

Oil Conservation Commission
State of New Mexico

In the Matter of the)
Application of the Gulf)
Oil Corporation to Connect)
to Pipe Line and Run Condensate)
from its West Grimes No. 4 located) Application for Hearing
in the Northeast Quarter of the)
Northeast Quarter of the Northwest)
Quarter of Section 32, Township 18)
South, Range 38 East, Hobbs Pool,)
New Mexico)

COMES NOW the Gulf Oil Corporation, a Pennsylvania corporation duly registered to do business in the State of New Mexico, and respectfully requests that it be permitted to connect to pipe line or other marketing facility and market the condensate produced with the gas marketed or beneficially utilized from its West Grimes No. 4 located in the Northeast Quarter of the Northeast Quarter of the Northwest Quarter, Section 32, Township 18 South, Range 38 East, Hobbs Pool, Lea County, New Mexico.

Applicant states it is the owner of the West Grimes lease which comprises the West Half of Section 32, Township 18 South, Range 38 East upon which it has drilled 9 wells, each being completed in the Hobbs dolomite encountered at a depth of approximately 4050', and that each well is on a separate 40-acre unit except Well No. 4 which is located on the same unit as Well No. 7. The location of the well being shown on the attached plat marked Exhibit "A", the West Grimes lease boundaries being indicated in red.

Applicant further states that West Grimes No. 4 was completed during 1930 and was produced until October 1934 when it was shut down due to excessive gas-oil ratio and the production allocated to that unit obtained from Well No. 7, located 660' south but on the same proration unit.

Applicant further states that Well No. 4 was plugged back on August 15, 1940 to a depth of 3884' and the 7" casing perforated with 100 holes between the depths of 3630' and 3700' opposite what is commonly known as the Byers gas zone, that the initial potential tests after perforation was at the rate of 23,750,000 cubic feet per 24-hour day, and that the shut-in casinghead pressure was 1,625 psi.

Applicant further states that from August 15, 1940 until September 1942 the well produced only small quantities of gas to be used for local domestic purposes, that small quantities of condensate built up in the casing, and that it was necessary

from time to time to blow the well to air in order to eliminate the hazard of the condensate entering the gas lines.

Applicant further states that during 1942 the Lea County Water Company made connection to the well and began taking substantial quantities of gas, that the increased rate of gas production resulted in the production of substantial quantities of condensate, that it became necessary that a high pressure separator and other necessary equipment be installed to separate and save the condensate produced, and that the production of gas and condensate from the well since July 1942 is as follows:

West Grimes Well No. 4

	<u>Gross Production</u>	
	<u>Oil</u>	<u>Gas</u>
<u>1942</u>	<u>Bbl</u>	<u>MCF</u>
July	0	2,137
Aug.	0	3,593
Sept.	0	3,018
Oct.	0	1,701
Nov.	0	21,807
Dec.	776	74,788
<u>1943</u>		
Jan.	378	48,501
Feb.	204	29,994
Mar.	268	Not Available

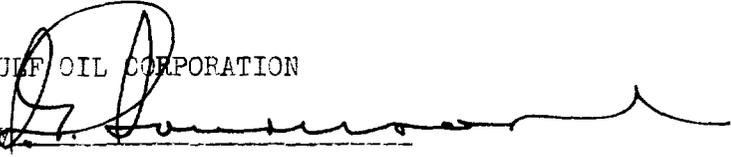
Applicant further states that analysis was made of the condensate by Mr. D. C. Sears on January 14, 1943, and a copy of such analysis together with Mr. Sear's affidavit was transmitted to Mr. Carl Livingstone, Chief Clerk and Legal Advisor of the Commission, that such analysis shows the condensate was water white, having an A.P.I. gravity of 72.2^o, and a distillation test which exhibited qualities of gasoline rather than those of crude oil.

Applicant further states that there are two other wells completed in the Byers formation in this pool, being Shell's State "D" No. 1, located in the Southwest Quarter of the Northeast Quarter of Section 2, Township 18 South, Range 38 East, and Humble Refining Company's Bowers No. 1, located in the Northeast Quarter of the Southeast Quarter of Section 30, Township 18 South, Range 38 East, and that these wells are indicated by the usual gas well symbol on the attached plat, Exhibit "A".

