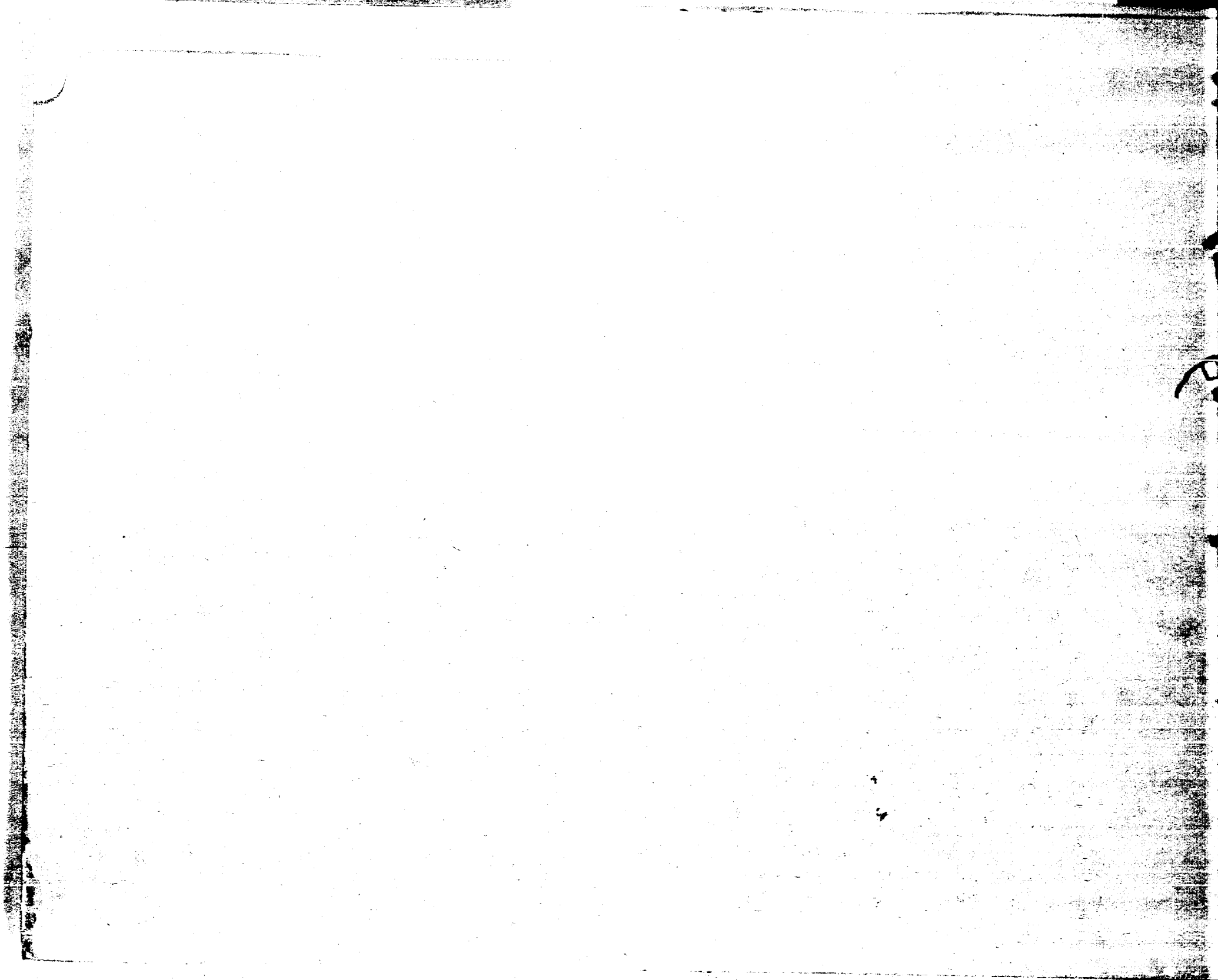
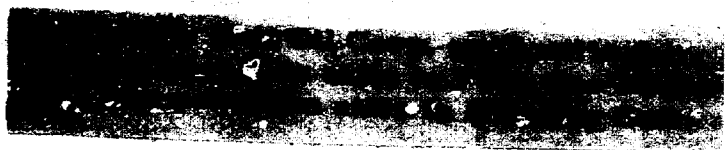


Case No.

1506

Application, Transcript,
Small Exhibits, Etc.



OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

September 29, 1958

Mr. Bill Kastler
Gulf Oil Corporation
P.O. Box 669
Roswell, New Mexico

Dear Mr. Kastler:

We enclose two copies of each of the following Oil
Conservation Commission orders issued September 29, 1958:

Order R-1247 in Case 1505
Order R-1250 in Case 1504
Order R-1253 in Case 1506

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

bp
Encls.

C
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Y

**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. 1506
Order No. R-1253**

**APPLICATION OF GULF OIL CORPORATION
FOR TWO NON-STANDARD GAS PRODUCTION
UNITS IN THE BLINNEY GAS POOL AND
FOR TWO NON-STANDARD GAS PRODUCTION
UNITS IN THE TUMB GAS POOL, LEA COUNTY,
NEW MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on September 10, 1958, at Santa Fe, New Mexico, before Daniel S. Hutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

Now, on this 29th day of September, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Hutter, 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 operator of the NE/4 SW/4 and the SE/4 of Section 28 and the NW/4 NE/4 and the NE/4 NE/4 of Section 33, all in Township 21 South, Range 37 East, NMPH, Lea County, New Mexico.

(3) That the applicant is the operator of the following-described well:

J. W. Carson "C" Well No. 6, located 330 feet from the South line and 965 feet from the East line of said Section 28, which well is completed in the Blinney Gas Pool.

Case No. 1806
Order No. B-1283

J. N. Carson "C" Well No. 3, located 649 feet from the South line and 660 feet from the East line of said Section 28, which well is dually completed in the Tubb Gas Pool and the Drinkard (Oil) Pool.

J. N. Carson "A" Well No. 4, located 554 feet from the South line and 2086 feet from the East line of said Section 28, which well is dually completed in the Blinshry Gas Pool and the Drinkard (Oil) Pool.

