  
by the existing wells.

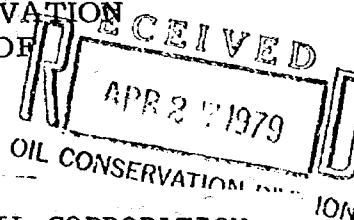
located in Sections 28, 29,  
32 and 33, T21S,  
R37E, Lea County,  
NM

Add  
T & R

Brought in by Chuck Kallinger  
2-27-79

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:



CASE NO. 6500  
ORDER NO. R-6014

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

*JAR*  
ORDER OF THE DIVISION *OK*

*3/8*  
*BLL*  
BY THE DIVISION:

This matter came on for hearing at 9:00 a. m., on March 28, 1979,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this \_\_\_\_ day of \_\_\_\_\_, 1979, the Division Director,  
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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Gulf Oil Corporation, seeks a determination  
pursuant to the Federal Energy Regulatory Commission Rules, Part 271.305,  
that wells drilled to the Upper Drinkard gas zone on the Central Drinkard  
Unit, which covers portions of Sections 28, 29, 30, 31, 32 and 33, T-21-S,  
*Drinkard Pool,*  
R-31-E, NMPM, Lea County, New Mexico, are necessary to effectively  
and efficiently drain a portion of the reservoir covered by each of the prora-  
tion units on which these wells have been drilled which cannot be effectively  
and efficiently drained by any existing well within such proration units.

(3) That the applicant, ~~Gulf Oil Corporation~~, further seeks a unit-wide  
wide determination pursuant to the Federal Energy Regulatory Commission  
Rules, Part 271.305, that each infill well drilled to the Upper Drinkard gas

zone on the Central Drinkard Unit in the future is necessary to effectively and efficiently drain ~~oil and gas~~ reserves from a portion of the reservoir covered by the proration unit involved which cannot be effectively and efficiently drained by any existing well within such proration unit.

(4) That the Oil Conservation <sup>Division,</sup> ~~Commission,~~ after notice and hearing at which evidence was presented in Case No. 5474, entered its Order No. R-5030 on May 22, 1975, expanding the vertical limits of the Central Drinkard Unit to include the entire Drinkard formation as encountered in Gulf's J. N. Carson (NCT-A) Well No. 7 from 6,330 feet to 6,590 feet; granting approval of unorthodox well locations for Central Drinkard Unit Well Nos. 101 and 401, both wells to be completed on the same forty acre proration unit; and amending Order R-2909 to establish a procedure for administrative approval for future unorthodox well locations.

(5) At the hearing of Case 5474, May 14, 1975, evidence was presented which established that there is separation between the Upper Drinkard gas zone and the Lower Drinkard oil zone, and that <sup>the waterflooding of the lower zone</sup> ~~separate wellbores are~~ necessitates the completion of separate well bores to produce the reserves in the necessary in order to develop the gas zone without interfering with the Upper Drinkard gas zone. ~~the waterflood underway in the oil zone.~~

(6) That the standard spacing unit in the ~~Central~~ Drinkard Pool ~~Unit~~ is 40 acres.

(7) That with the completion of said Unit Well No 101 each 40-acre ~~proration~~ proration unit in the Central Drinkard Unit would contain either a producing lower Drinkard ~~producing~~ producing or injection well.

(8) That the completion of Upper Drinkard zone gas wells in the Central Drinkard Unit will result in the location of a second well or infill well upon a number of proration units therein.

(9) That each Central Drinkard Unit<sup>"infill"</sup> well completed in the Upper Drinkard gas zone subsequent to entry of Order R-5030, and each Central Drinkard Unit<sup>"infill"</sup> well to be completed in the Upper Drinkard gas zone in the future is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit on which such well is located which cannot be effectively and efficiently drained by any existing well within that proration unit.

IT IS THEREFORE ORDERED:

(1) That the establishment of a procedure for administrative approval for unorthodox producing well locations authorized by <sup>Division</sup> Order R-5030, and the unorthodox locations which have been approved pursuant to such procedure be and the same hereby are ratified and confirmed.

(2) That the <sup>authorization</sup> ~~ratification~~ by this Order of infill drilling on the Central Drinkard Unit is an exception to applicable well spacing requirements and is necessary to permit the drainage of a portion of the Upper Drinkard gas zone covered by the existing proration units underlying each of the subject wells

*within Sections 28, 29, 30, 31, 32, and 33, Township 21 South, Range 31 East, NM PM, Lea County, New Mexico,*

which cannot effectively and efficiently be drained by any existing wells on such proration units.

(3) That each of the existing infill wells approved by the Division as provided for by Order No. R-5030 is an exception to applicable well spacing requirements and is necessary to permit the drainage of a portion of the reservoir covered by the existing proration unit underlying each of such wells which cannot effectively and efficiently be drained by any existing wells on such proration units.

(4) That each future infill well approved by the Division as provided for by Order R-5030 shall be an exception to applicable well spacing requirements and is necessary to permit the drainage of a portion of the reservoir covered by the existing proration unit underlying each of such wells which cannot effectively and efficiently be drained by any existing wells on such proration units.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

\_\_\_\_\_  
JOE D. RAMEY  
Director