

December 7, 1955

Gulf Oil Corporation
P. O. Drawer 1290
Fort Worth, Texas

Attention: Mr. B. E. Thompson

In Re: Oil Conservation
Commission Case No. 970
Order No. R-717

Gentlemen:

On the 10th day of November, 1955, the Oil Conservation Commission approved the above order for your E. Shipp "B" Well, No. 2 located in the SW/4 NW/4 of Section 8, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico, in the Eumont Gas Pool.

In view of the above order, it will be necessary for you to submit an application to communitize the following State acreage consisting of the Texas Company's lease #E-3289 and John Kelly lease #E-6506, which is included in the above order, with your Elbert Shipp "B" lease and which must be submitted to the Commissioner of Public Lands for approval within 60 days.

Your cooperation in this regard will be appreciated.

Very truly yours,

E. S. WALKER
Commissioner of Public Lands

ESW:nc

cc: OCG, Hobbs
The Texas Co., Ft. Worth, Texas
John Kelly, Roswell, N. M.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

January 29, 1955

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Gulf Oil Corporation
P. O. Drawer 1290
Fort Worth 1, Texas

Attention: Mr. B. E. Thompson

Re: Cancellation of Order R-717

Gentlemen:

Reference is made to your letter dated December 21, 1955, in which you requested cancellation of a 320-acre non-standard proration unit consisting of the NW/4 of Section 8 and the NE/4 of Section 7, Township 19 South, Range 37 East, as granted by Order R-717 on November 10, 1955, for your E. Shipp "B" Well No. 2 in the Eumont Gas Pool.

Administrative Order NSP-226, dated January 29, 1956 for 320 acres was granted for the above well consisting of the W/2 of Section 6, Township 19 South, Range 37 East, in the Eumont Gas Pool.

Effective this date Order R-717 is cancelled as it is superseded by Administrative Order NSP-226 issued this date.

Very truly yours,

W. B. Macey
Secretary-Director

WBM:jh

cc: Oil Conservation Commission, Hobbs
The Texas Company, Fort Worth, Texas
Mr. John Kelly, Roswell
N. M. State Land Office, Santa Fe

BEFORE THE
Oil Conservation Commission
~~XXXXXXXXXXXX~~
Hobbs, New Mexico
October 17, 1955
Examiner Hearing

IN THE MATTER OF:

CASE NO. 970

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-6691
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
October 17, 1955

IN THE MATTER OF:

Application of Gulf Oil Company for approval
of a 320 acre non-standard gas proration
unit in the Eumont Gas Pool, to consist of
NE/4 Section 7, NW/4 Section 8, Township 19
South, Range 37 East, Lea County, New
Mexico, and to be dedicated to applicant's
Shipp "B" Well No. 2, located 1980' FNL and
660' FWL of said Section 8.

Case No. 970

BEFORE:

Warren W. Mankin, Examiner

TRANSCRIPT OF HEARING

HEARING EXAMINER MANKIN: We will proceed with Case 970.

MR. MALONE: Ross Malone, appearing for Gulf Oil Corporation.

D O N W A L K E R ,

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

DIRECT EXAMINATION

By MR. MALONE:

Q Will you state your name, please?

A Don Walker.

Q You live in Fort Worth, Mr. Walker?

A Yes, sir.

Q And are employed by Gulf Oil Corporation?

A That is right, sir.

Q In what capacity?

A I am classified as their Division Proration Engineer.

Q You have testified before the New Mexico Oil Conservation Commission as an expert, on prior occasions, have you not?

A Yes, sir.

MR. MALONE: Are the witness's qualifications acceptable?

HEARING EXAMINER MANKIN: Yes, sir.

(Marked Gulf Oil Corporation's Exhibits
Nos. 1, 2, 3 and 4, for identification.)

Q Are you familiar with an application of Gulf Oil Corporation in Case Number 970, Mr. Walker?

A Yes, sir.

Q By that application, what action does Gulf seek?

A Gulf is seeking the application for approval of a 320 acre non-standard gas proration unit consisting of the northwest quarter of Section 8 and the northeast quarter of Section 7, in Township 19 South, Range 37 East, Lea County, New Mexico. That is in the Eumont Gas Pool.

Q And, I invite your attention to Gulf's Exhibit Number 1 and ask you to state whether that delineates the proposed unit?

A Yes, sir, it does.

Q What is shown by Gulf's Exhibit Number 2?

A Our Exhibit Number 2 is merely an area plat which shows also the proposed unit as well as other non-standard and standard gas proration units within the immediate area which have previously been approved by the Commission.

Q What well is the unit well of the proposed unit?

A It is Gulf's Elbert Shipp "B" No. 2, located, I believe, 660 feet from the west line of the Section 8 and 1980 feet south

of the north line of Section 8, Township 19 South, Range 37 East.

Q Can you give the Commission a brief history of this well, on its completion?

A Yes, sir. This well was originally completed on June 7, 1951, as an oil well in the Monument Oil Pool. At that time the total depth was 4,031 feet, and it produced oil from the openhole interval 3924 to 4015. The casing was set at 3,850 feet. The well has produced from the Grayburg until the production has declined to three barrels of oil per day and three barrels of water, with the GOR of approximately thirty thousand of gas-oil produced. On August the 18th a plug-back was completed and the well was repotentialled as a gas well in the Eumont Pool, producing through a casing perforation from the interval 3,550 to 3,590, and 3,620 to 3,700 feet which is within the vertical limits of the Eumont Gas Pool, as defined by the New Mexico Oil Conservation Commission Order R-520.