J. N. Carson "A" Well No. 6, located 2086 feet from the South line and 2086 feet from the East line of said Section 28, which well is dually completed in the Tubb Gas Pool and the Drinkard (Oil) Pool.

(4) That applicant presently has a 160-acre standard gas proration unit in both the Blinshry and Tubb Gas Pools, consisting of the SE/4 of said Section 28 and dedicated respectively to the said J. N. Carson "A" Well No. 4 and the J. N. Carson "C" Well No. 3.

(5) That the applicant proposes the establishment of four non-standard gas proration units, two in the Blinshry Gas Pool and two in the Tubb Gas Pool, to-wit:

A 160-acre non-standard gas proration unit in both the Blinshry and Tubb Gas Pools, consisting of the NE/4 SW/4 and the W/2 SE/4 of said Section 28 and the NW/4 NE/4 of said Section 33 to be dedicated respectively to the aforesaid J. N. Carson "A" Well No. 4 and the J. N. Carson "A" Well No. 6.

A 120-acre non-standard gas proration unit in both the Blinshry and Tubb Gas Pools, consisting of the E/2 SE/4 of said Section 28 and the NE/4 NE/4 of said Section 33 to be dedicated respectively to the aforesaid J. N. Carson "C" Well No. 3 and the J. N. Carson "C" Well No. 3.

(6) That the applicant proposes the above-described arrangement of dedicated acreage in order to eliminate the necessity of developing wells within the residential section of Eunice, New Mexico.

(7) That approval of the subject application will not cause waste nor impair correlative rights.

-3-

Case No. 1506
Order No. R-1253

IT IS THEREFORE ORDERED:

(1) That a 160-acre non-standard gas proration unit in the Blinbry Gas Pool, consisting of the NE/4 SW/4 and the W/2 SE/4 of Section 28 and the NW/4 NE/4 of Section 33, all in Township 21 South, Range 37 East, WHPM, Lea County, New Mexico, be and the same is hereby established. Said unit is to be dedicated to the applicant's J. N. Carson "A" Well No. 4, located 554 feet from the South line and 2086 feet from the East line of said Section 28.

(2) That a 160-acre non-standard gas proration unit in the Tubb Gas Pool, consisting of the NE/4 SW/4 and the W/2 SE/4 of said Section 28 and the NW/4 NE/4 of said Section 33, be and the same is hereby established. Said unit is to be dedicated to the applicant's J. N. Carson "A" Well No. 6, located 2086 feet from the South line and 2086 feet from the East line of said Section 28.

(3) That a 120-acre non-standard gas proration unit in the Blinbry Gas Pool, consisting of the E/2 SE/4 of said Section 28 and the NE/4 NE/4 of said Section 33, be and the same is hereby established. Said unit is to be dedicated to the applicant's J. N. Carson "C" Well No. 6, located 330 feet from the South line and 968 feet from the East line of said Section 28.

(4) That a 120-acre non-standard gas proration unit in the Tubb Gas Pool, consisting of the E/2 SE/4 of said Section 28 and the NE/4 NE/4 of said Section 33, be and the same is hereby established. Said unit is to be dedicated to the applicant's J. N. Carson "C" Well No. 3, located 640 feet from the South line and 660 feet from the East line of said Section 28.

(5) That each of the non-standard gas proration units created above be assigned an allowable in the appropriate pool in the proportion that the acreage contained in said unit bears to the acreage contained in a standard proration unit for the pool.

(6) That the establishment of the above-described non-standard gas proration units and the allowables assigned thereto shall become effective November 1, 1958, provided that all applicable pool rules and regulations have been complied with on that date.

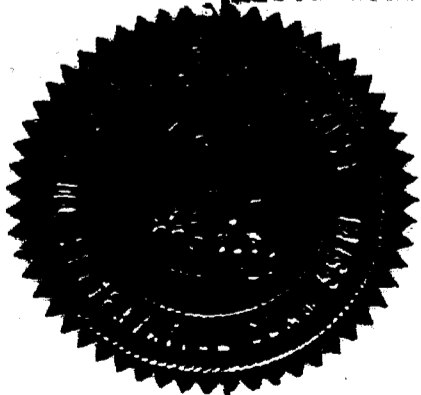
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E. L. Mechem
Edwin L. Mechem, Chairman

Murray E. Morgan
Murray E. Morgan, Member

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



DOCKET: EXAMINER HEARING SEPTEMBER 10, 1958

Oil Conservation Commission 9 a.m., Mabry Hall, State Capitol, Santa Fe, New Mexico
The following cases will be heard before Daniel S. Nutter, Examiner:

CASE 1196:

Application of The Ihex Company for permission to expand a pilot water flood project in the Artesia Pool, Eddy County, New Mexico, and for six unorthodox well locations. Applicant, in the above-styled cause, seeks an order permitting the expansion of its Artesia Pilot Water Flood project No. 2, authorized by Order No. R-966 in the Artesia Pool, Eddy County, New Mexico, to include eight additional water injection wells in Sections 21 and 28 of Township 18 South, Range 28 East, Eddy County, New Mexico. Applicant further seeks an order authorizing six unorthodox well locations in said Sections 21 and 28.

CASE 1498:

Application of El Paso Natural Gas Company for permission to conduct maximum pressure build-up tests and for the non-cancellation and/or transfer of allowables for test wells. Applicant, in the above-styled cause, seeks an order authorizing it to conduct maximum pressure build-up tests on seventeen gas wells in the Aztec-Pictured Cliffs, Ballard-Pictured Cliffs, Fulcher Kutz-Pictured Cliffs, South Blanco-Pictured Cliffs, and Blanco Mesaverde Gas Pools in San Juan and Rio Arriba Counties, New Mexico. Applicant further requests the non-cancellation of allowable accruing to test wells during the test period and for authority to transfer said allowables to other wells on the same basic lease, and for such other relief as is necessary to properly conduct said tests.

