

Case. Number.

4467

Application,
Transcripts.

Sm all Exhibts.

ETC.

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
December 2, 1970

EXAMINER HEARING

IN THE MATTER OF:

Application of Gulf Oil Corporation
for commingling of production, Lea
County, New Mexico.

Case No. 4467

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

I N D E X

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MR. NUTTER: Case 4467.

MR. HATCH: Case 4467, Application of Gulf Oil Corporation for commingling of production, Lea County, New Mexico.

MR. KASTLER: If the Examiner please, Bill Kastler from Roswell on behalf of Gulf and our witness is John H. Hoover.

JOHN H. HOOVER

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

DIRECT EXAMINATION

BY MR. KASTLER:

Q Mr. Hoover, please for the record state by whom you are employed and in what position?

A I am employed by Gulf Oil Corporation as District Production Engineer, Roswell, New Mexico.

Q Have you previously qualified as an expert Petroleum Engineer and given testimony before the New Mexico Oil Conservation Commission?

A Yes, sir.

Q Are you familiar with what Gulf is seeking in Case No. 4467?

A Yes, I am.

Q What is Gulf seeking in this Application?

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A We are asking for approval to commingle prior to measuring the production from the Hobbs Grayburg-San Andres and Hobbs-Blinebry Oil Pools from our W. D. Grimes NCT-A Lease. We also are requesting approval to commingle the combined Hobbs Grayburg-San Andres and Hobbs-Blinebry production on this "B" Lease with the Hobbs Grayburg-San Andres oil production on the Grimes "A" Lease.

Q What is shown on Exhibit No. 1?

A Exhibit No. 1 is a plat showing the location of the Grimes "A" and the Grimes "B" Lease. The Grimes "A" Lease is described as the west half of Section 32 and the Grimes "B" Lease is described as the Northwest quarter, Northeast quarter, East half Northeast quarter and Northeast quarter, Southeast quarter of Section 33 all in Township 18 South, Range 38 East, Lea County, New Mexico.

Q What is Gulf's reason for requesting this?

A We feel it is desirable to eliminate the tank battery because it has become surrounded by private residences and would be better from a safety standpoint to move it out. In all probability it will be necessary to replace some of the existing flowline to the battery in the near future. Therefore, it will be more practical from an operating standpoint to eliminate the battery and rearrange

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lines
the flow limits at this time.

Q How does Gulf propose to rearrange these flow lines?

A We have five producing wells on the Grimes "B" Lease, wells one, two, three, and four are producing from the Hobbs-Grayburg-San Andres pools and Well No. 7 is producing from the Hobbs-Blinbry Pool. We would install flowlines from each well to a header arrangement near Well No. 3 which is located in the Northwest quarter, Northeast quarter, Section 33. The header arrangement would be similar to that shown on Exhibit No. 2. We would have two flow lines running from the header to the Grimes "A" Lease, one four-inch line would be the regular production line and the other would be a test line. Each well on the Grimes "B" Lease can be tested separately through the test line and test facilities at the Grimes "A" Lease battery.

Q And all of this is shown on Exhibit No. 2?

A Only the header arrangement on the Grimes "B" Lease.

Q How do you propose to connect the four-inch flow and test line to the Grimes "A" Battery?

A Exhibit No. 3 is a schematic of that proposal. It shows the four-inch *flowline* proposal and four-inch test line from

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the Grimes "B" wells both to a header arrangement to which the Hobbs Grayburg-San Andres Pool wells are also connected and by means of this header arrangement we can divert any well through the test separator for necessary tests.

Q What do you estimate the cost of this arrangement would be compared to other installations?

A We estimate the cost to be approximately \$65,000 to run the two 4-inch lines to Grimes "A" battery. The other alternative to be considered would be a one 4-inch flow line and two 3-inch lines. The 4-inch line to handle the production from Hobbs Grayburg-San Andres lines and the 3-inch line from the Hobbs-Blinbry and the remaining 3-inch lines would be for test purposes. This method would only require less commingling and in pool commingling since the Hobbs production from the Grimes "B" Lease would be commingled with the Grimes "A" Hobbs production and likewise the Blinbry production would be commingled with the Grimes "A" Blinbry production but this arrangement would cost \$72,000 or \$7,000 more than the method we propose to use and we would also have the additional maintenance expense on the extra 3-inch line.

Q Will the commingling of the Hobbs Grayburg-San Andres and the Hobbs-Blinbry oil on the Hobbs "B" Lease

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result in any reduction of revenues?

A No, it would not. The average gravity of the Hobbs Grayburg-San Andres oil is approximately 35 degrees API and for the Hobbs Blinebry is approximately 35.8. Anyway, the price that we receive per barrel by actual lease operating statement survey, the price we receive is the same. Therefore, there would be no loss in revenue.

Q Are there top allowable wells involved in this commingling?