Q Is the well producing any fluid in this well?

A No, sir, the well does not produce any liquid.

Q You have testified that the proposed unit would be composed of the northeast quarter of Section 7 and the northwest quarter of Section 8. By whom are the operating rights in these tracts owned?

A This proposed 320-acre non-standard unit will comprise 40 acres of John Kelly's Lease in the northwest quarter of the northwest quarter of Section 8 and 40 acres of the Texas Company's oil lease in the northeast quarter of the northwest quarter of Section 8, both of which are in Township 19 South, Range 37 East, and also included besides that 80 acres is that portion of the Gulf's Elbert Shipp "B" Lease consisting of the south half of the northwest quarter of Section 8 and the northeast quarter of Section 7, again all in

Township 19 South, Range 37 East.

Q Has Gulf reached an agreement with Mr. Kelly and with the Texas Company for the pooling of these tracts and execution of the unit operating agreement, subject to the approval of the Commission?

A Yes, sir.

Q And such an agreement will be entered into immediately upon the approval of the application?

A Yes, sir.

Q Is the well producing at the present time, Mr. Walker?

A No, sir, it is closed in, awaiting connection with the Permian Basin Pipeline Company.

Q By whom are the royalty interests in the tracts embraced on the unit owned?

A The royalty interest is fee lands, owned by private ownership and --

Q There are no State or Federal lands involved in the unit?

A No, sir.

Q Have you made a study of the information available in an effort to determine whether all of the acreage included in the unit can reasonably be assumed to be productive of gas?

A Yes, sir, we requested and received a structural map covering a portion of all of our lease, the area concerned, and the contour map which we show as Exhibit 3 is a contour on top of the Yates horizon, on 25 foot contour intervals. Based on that information, together with the fact that gas wells are producing from all sides of the proposed unit, we certainly consider that it can all be assumed to be productive, or reasonably assumed to be productive

of gas.

Q That contour map on the top of the Yates is Gulf's Exhibit 3, is it not?

A Yes, sir.

Q Will you refer to Gulf's Exhibit showing the production on all sides of the tracts?

A That is Exhibit Number 2, yes, sir.

Q And the wells are producing gas wells which are shown to the north, south, east and west?

A That is right, sir.

Q In you opinion, Mr. Walker, would the granting of Gulf's application prevent waste and protect correlative rights of interested parties?

A Yes, sir.

Q In you opinion is the well capable of producing the additional allowable which would be granted if the application is approved?

A Yes, sir, the well has a deliverability of approximately 5600 MCF per day, at 750 pounds on a test conducted at the time of completion with the calculated openflow of 9600 MCF, and we fell, of course, that well will be capable of producing 320 acre allowable.

Q Did you have available logs of the wells?

A Yes, sir.

Q Is that identified as Gulf's Exhibit 4?

A Yes, sir, and is a radio-activity log, a small scale log and on this log we have indicated the top of the Yates Formation, with a formation called the top of the Seven Rivers, the Queen, the Penrose and the Grayburg, and also shown there are the perforation

interval, in red, with the interval indicated.

Q They were the perforations after the plug-back in August?

A Yes, sir, that is right.

Q Were all of the exhibits, concerning which you have testified, prepared by you, or at your direction, or the Gulf Oil Corporation?

A They were, sir.

MR. MALONE: We offer in evidence Gulf's Exhibits 1, 2, 3 and 4.

HEARING EXAMINER MANKIN: Is there any objection to the entering of Gulf's Exhibits 1 through 4 in this case? If not, they will be so entered.

Q Is there anything further which you would like to state to the Commission concerning Gulf's application, Mr. Walker?

A Well, there is one point. There are no oil wells producing within the 320-acre proposed unit. As I said, Number 2 used to, at one time, produce Grayburg oil, and has been plugged back, and the nearest oil producing well is our Elbert Shipp Well No. 1, 1,320 feet south, which is a Monument oil producer. I believe that is all.

Q Gulf's Exhibit 2 does show the present status in that area, as disclosed by the record, does it not?

A Well, I don't believe -- it just shows oil wells and gas wells, but it wouldn't show what interval oil was being produced.

MR. MALONE: Yes. That is all.

HEARING EXAMINER MANKIN: I thought I understood you to say that this was all fee land that was in this 320-acre unit. Is not the Gulf, is not the Kelly Lease and the Texas Company Lease State acreage?

A I didn't understand it that way. I may be in error.

HEARING EXAMINER MANKIN: It is my impression, from prior knowledge, that these, at least those two were State.

A I stand corrected, and I will check my record.

HEARING EXAMINER MANKIN: If so it will need utilization from the State Commissioner of Lands.

A Yes.

HEARING EXAMINER MANKIN: But, the Gulf Shipp Lease is patented land, not State land?

A That is what I have been advised by division order section.

HEARING EXAMINER MANKIN: I just want to point that thing out.

A I appreciate it.

HEARING EXAMINER MANKIN: Any other questions of the witness? If not the witness may be excused.

(Witness excused.)

HEARING EXAMINER MANKIN: Any statements to be made in this case? If not we will take the case under advisement. Hearing is adjourned.

STATE OF NEW MEXICO)
 : SS
COUNTY OF BERNALILLO)

I, AMADO TRUJILLO, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission Examiner, Hobbs, New Mexico, is a true and correct record, to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, this 31st day of October, 1955.

Amado Trujillo
Court Reporter