CASE 1499:

Application of Sinclair Oil and Gas Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order authorizing a 240-acre non-standard gas proration unit in the Tubb Gas Pool consisting of the SW/4 and the S/2 SE/4 of Section 26, Township 21 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to applicant's J. R. Cone "A" Well No. 1, located 660 feet from the South and West lines of said Section 26.

CASE 1500:

Application of Sinclair Oil and Gas Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order authorizing a 200-acre non-standard gas proration unit in the Blinebry Gas Pool consisting of the SW/4 and the SW/4 SE/4 of Section 26, Township 21 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the applicant's J. R. Cone "A" Well No. 2, located 1980 feet from the South line and 660 feet from the West line of said Section 26.

- CASE 1501: Application of Continental Oil Company for a dual completion and for permission to commingle the liquids produced from two separate pools. Applicant, in the above-styled cause, seeks an order authorizing a gas-gas dual completion for its Britt B-15 Well No. 9, located 1980 feet from the South and East lines of Section 15, Township 20 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from an undesignated Tubb Gas pool and the production of gas from an undesignated Blinebry gas pool. Applicant further seeks permission to commingle the liquids produced from said well from the two above-named pools.
- CASE 1502: Application of The Pure Oil Company for an order authorizing a salt water disposal well. Applicant, in the above-styled cause, seeks an order authorizing the disposal of salt water through its State Lea "E" No. 1 Well, located 1980 feet from the North and East lines of Section 21, Township 16 South, Range 34 East, Lea County, New Mexico. Said well is a producing oil well in the Kernnitz-Cisco Pool and the applicant proposes to inject salt water through the annulus between the 8 5/8" and 5 1/2" casing. The proposed injection zone is from 4,527 feet to 9,450 feet.
- CASE 1503: Application of The Pure Oil Company for permission to commingle the production from two separate oil pools. Applicant, in the above-styled cause, seeks an order authorizing the commingling of oil produced from the Kernnitz-Cisco Pool and the Kernnitz-Wolfcamp Pool on its State-Lea "E" Lease located in Section 21, Township 16 South, Range 34 East, Lea County, New Mexico. The applicant proposes to separately meter the production from each pool prior to commingling.
- CASE 1504: Application of Gulf Oil Corporation for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Learcy McBuffington Well No. 8, located 330 feet from the South line and 1980 feet from the West line of Section 13, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Fusselman formation adjacent to the Justis-Fusselman Pool and oil from an undesignated Montoya pool through parallel strings of tubing.
- CASE 1505: Application of Gulf Oil Corporation for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Learcy McBuffington Well No. 9, located 1650 feet from the South line and 1980 feet from the West line of Section 13, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Fusselman formation adjacent to the Justis-Fusselman Pool and oil from an undesignated Montoya pool through parallel strings of tubing.

CASE 1506:

Application of Gulf Oil Corporation for the creation of two non-standard gas proration units in the Tubb Gas Pool and two non-standard gas proration units in the Blinebry Gas Pool. Applicant, in the above-styled cause, seeks an order authorizing the creation of a 160-acre non-standard gas proration unit in both the Blinebry Gas Pool and in the Tubb Gas Pool, each to comprise the NE/4 SW/4, and W/2 SE/4 of Section 28 and the NW/4 NE/4 of Section 33, and to be dedicated to applicant's J. N. Carson "A" Well No. 4, located 554 feet from the South line and 2086 feet from the East line of said Section 28 and J. N. Carson "A" Well No. 6, located 2086 feet from the South and East lines of said Section 28 respectively. Applicant further seeks an order authorizing the creation of a 120-acre non-standard gas proration unit in both the Blinebry Gas Pool and in the Tubb Gas Pool, each to comprise the E/2 SE/4 of Section 28 and the NE/4 NE/4 of Section 33, and to be dedicated to applicant's (J. N. Carson "C" Well No. 6, located 330 feet from the South line and 965 feet from the East line of said Section 28 and J. N. Carson "C" Well No. 3,) located 640 feet from the South line and 660 feet from the East line of said Section 28 respectively, all of the above being in Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 1507:

Application of Lea County Drip Company, Inc., for authority to construct and operate two waste oil treating plants. Applicant, in the above-styled cause, seeks an order authorizing it to construct and operate two treating plants in Lea County, New Mexico, to treat waste oil and tank bottoms collected from leases in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico, said plants to be located at the following points:

- (1) Adjacent to the Shell Pipeline Company's Pipeline approximately three miles South of Hobbs, New Mexico.
- (2) Adjacent to the Shell Pipeline Company's Eunice Station approximately five miles West of Eunice, New Mexico.

August 25, 1958

ga

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 9/19/58

CASE NO. 1506

HEARING DATE 9-10-58 9 am
DSN @ SF

My recommendations for an order in the above numbered case(s) are as follows:

Enter an ~~order~~ ^{??} cancelling two existing non std gas production units (one each in the Blinbury Gas Pool and in the Tuba Gas Pool) effective November 1, 1958, and establishing 4 non-std gas production units (two each in the Blinbury Gas Pool and in the Tuba Gas Pool.)

Approval of these units will not cause waste nor violate correlative rights. Magnolia and its royalty owner will be the only people not having ^{all} acreage in this area dedicated to gas wells in the subject Pool as the result of formation of these units but there was no objection to formation of such from any source.

Use the attached application for description of units.

Staff Member

Samuel R. Smith



MAIN OFFICE - CCC
GULF OIL CORPORATION

1958 AUG 6 PM 1:23
P.O. DRAWER 1250 FORT WORTH 1, TEXAS
August 4, 1958

E. HOSFORD
DIVISION PRODUCTION COORDINATOR

FORT WORTH
PRODUCTION DIVISION

Oil Conservation Commission
State of New Mexico
P. O. Box 871
Santa Fe, New Mexico

Re: Cancellation of Two Existing Gas Proration Units
and Creation of Four Additional Units in the Tubb
and Blinebry Gas Pools in Sections 28 and 33,
T-21-S, R-37-E, Lea County, New Mexico

Cancel these existing units
Gentlemen:

SE/4
On August 8, 1954, the New Mexico Oil Conservation Commission approved Gulf Oil Corporation's application for a standard 160 acre Tubb Gas Pool Unit consisting of the ~~SW/4~~ *SE/4* of Section 28, T-21-S, R-37-E, Lea County, New Mexico, and dedicated to Gulf's J. N. Carson "C" Well No. 3. On December 1, 1954, the Commission approved Gulf's application for a standard 160 acre Blinebry Gas Pool Unit also consisting of the ~~SW/4~~ *SE/4* of Section 28, T-21-S, R-37-E, and dedicated to J. N. Carson "A" Well No. 4.