A Yes, there are and that is the reason for the Hearing today. We have seven top allowable and one marginal well on the Grimes "A" Lease in the Hobbs Grayburg-San Andres Pool. On the Grimes "B" Lease in the Hobbs Grayburg-San Andres Pool there are three top allowable wells and one marginal well. Our Grimes "B" well No. 7 in the Hobbs-Blinebry is a marginal well and averages approximately 40 barrels per day or slightly less.

MR. NUTTER: How much?

A 40. Actually, Mr. Nutter, it's running approximately 37 right now.

Q (By Mr. Kastler) How do you propose to allocate the production to each well if this proposed commingling is approved?

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A We will allocate based on periodic well tests and as previously mentioned we would have adequate test facilities to make such tests.

Q Is there any diversity of ownership between the Grimes "A" and Grimes "B" Lease?

A No, sir, the ownership is identical for both leases and, in fact, the same base lease.

Q Do you have anything further to add?

A Exhibit No. 4 is a letter from the purchaser where they agree to purchase the commingled oil. We also feel it is desirable to eliminate the battery because of the residential situation and we believe our proposed method here of the header arrangement and the two 4-inch lines is most economical and satisfactory from an operating standpoint. We also want to eliminate any possible vessels at all on that Grimes "B" Lease because it is in a residential section. Therefore, the header arrangement is the most practical arrangement.

Q Were Exhibits 1, 2, and 3 prepared by you or under your direction and supervision?

A Yes, they were.

Q Was Exhibit 4 a true copy of a letter received from Shell Oil Company which you would like to enter into

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evidence?

A Yes.

MR. KASTLER: At this time I would move to the admission of Exhibits 1, 2, 3 and 4.

MR. NUTTER: Gulf's Exhibits 1, 2, 3 and 4 will be admitted in evidence.

(Whereupon, Gulf's Exhibits
1, 2, 3 and 4 were admitted
in evidence.)

MR. KASTLER: That concludes our Direct Examination.

CROSS EXAMINATION

BY MR. NUTTER:

Q On your Grimes "B" Lease you said in the San Andres you had three top allowable and one marginal?

A Yes, sir.

Q And what does that marginal well make on that Lease?

A Let me give you the October production. I didn't figure it on a daily basis. Number One produced a 1,081 barrels. That would be something around 35 barrels.

Q And that is marginal?

A Yes, that is probably 36 barrels. The Number 2, 3, and 4 are top allowable. The Grimes "B" Number 7 in the

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Blinebry Pool in October averaged 37 barrels per day.

Q And over on the Grimes "A" Lease you said you had seven top allowable?

A Yes, sir.

Q And one marginal?

A And one marginal, yes, sir.

Q Which is the marginal well there?

A Number 10. It averaged 46 barrels per day.

Q And all the other wells shown on this Exhibit No. 1 on that Lease would be completed in another pool and handled in another battery, is that correct?

A On the Grimes "B"?

Q Grimes "A"?

A On the Grimes "A".

Q Shows a whole bunch of wells on that Lease?

A Those are on production, the Hobbs-Blinebry and Hobbs San Andres. On Grimes "B" Lease two wells, Number 5, was a Bowers Well. It's been plugged and abandoned and Number 6 is a Bowers Well closed as uneconomical to produce.

Q But these other wells are in Grimes "A" Lease are completed in another pool and I presume are producing into other batteries? These are Blinebry wells?

A Yes, sir, we have two batteries.

Q So there is no commingling of that production with this production?

A We would take commingled production from the Hobbs Grayburg-San Andres and that one Blinebry well and commingle with the Hobbs Grayburg-San Andres on the Grimes "A".

Q About what we are doing here inasmuch as the ownership is identical you could almost consider them one lease, I suppose. They are one lease really, we are commingling the production from one Blinebry well with the production from 12 San-Andres wells?

A Yes, sir.

Q And it is a marginal San-Andres Well?

A I believe the Rules say if you have top allowable wells you must measure and we don't measuring facilities over on the Grimes "B" because we are getting away from the measuring facility by eliminating tank battery for safety reasons.

Q Why do you need a 4-inch line for this test line?

A That would be strictly for operation in the event the 4-inch flow line developed a leak.

Q Switch over to it?

A And keep operations going.

Q You actually don't need it for testing?

A No, sir, not that big.

MR. NUTTER: Any more questions of Mr. Hoover?

He may be excused. Anything further, Mr. Kastler?

MR. KASTLER: No.

MR. NUTTER: Anyone have anything they wish to offer in Case 4467? If not, we will take the case under advisement.

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STATE OF NEW MEXICO)
COUNTY OF BERNALILLO)

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

Soveida Gonzales

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner Hearing of Case No. 4467, heard by me on 12-2-1970.