WHEREFORE applicant prays that the Commission make an order granting Gulf Oil Corporation permission to connect to pipe line or other marketing facilities and market the condensate produced with the gas marketed or beneficially utilized from its West Grimes Well No. 4 located in the Northeast Quarter of the Northeast

Quarter of the Northwest Quarter of Section 38, Township 18 South, Range 38 East,
Hobbs Pool, Lea County, New Mexico.

GULF OIL CORPORATION

By 

LLG:LD
April 14, 1943
Tulsa, Oklahoma

Case 46



PETROLEUM AND ITS PRODUCTS

GULF OIL CORPORATION

TULSA · OKLAHOMA

February 17, 1943

GYPSY
DIVISION

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Attention Mr. John M. Kelly, Secretary

Gentlemen:

It is requested that the Oil Conservation Commission accord Gulf Oil Corporation-West Grimes No. 4, located in the NE/4 NE/4 NW/4 Section 32-18S-38E, the same treatment as other gas wells in the State, particularly those connected to the El Paso Natural Gas Company lines, and that Proration Umpire, Mr. C. G. Staley, be authorized to grant allowable for the amount of condensate produced with the gas utilized or marketed as is now customary for gas wells which produce some oil, particularly in the southern portion of Lea County. West Grimes No. 4 is a gas well producing from the Byers sand in the Hobbs Field. The Byers sand is a separate producing horizon, and present information indicates it will not be productive of crude oil.

The handling of the production from the well in this manner is in keeping with past practice and in keeping with practice in neighboring oil and gas producing states. In Oklahoma, gas production is limited only by the market available except for the usual general rules regarding the maximum percentage of potential that may be produced. In the case of gas wells producing condensate the only limitation is that the gas produced be marketed or utilized, but not wasted. This division of Gulf does not operate in the State of Texas. It is my understanding, however, that gas and condensate wells are under the same limitations as in Oklahoma. In the State of Texas there are a number of condensate pools in which re-cycling operations are being carried out. According to my information, the reason for the re-cycling is that there is insufficient market for gas to produce the market demand of condensate. Under such circumstances the Texas Railroad Commission requires that gas produced in excess of the market be returned to the reservoir.

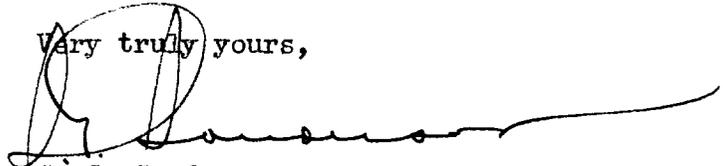
The Byers gas sand is a separate pool within the Hobbs Field. Being a separate pool, it appears that it should be administered in the same manner as any other separate pool, even though it is within the general boundary of the Hobbs Field. The Hobbs Field then would consist of two pools; namely, the Hobbs dolomite oil pool, and the Byers sand gas pool. As time goes on this field will undoubtedly be further expanded to cover the Bowers sand and possibly other horizons, each being separate pools as defined by sub-section (b), and further clarified in sub-section (c) of Section 24, Chapter 72 of the Session Laws of New Mexico 1935.

Since the proposed manner of handling gas production from West Grimes No. 4 has adequate precedence both in the State of New Mexico and neighboring states,

it appears that a public hearing would be unnecessary. However, if in the opinion of the Commission it is necessary to hold a hearing, I would suggest that it be held along with the hearing which I understand will be called some time in April for consideration of permanent gas-oil ratio order and the feasibility of permitting transfer of oil allowable on a production unit basis.

Immediate relief is needed, however, since our storage facilities will not last more than about another ten days. If the Commission feels a hearing is necessary, it is requested that temporary relief be given by granting permission to run 1,154 barrels of condensate which was in storage as of February 4, 1943 on the West Grimes lease, with the understanding that adjustments will be made in the future to conform with the subsequent order of the Commission.

Very truly yours,



S. G. Sanderson
General Superintendent

LLG:LD

TWP 18S-38E HOBBS POOL

BYERS SAND GAS WELLS