Gulf Oil Corporation, in this application, proposes to cancel the above described existing standard gas proration units and in conjunction therewith requests that the following gas proration units be formed and designated:

Establish these units. ✓

- (1) A 160 acre proration unit in the Blinebry Gas Pool consisting of the NE/4 of the SW/4 and the W/2 of the SE/4 of Section 28, and the NW/4 of the NE/4 of Section 33, all in T-21-S, R-37-E. The proposed Blinebry Unit well, Gulf's J. N. Carson "A", Well No. 4, is located 554' from the south line and 2086' from the east line of said Section 28. This well is dually completed so as to produce gas from the Blinebry and oil from the Drinkard. Plat No. 1 shows the acreage of the proposed new Blinebry Unit which will be dedicated to Carson "A" No. 4.
- (2) A 160 acre proration unit in the Tubb Gas Pool, consisting of the NE/4 of the SW/4 and the W/2 of the SE/4 of Section 28, and the NW/4 of the NE/4 of Section 33, all in T-21-S, R-37-E. The proposed Tubb Unit well, J. N. Carson "A" No. 6

*Dickert ruled
8-28-58
B.P.*

August 4, 1958

✓ located 2086' from the south line and 2086' from the east line of Section 28, was recently dually completed so as to produce gas from the Tubb and oil from the Drinkard. Plat No. 2 shows the new proposed Tubb Unit Area which will be dedicated to Carson "A" No. 6. During a flow test of this well on June 2, 1958, the Tubb Gas Zone produced at a maximum rate of 2356 MCF per day with 1300 pound back pressure. Estimated open flow is 5500 MCF per day.

✓ (3) A 120 acre Blinebry Proration Unit consisting of the E/2 of the ~~SW/4~~ ^{SE/4} of Section 28, and the NE/4 of the NE/4 of Section 33 all in T-21-S, R-37-E. The proposed unit well, Gulf's J. N. Carson "C" Well No. 6, located 330' from the south line and 965' from the east line of Section 28 was recently plugged back to 5971' from a total depth of 7500'. During a flow test of this well on July 24, 1958, the Blinebry Zone flowed at a maximum rate of 4540 MCF per day with 1100 pound back pressure. Estimated open flow is 7900 MCF per day. Plat No. 3 shows the proposed new Blinebry unit which will be dedicated to Carson "C" No. 6.

✓ (4) A 120 acre Tubb Unit in the Tubb Gas Pool consisting of the E/2 of the SE/4 of Section 28, and the NE/4 of the NE/4 of Section 33 all in T-21-S, R-37-E. The proposed unit well, Gulf's J. N. Carson "C" Well No. 3 is located 640' from the south line and 660' from the east line of Section 28. This well is dually completed so as to produce gas from the Tubb and oil from the Drinkard. Plat No. 4 shows the proposed new Tubb Unit which will be dedicated to Carson "C" No. 3.

Gulf Oil Corporation has requested approval of this arrangement of dedicated acreage on the above named leases in order to eliminate the necessity of developing wells within the residential section of Eunice, New Mexico. It is respectfully requested that this matter be set for examiner hearing at an early date.

The following facts are offered in support of this application:

(a) Gulf Oil Corporation is the owner and operator of all producing rights below 4000' on the 160 acre J. N. Carson "A" Lease, which consists of the NE/4 of the SW/4 and the W/2 of the SE/4 of Section 28, and the NW/4 of the NE/4 of Section 33 all in T-21-S, R-37-E, Lea County, New Mexico.

August 4, 1958

- (b) Gulf Oil Corporation is the owner and operator of all producing rights on the J. N. Carson "C" Lease, which consists of the E/2 of the SE/4 of Section 28, and the NE/4 of the NE/4 of Section 33 all in T-21-S, R-37-E, Lea County, New Mexico.
- (c) Unless the cancellation of existing gas proration units and the creation of additional units is authorized as requested in this application, Gulf Oil Corporation will be deprived of a fair opportunity to recover its just and equitable share of the gas and liquid hydrocarbons in the Blinebry and Tubb Gas Pools. The granting of the relief sought by this application will protect correlative rights and will not cause, but will prevent waste.
- (d) By copy of this letter of application, all operators within 1500' of the proposed unit wells are notified of the intent of Gulf Oil Corporation to form the proposed non-standard gas proration units as described above.