[Signature] Examiner
New Mexico Oil Conservation Commission

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OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2068 - SANTA FE
87501

GOVERNOR
DAVID F. CARGO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

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

December 8, 1970

Mr. Bill Kastler
Gulf Oil Corporation
Post Office Box 1938
Roswell, New Mexico 88201

Re: Case No. 4467
Order No. R-4079
Applicant:
Gulf Oil Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

Very truly yours,
G. L. Carter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/1r

Copy of order also sent to:

Hobbs OCC X

Artesia OCC_____

Aztec OCC_____

Other

DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 2, 1970

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

The following cases will be heard before Daniel S. Nutter, Examiner, or Elvis A. Utz, Alternate Examiner:

CASE 4436: (Continued from the October 14, 1970, Examiner Hearing)

Application of El Paso Natural Gas Company for the amendment of the General Rules and Regulations governing the prorated gas pools of New Mexico and the amendment of the Special Rules and Regulations governing the Tapacito-Pictured Cliffs and Basin-Dakota Gas Pools located in Rio Arriba, San Juan, and Sandoval Counties, New Mexico. Applicant, in the above-styled cause, seeks the amendment of the General Rules and Regulations governing the prorated gas pools of Northwest and Southeast New Mexico and the Special Rules and Regulations governing the Tapacito-Pictured Cliffs and Basin-Dakota Gas Pools located in Rio Arriba, San Juan, and Sandoval Counties, to permit substantial changes in the method of classifying marginal wells, and the assignment of allowable to marginal wells governed by the aforesaid rules and regulations, as well as a substantial change in the balancing of production procedure required by said rules. Copies of the proposed amendments will be circulated by way of the Commission's general mailing list and will be available upon request made to the Commission at its Santa Fe office.

CASE 4465: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the revision of Rule 1216 of the Commission Rules and Regulations to permit matters involving the limiting of total production of gas from a gas pool to be heard before an examiner.

CASE 4466: Application of Reserve Oil and Gas Company for a non-standard gas proration unit and dual dedication of acreage, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the NW/4 of Section 17, Township 25 South, Range 37 East; Jalmat Gas Pool, Lea County, New Mexico, to be dually dedicated to its Woolworth "B" Well No. 1, a gas well, located 330 feet from the North line and 990 feet from the West line of said Section 17, and to Jalmat oil wells in said quarter section.

CASE 4467: Application of Gulf Oil Corporation for commingling of production, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rules 303 and 309 of the Commission Rules and Regulations to commingle, prior to measurement, production from the Hobbs (Grayburg-San Andres) and Hobbs-Blaine Pools on its W. D. Grimes NCT-B Lease in Section 33, Township 18 South, Range 38 East, Lea County, New Mexico. Applicant further seeks authority to commingle, prior to measurement, the aforesaid production with the Hobbs (Grayburg-San Andres) production from its W. D. Grimes NCT-A Lease in Section 32, said Township and Range. Allocation of production to each lease and pool would be on the basis of well tests.

CASE 4468: Application of Continental Oil Company for a dual completion and water injection, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Langlie Jack Unit Well No. 16 located in Unit M, Section 21, Township 24 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Jalmat Gas Pool and the injection of water into the Langlie-Mattix Pool for secondary recovery purposes through parallel strings of tubing.

CASE 4469: Application of Anadarko Production Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Teas Yates Unit Area comprising 1200 acres, more or less, of Federal lands in Township 20 South, Ranges 33 and 34 East, Lea County, New Mexico.

CASE 4470: Application of Anadarko Production Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Teas Yates Unit Area, Teas Yates-Seven Rivers Pool, Lea County, New Mexico, by the injection of water through ten wells into the Yates formation.

CASE 4471: Application of H. L. Brown, Jr. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill an undesignated Morrow test well at an unorthodox gas well location 660 feet from the South line and 1980 feet from the East line of Section 19, Township 19 South, Range 30 East, Eddy County, New Mexico. The E/2 of said Section 19 would be dedicated to said well.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4467
Order No. R-4079

APPLICATION OF GULF OIL CORPORATION
FOR COMMINGLING OF PRODUCTION, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 2, 1970,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 8th day of December, 1970, 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 the applicant, Gulf Oil Corporation, is the owner
and operator of the W. D. Grimes NCT-A and NCT-B Leases comprising,
respectively, the W/2 of Section 32 and the NW/4 NE/4, E/2 NE/4,
and NE/4 SE/4 of Section 33, both in Township 18 South, Range 38
East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks exception to Rules 303 and
309 of the Commission Rules and Regulations to commingle, prior
to measurement, production from the Hobbs (Grayburg-San Andres)
and Hobbs-Blinbry Pools on said Grimes NCT-B Lease in Section 33
and to commingle, prior to measurement, the aforesaid production
with the Hobbs (Grayburg-San Andres) production from said NCT-A
Lease in Section 32.

-2-

CASE No. 4467

Order No. R-4079

(4) That the ownership of the two leases is identical throughout, i.e., working interest, royalty, and overriding royalty.

(5) That the applicant proposes to allocate production to each of said leases and pools on the basis of monthly well tests.

(6) That the applicant desires, for safety reasons, to remove the existing tank battery from the above-described Grimes NCT-B Lease as it is located in a residential area.

(7) That approval of the subject application will allow the applicant to take desirable safety precautions and will result in economic savings to the applicant, prevent waste, and protect correlative rights, provided the installation of facilities for commingling production as proposed will permit the individual testing of each of the wells on the subject lease.

IT IS THEREFORE ORDERED:

(1) That the applicant, Gulf Oil Corporation, is hereby authorized to commingle prior to measurement production from the Hobbs (Grayburg-San Andres) and Hobbs-Blinbry Pools from wells on the W. D. Grimes NCT-B Lease comprising the NW/4 NE/4, E/2 NE/4, and NE/4 SE/4 of Section 33, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico.

(2) That the applicant, Gulf Oil Corporation, is hereby authorized to commingle prior to measurement the commingled production authorized in Order (1), above, and production from the Hobbs (Grayburg-San Andres) Pool from wells on the W. D. Grimes NCT-A Lease comprising the W/2 of Section 32, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico.

(3) That the commingled production authorized in Orders (1) and (2), above, shall be allocated to each of the subject wells, pools, and leases on the basis of monthly well tests.

(4) That the facilities for the commingling of production authorized in Orders (1) and (2), above, shall be installed and maintained in a manner that will permit a determination of the producing capacity of each of the subject wells on the above-described leases at least once each month.

-3-

CASE NO. 4467
Order No. R-4079

(5) That the applicant shall conduct monthly productivity tests on each of the subject wells on the above-described leases and shall file the results of said tests with the Commission's District Office at Hobbs, New Mexico, on Commission Form C-116 each month, all until further order of the Commission.

(6) 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



DAVID F. CARGO, Chairman



ALEX J. ARMIJO, Member



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



esr/

Gulf Oil Company - U.S.

LAW DEPARTMENT

William V. Kastler
ATTORNEY

September 10, 1971

P. O. Box 1150
Midland, Texas 79701

Mr. George M. Hatch
General Counsel
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear George:

I am returning the transcript in Case No. 4467 heard
December 2, 1970 which you had Ida send to me.