Respectfully submitted,

GULF OIL CORPORATION

By 
Division Production Coordinator

cc: Oil Conservation Commission
P. O. Box 2045
Hobbs, New Mexico

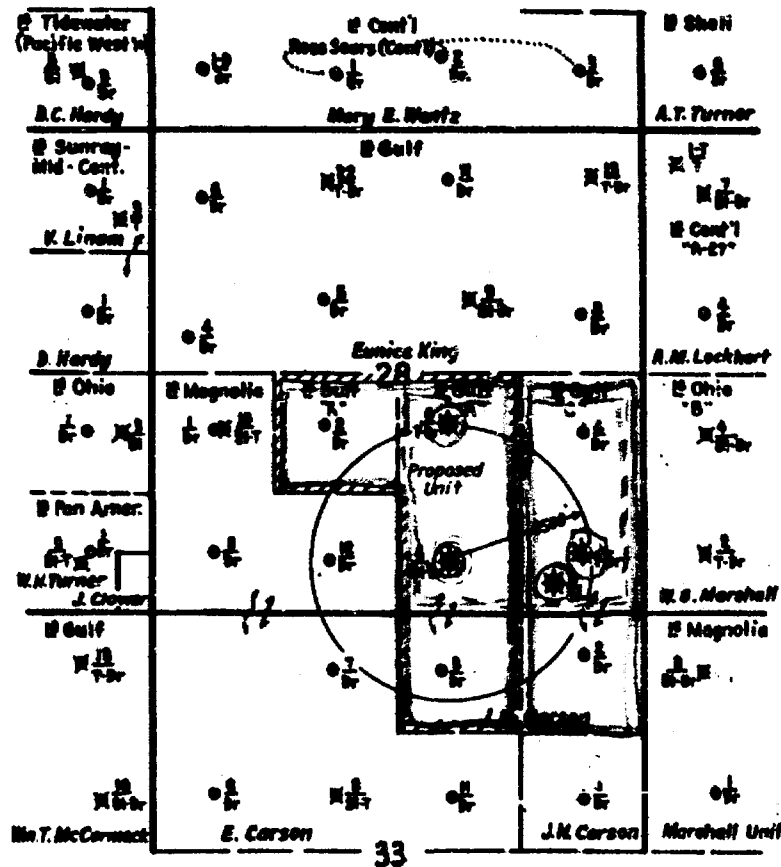
Continental Oil Company
P. O. Box 427
Hobbs, New Mexico

Magnolia Petroleum Company
P. O. Box 727
Kermit, Texas

Ohio Oil Company
P. O. Box 552
Midland, Texas

R 37 E

T
21
E



GULF OIL CORPORATION
FORT WORTH PRODUCTION DIVISION
Scale 1" = 2,000'

Proposed 160-Acre Non-Standard
Blinbry Gas Unit Assigned to
Gulf's J. N. Carson "A"
Well No. 4

Plat 1

R 37 E

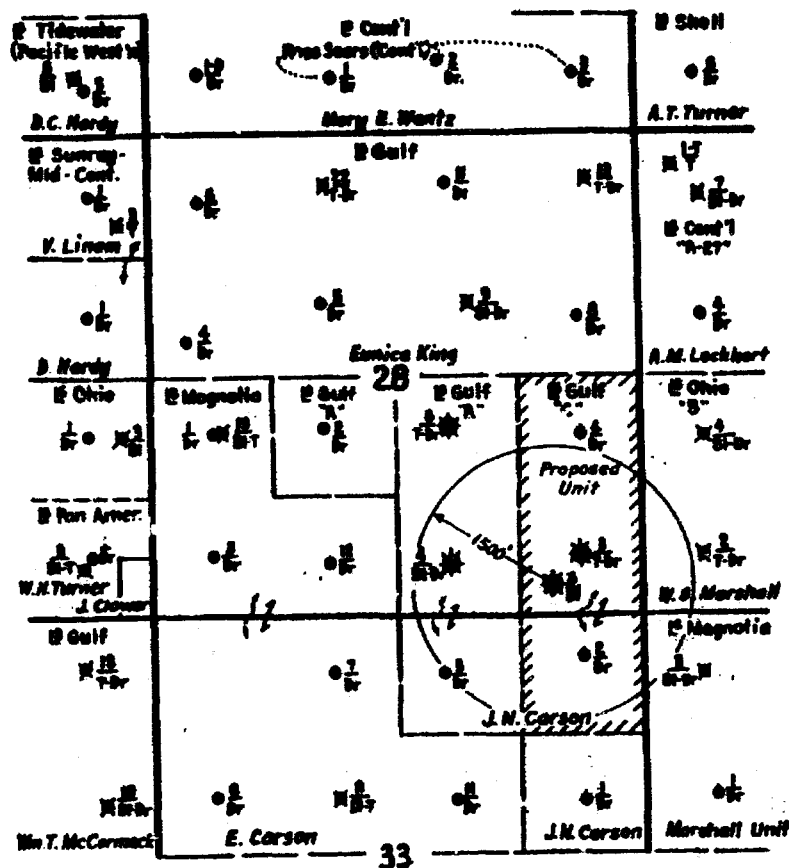


Proposed 160-Acre Non-Standard
Tubb Gas Unit Assigned to
Gulf's J. N. Carson "A"
Well No. 6.