With best personal regards, I remain

Sincerely yours,



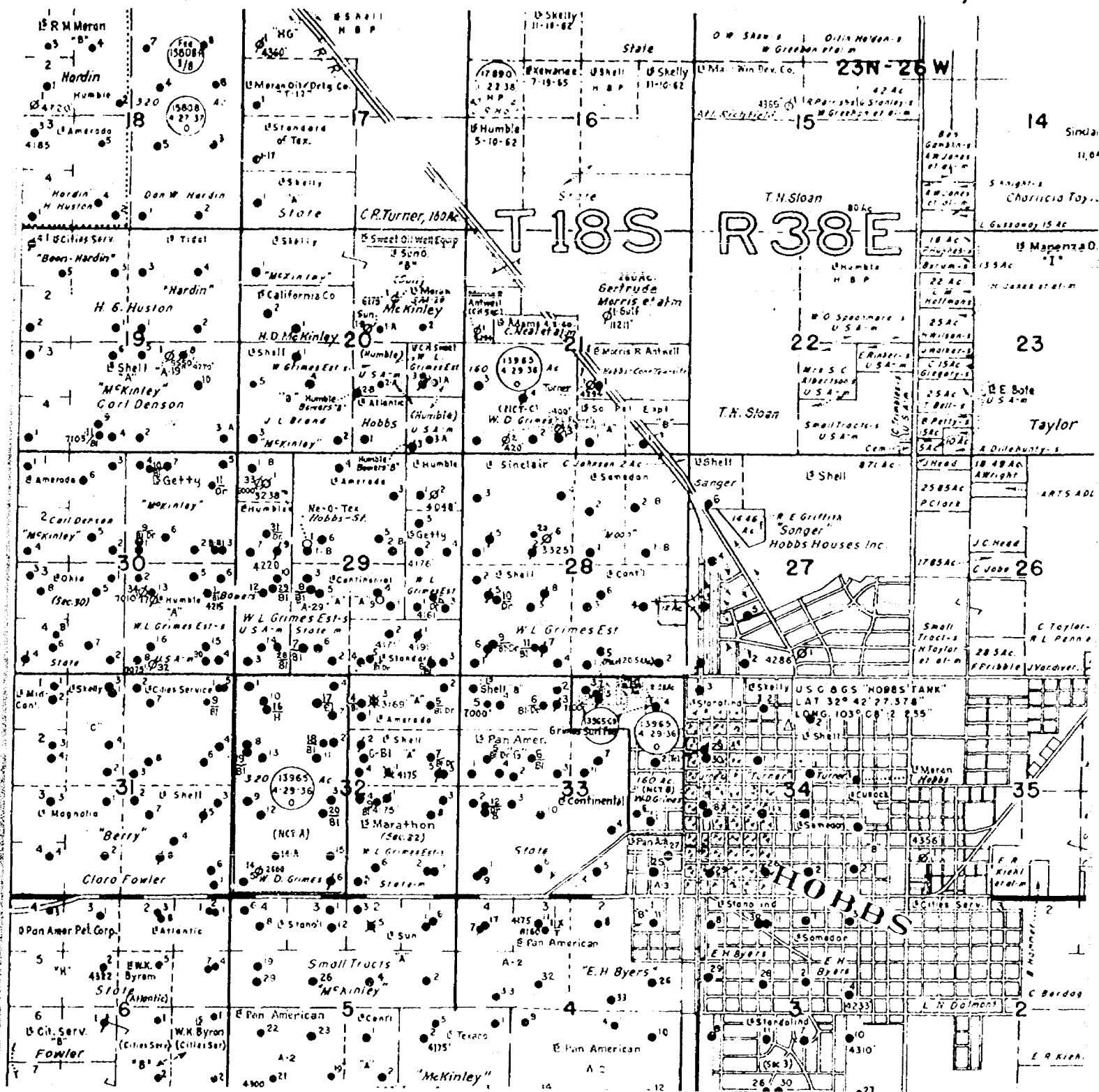
William V. Kastler

WVK:ejl

Enclosure



A DIVISION OF GULF OIL CORPORATION



PLAT

GULF OIL CORPORATION

W. D. GRIMES (NCT-A) AND (NCT-B) LEASES
LEA COUNTY, NEW MEXICO

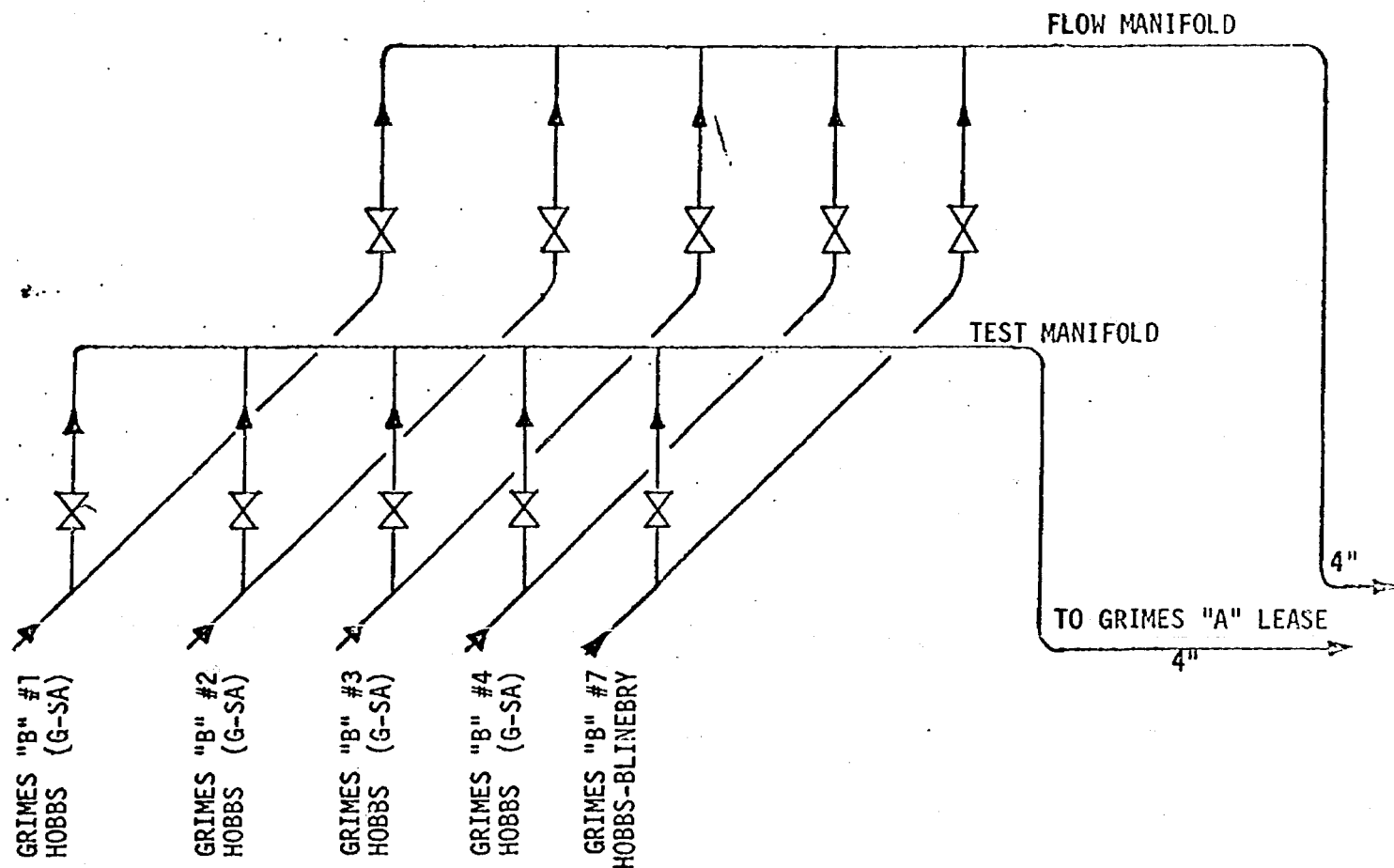
- LEGEND -



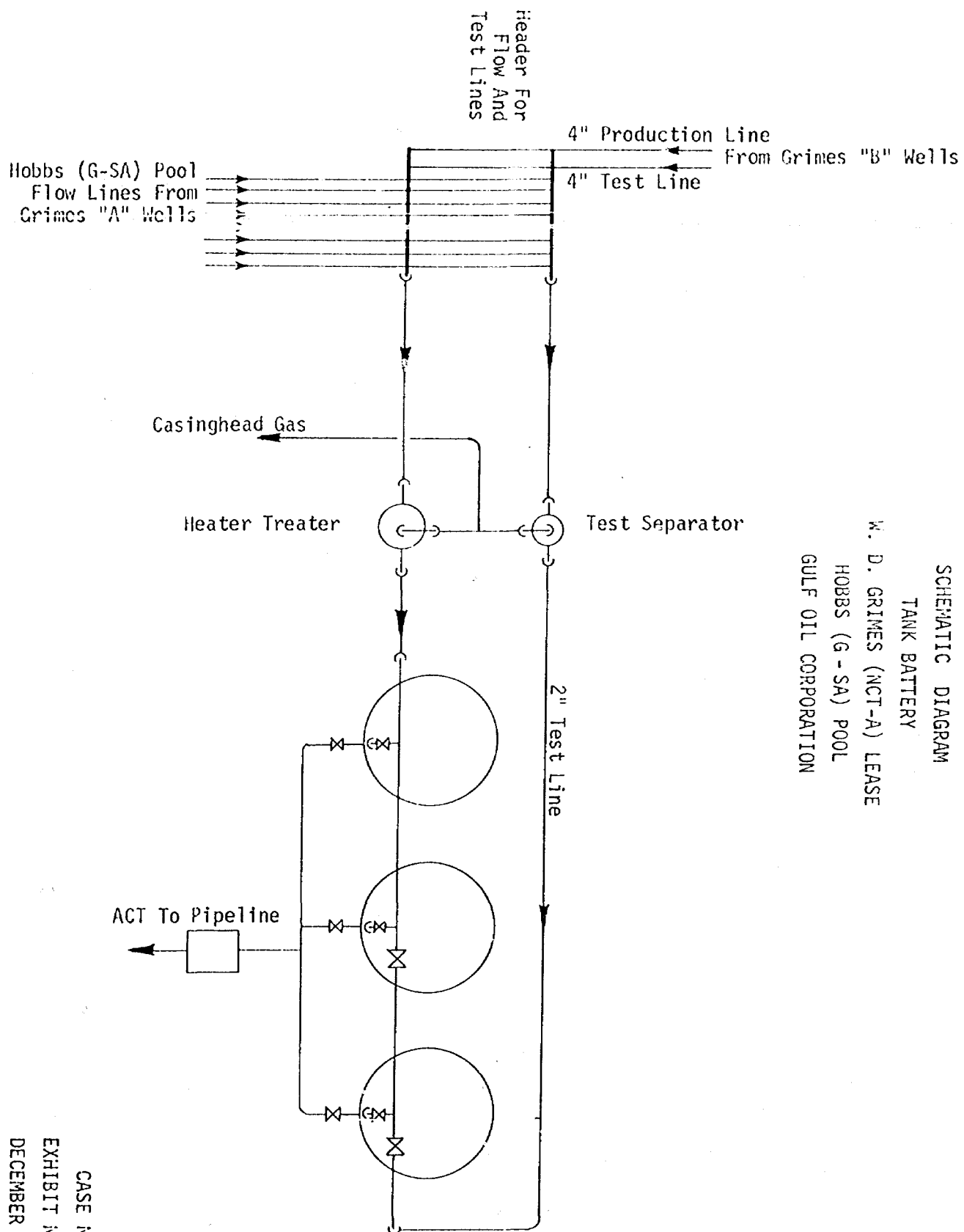
Pertinent Leases

CASE NO. 4467
EXHIBIT NO. 1
DECEMBER 2, 1970

SCHEMATIC DIAGRAM
PROPOSED FLOW LINE HEADER
GULF OIL CORPORATION
W. D. GRIMES (NCT-8) LEASE



CASE NO. 4467
EXHIBIT NO. 2
DECEMBER 2, 1970



SCHEMATIC DIAGRAM
TANK BATTERY
W. D. GRIMES (NCT-A) LEASE
HOBBS (G-SA) POOL
GULF OIL CORPORATION

CASE NO. 4467
EXHIBIT NO. 3
DECEMBER 2, 1970



SHELL OIL COMPANY

PETROLEUM BUILDING
P.O. BOX 1509
MIDLAND, TEXAS 79701

November 18, 1970

RECEIVED

NOV 20 Rec'd

Subject: Gulf Oil Corporation
Grimes "B" Lease
Hobbs-Hobbs Blinebry Pools
Grimes "A" Lease
Hobbs Pool
Lea County, New Mexico

Gulf Oil Corporation
Post Office Box 1150
Midland, Texas 79701

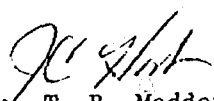
Attention Mr. C. W. Briggs (2)

Gentlemen:

This is to confirm our conversation wherein we stated that Shell Oil Company is agreeable to purchasing the Hobbs and Hobbs Blinebry production from the Grimes "B" lease commingled with the Hobbs production from the Grimes "A" lease in the Grimes "A" tank battery.