Plat 2

R 37 E

T
21
E

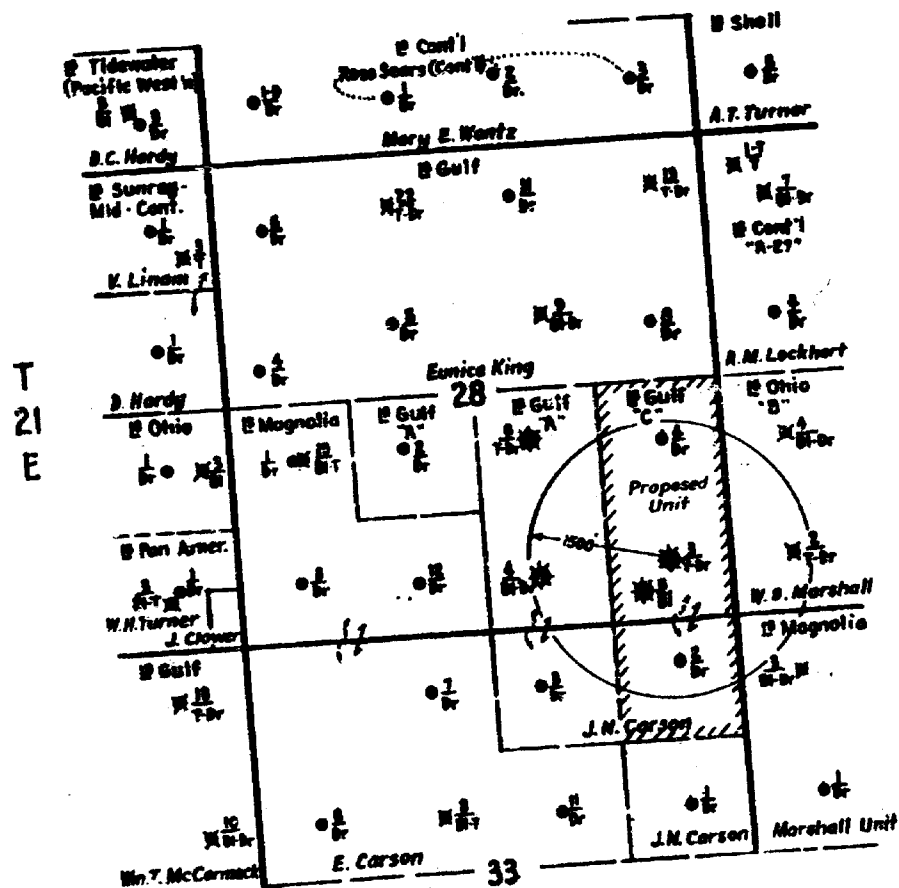


GULF OIL CORPORATION
FORT WORTH PRODUCTION DIVISION
Scale 1" = 2,000'

Proposed 120-Acre Non-Standard
Blinbry Gas Unit Assigned to
Gulf's J. N. Carson "C"
Well No. 6

Plat 3

R 37 E



GULF OIL CORPORATION
FORT WORTH PRODUCTION DIVISION
Scale 1" = 2,000'

Proposed 120-Acre Non-Standard
Tubb Gas Unit Assigned to
Gulf's J. N. Carson "C"
Well No. 3

Plat 4



MAIN OFFICE ^{OCC} PETROLEUM AND ITS PRODUCTS

ROSWELL DISTRICT

W. A. SHELLSHEAR
District Manager

E. B. GREAR
District Exploration Manager

M. I. TAYLOR
District Production Manager

G. A. PRICE
District Services Manager

GULF OIL CORPORATION

P. O. DRAWER 240 — ROSWELL, NEW MEXICO

FORT WORTH
PRODUCTION DIVISION

September 15, 1958

New Mexico Oil Conservation Commission
Post Office Box 871
Santa Fe, New Mexico

Attention: Mr. Dan Nutter

Gentlemen:

Reference is made to Case No. 1506 heard at the Examiner Hearing on September 10, 1958, whereby we requested approval for rearrangement of the Tubb and Blinebry Gas Proration Units on our J. N. Carson "A" and "C" Leases, Sections 28 and 33, T-21-S, R-37-E, Lea County, New Mexico. It was requested by the Examiner that we advise the Commission by letter, if the application in this case is approved, what our plans would be to handle the underproduction attributed to the J. N. Carson "A" Well No. 4, Blinebry Gas Pool, and J. N. Carson "C" Well No. 3, Tubb Gas Pool.

The Permian Basin Pipeline Company, purchaser of the gas from these leases, was contacted on September 11, 1958, to determine if the underproduction could be made up and if so by what date. They have advised that the underproduction can be made up and the wells in balance by November 1, 1958.

We concur with Permian's findings. Therefore, it is requested that, if our application in the above case is approved, the existing Tubb and Blinebry Units be cancelled and the proposed units be assigned effective November 1, 1958. In view of the fact that it is difficult to balance production exactly, we realize that a small underproduction may exist on this date. Therefore, it is requested that the underproduction, if any, remaining on our existing Tubb and Blinebry Units on November 1, 1958, be cancelled.

We wish to thank the Examiner and his Staff for their patience in hearing our case. If additional information is desired, please advise.

Yours very truly,

W. A. SHELLSHEAR

cc: Permian Basin Pipeline Company
2223 Dodge Street
Omaha 1, Nebraska

[illegible]