Please advise us of the date of the actual commingling so that we may adjust our records.

Yours very truly,


For: T. B. Medders, Manager
Raw Materials Supply
Field Operations

JCH:ERL

CASE NO. 4467
EXHIBIT NO. 4
DECEMBER 2, 1970

Gulf Oil Company - U.S.

EXPLORATION AND PRODUCTION DEPARTMENT
ROSWELL DISTRICT

Juan Chacin
DISTRICT MANAGER
M. I. Taylor
DISTRICT PRODUCTION
MANAGER
P. E. Wyche
DISTRICT EXPLORATION
MANAGER
H. A. Rankin
DISTRICT SERVICES MANAGER

P. O. Drawer 1938
Roswell, New Mexico 88201

October 20, 1970

Set for hearing

Case 4467

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

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

Re: Application of Gulf Oil Corporation for
Surface Commingling and Lease Commingling
Hobbs (Grayburg San Andres) and Hobbs-
Blaine Pools, Lea County, New Mexico

Gentlemen:

Gulf Oil Corporation respectfully requests an Examiner Hearing to consider its Application for an Exception to Statewide Rule 303 to permit surface commingling of Hobbs (Grayburg San Andres) and Hobbs-Blaine oil production from the W. D. Grimes NCT-B Lease described as the NW/4 NE/4, E/2 NE/4 and NE/4 SE/4 of Section 33-18S-38E, Lea County, New Mexico. Applicant also requests exception to Statewide Rule 309-A to permit the commingling of Hobbs (Grayburg San Andres) and Hobbs-Blaine production from the W. D. Grimes NCT-B Lease described above with the Hobbs (Grayburg San Andres) production on the W. D. Grimes NCT-A Lease described as the W/2 Section 32-18S-38E, Lea County, New Mexico.

Applicant proposes to eliminate the tank battery on the W. D. Grimes NCT-B Lease since it is located in a residential area. Applicant would commingle the production on this lease prior to measuring and by means of a single flow line deliver the commingled production to the W. D. Grimes NCT-A Lease where it would be commingled with the Hobbs (Grayburg San Andres) production. Adequate test facilities would be installed to allocate the production based on well tests.

Copies of this application have been furnished to Offset Operators.

Respectfully submitted,

GULF OIL CORPORATION

M. I. Taylor
M. I. Taylor

JHH:mrđ



A DIVISION OF GULF OIL CORPORATION

DOCKET MAILED

Date 11-19-70

Oil Conservation Commission
State of New Mexico

-2-

October 20, 1970

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

Amerada Hess Corporation
Post Office Box 591
Midland, Texas 79701

Atlantic Richfield Company
Post Office Box 1610
Midland, Texas 79701

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

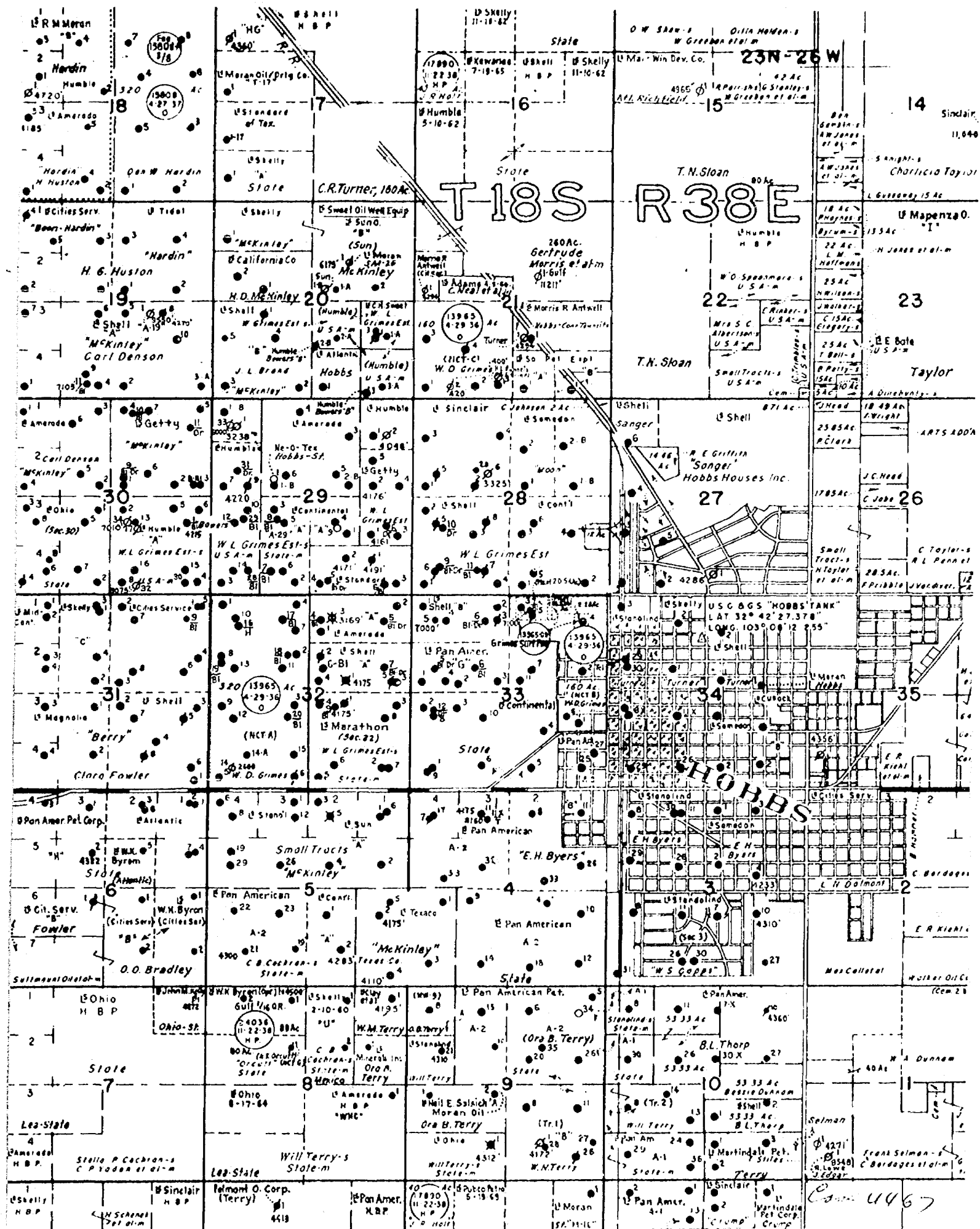
Continental Oil Company
Post Office Box 460
Hobbs, New Mexico 88240