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 1
CASE NO. 15-06

LEASE PLAT
J. N. CARSON "A"
Lea County, New Mexico

- ☐ Pertinent Gulf lease
☒ Pertinent Gulf well

Gulf Oil Corporation Sept. 10, 1958

present must to
be cancelled
present will

Case No. 1506
Exhibit No. 1

Exhibit No. 1
Present Pharmacy
Units

LEASE PLAT
J. N. CARSON C
Lea County, New Mexico

LEGEND

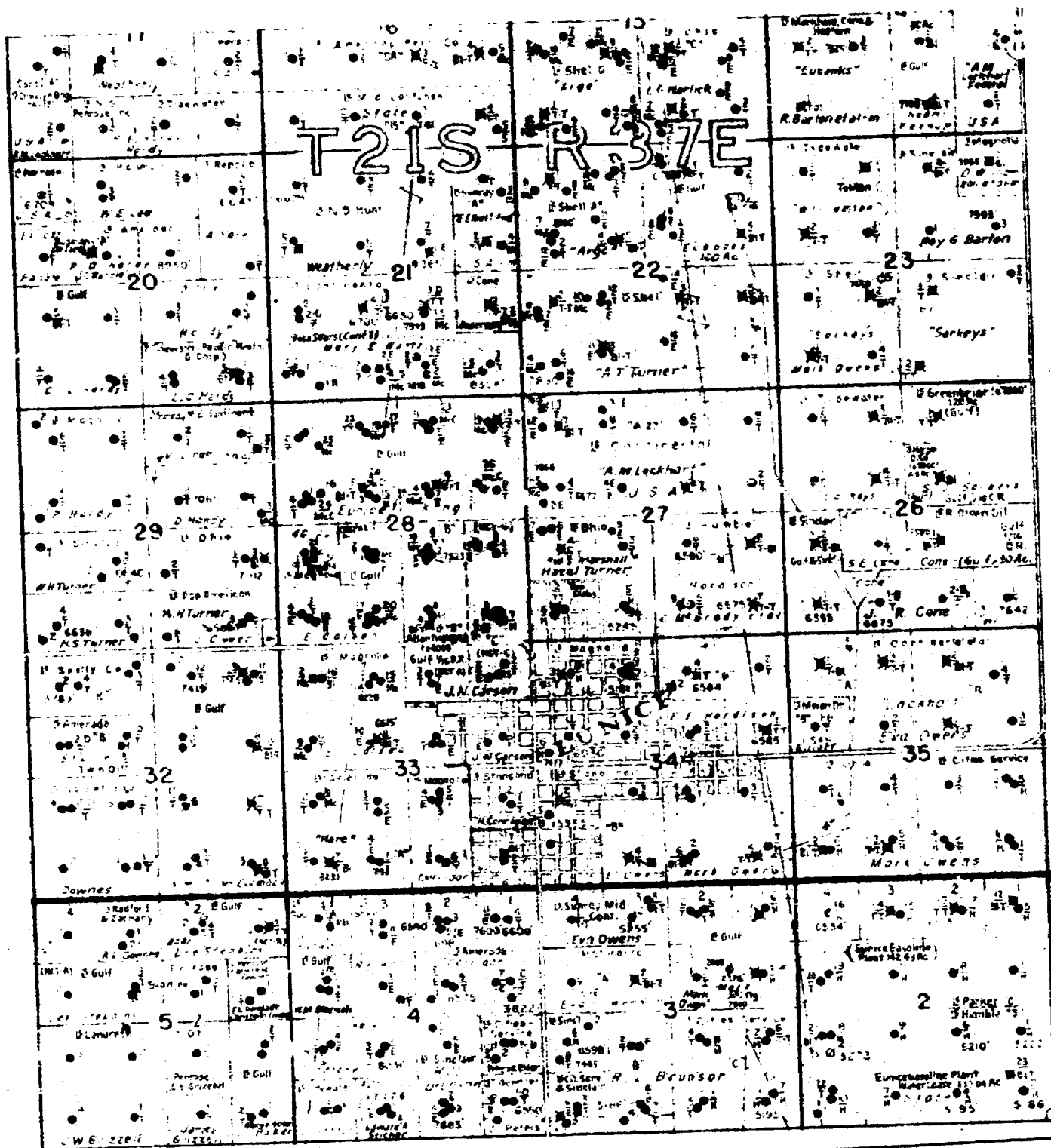
☐ Pertinent Gulf lease

● Pertinent Gulf well

Gulf Oil Corporation Sept. 10, 1958

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 3
CASE NO. 1506

Case No. 1506
Exhibit No. 3



LEASE PLAT

J. N. CARSON

Lea County, New Mexico

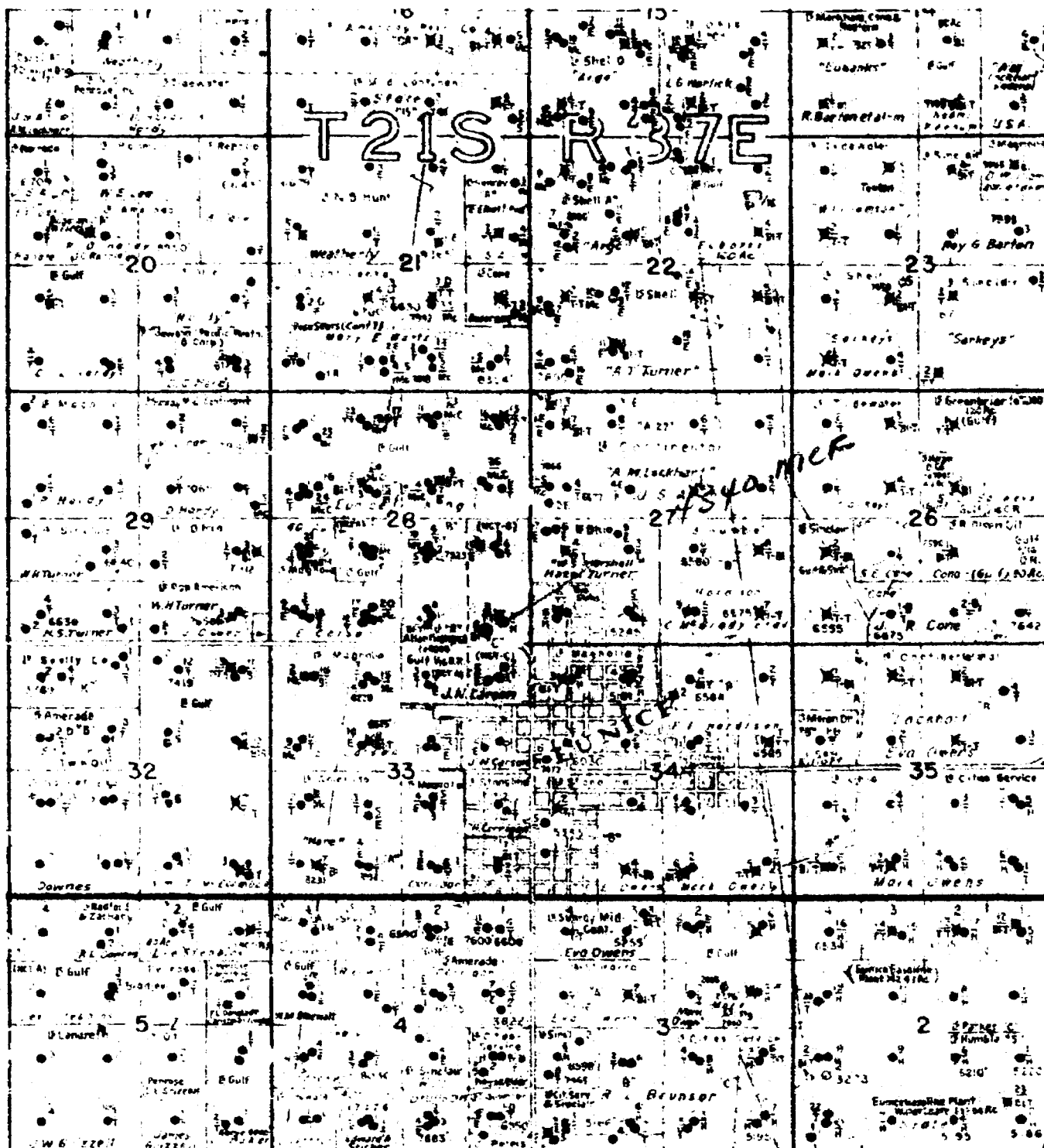
LEGEND

- ☐ Pertinent Gulf lease
- Pertinent Gulf well

Gulf Oil Corporation Sept. 10, 1958

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 3
CASE NO. 1506

Case No. 1506
Exhibit No. 3



BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 4
CASE NO. 1506

LEASE PLAT
J. N. CARSON ET AL
Lea County, New Mexico

LEGEND

- ☐ Pertinent Gulf lease
- Pertinent Gulf well

Gulf Oil Corporation Sept 10, 1958

Case No. 1506
Exhibit No. 4

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1506

TRANSCRIPT OF HEARING

SEPTEMBER 10, 1958

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE NEW MEXICO
Phone CHepol 3-6691