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

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

Pan American Petroleum Corporation
Post Office Box 68
Hobbs, New Mexico 88240

Shell Oil Company
Post Office Box 1509
Midland, Texas 79701



DRAFT

GMH/esr
December 3, 1970
(2)

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4467

Order No. R-4079

SM
APPLICATION OF GULF OIL CORPORATION
FOR COMMINGLING OF PRODUCTION, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 2, 1970,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of December, 1970, 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 the applicant, Gulf Oil Corporation, is the owner
and operator of the W. D. Grimes NCT-A and NCT-B Leases comprising,
respectively, the W/2 of Section 32 and the NW/4 NE/4, E/2 NE/4,
and NE/4 SE/4 of Section 33, both in Township 18 South, Range 38
East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks exception to Rules 303 and
309 of the Commission Rules and Regulations to commingle, prior
to measurement, production from the Hobbs (Grayburg-San Andres)
and Hobbs-Blinbry Pools on said Grimes NCT-B Lease in Section 33
and to commingle, prior to measurement, the aforesaid production
with the Hobbs (Grayburg-San Andres) production from said NCT-A

Lease in Section 32.

(4) That the ownership of the two leases is identical
throughout i.e. working interest, royalty, and overriding royalty.

(4) That the applicant proposes to allocate production to each of said leases and pools on the basis of monthly well tests.

(5) That the applicant desires, for safety reasons, to remove the existing tank battery from the above-described Grimes NCT-B Lease as it is located in a residential area.

(6) That approval of the subject application will ^{will allow the applicant to take desirable} result in economic savings to the applicant, prevent waste, and protect correlative rights, provided the installation of facilities for commingling production as proposed will permit the individual testing of each of the wells on the subject lease.

IT IS THEREFORE ORDERED:

(1) That the applicant, Gulf Oil Corporation, is hereby authorized to commingle prior to measurement production from the Hobbs (Grayburg-San Andres) and Hobbs-Blinbry Pools ^{from} ~~by its~~ wells on the W. D. Grimes NCT-B Lease comprising the NW/4 NE/4, E/2 NE/4 and NE/4 SE/4 of Section 33, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico.

(2) That the applicant, Gulf Oil Corporation, is hereby authorized to commingle prior to measurement the commingled production authorized in Order (1), above, and production from the Hobbs (Grayburg-San Andres) Pool ^{from} ~~by its~~ wells on the W. D. Grimes NCT-A Lease comprising the W/2 of Section 32, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico.

(3) That the commingled production authorized in Orders (1) and (2), above, shall be allocated to each of the subject wells, pools, and leases on the basis of monthly well tests.

(4) That the facilities for the commingling of production authorized in Orders (1) and (2), above, shall be installed and maintained in a manner that will permit a determination of the producing capacity of each of the subject wells on the above-described leases at least once each month.

(5) That the applicant shall conduct monthly productivity tests on each of the subject wells on the above-described leases and shall file the results of said tests with the Commission's District Office at Hobbs, New Mexico, on Commission Form C-116 each month, *all until further order of the Commission.*

(6) 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.

CASE 4468: Appli. of CONTINENTAL
FOR A DUAL COMPLETION AND WATER
INJECTION, LEA COUNTY, N. M.