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
SEPTEMBER 10, 1958

IN THE MATTER OF:

CASE 1506 Application of Gulf Oil Corporation for the :
creation of two non-standard gas proration :
units in the Tubb Gas Pool and two non-stand- :
ard gas proration units in the Blinebry Gas :
Pool. Applicant, in the above-styled cause, :
seeks an order authorizing the creation of a :
160-acre non-standard gas proration unit in :
both the Blinebry Gas Pool and in the Tubb :
Gas Pool, each to comprise the NE/4 SW/4, and :
W/2 SE/4 of Section 28 and the NW/4 NE/4 of :
Section 33, and to be dedicated to appli- :
cant's J. N. Carson "A" Well No. 4, located :
554 feet from the South line and 2086 feet :
from the East line of said Section 28 and J. :
N. Carson "A" Well No. 6, located 2086 feet :
from the South and East lines of said Sec- :
tion 28 respectively. Applicant further :
seeks an order authorizing the creation of a :
120-acre non-standard gas proration unit in :
both the Blinebry Gas Pool and in the Tubb :
Gas Pool, each to comprise the E/2 SE/4 of :
Section 28 and the NE/4 NE/4 of Section 33, :
and to be dedicated to applicant's J.N.Car- :
son "C" Well No. 6, located 300 feet from :
the South line and 965 feet from the East :
line of said Section 28 and J. N.Carson "C" :
Well No. 3, located 640 feet from the South :
line and 660 feet from the East line of said :
Section 28 respectively, all of the above :
being in Township 21 South, Range 37 East, :
Lea County, New Mexico :

BEFORE:

Mr. Daniel S. Nutter, Examiner.

T R A N S C R I P T O F P R O C E E D I N G S

MR. PAYNE: Application of Gulf Oil Corporation for the creation of two non-standard gas proration units in the Tubb Gas Pool and two non-standard gas proration units in the Blinebry Gas Pool.

MR. KASTLER: I am Bill Kastler of Roswell, New Mexico, appearing on behalf of Gulf Oil Corporation. Our witness in this case is Mr. John H. Hoover.

JOHN H. HOOVER,
called as a witness, having been previously sworn on oath, testified as follows:

DIRECT EXAMINATION

BY MR. KASTLER:

Q Are you the same John H. Hoover who was sworn and testified in the previous Cases 1504 and 1505, consolidated?

A Yes, I am.

Q Have you previously testified before the New Mexico Oil Conservation Commission?

A Yes, sir.

Q And will you please state for the record your name and position with Gulf Oil Corporation?

A John Hoover, production engineer, Roswell, New Mexico.

Q Are you familiar, as production engineer in Roswell, New Mexico, with Gulf's application in Case No. 1506?

A Yes.

Q Before having you explain what is involved, I would like

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to ask you if you have prepared for introduction into evidence in this case three Exhibits, which have been labeled -- four Exhibits which have been labeled Gulf Oil Corporation's Exhibits Nos. 1, 2, 3 and 4 in Case No. 1506? Have you prepared such Exhibits?

A Yes, I have.

Q Referring to such Exhibits, first Exhibit No. 1 -- referring first to all four Exhibits, would you admit or state that they are location plats that show proposed new unit areas?

A Yes, they are the units in which we are requesting approval today.

Q And those units in each case -- there are four of them --

A Yes.

Q -- are outlined or shaded in yellow, is that correct?

A Yes, they are.

Q Now, using Exhibits Nos. 1, 2, 3 and 4, will you please outline what is involved, what Gulf is seeking and what the purposes of this hearing are?

A Yes. In referring to Exhibit 1, merely for location of the gas units that are assigned now, we are asking for cancellation of an administrative order of December 1st, '54, assigning 160 acres to the J. N. Carson "A" Well No. 4; which is located 554 feet from the South line and 2086 feet from the East line.

Q What was the description of the 160 acres assigned to that?

A This 160-acre Blinebry standard gas proration unit con-

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cerned the SE/4 of Section 28, and by administrative order of 1954, assigned 160 acres to the J. N. Carson "C" Well No. 3, which is located 660 feet from the East line and 640 feet from the South line of Section 28. This 160-acre standard Tubb gas proration unit also covered the SE/4 of Section 28. The portion of the Carson "A" lease, which is located in the NW/4 of the NE/4 of Section 33, and the portion of the Carson "C" lease located in the NE/4 NE/4 of Section 33, are not protected from Tubb or Blinebry gas production. this acreage -- because this acreage is located within the residential section of the City of Eunice. Therefore, development on this acreage is not practical. Also the portion of the Carson "A" lease located in the NE/4 of the SW/4 of Section 28 is not protected, and development on this 40 acres alone is not economically justified. In order to protect all of these leases, we have dually completed the J. N. Carson "A" Well No. 6, located 2086 feet from the South line and from the East line of Section 20, in the Tubb gas and in the Drinkard oil. On test, the Tubb gas flowed at 2056 MCF with 13,000 pounds back pressure. We also have dually completed the J. N. Carson "C" No. 6, located 965 feet from the East line and 330 feet from the South line of this Section 28. It has been completed as a Blinebry gas well after abandoning the Branson formation. On test, this well flowed 4540 MCF with 1100 pounds back pressure. We are requesting that the present 160-acre Tubb and Blinebry units, located in the SE/4 of Section 28 be canceled, and the following units be assigned: Exhibit 1 in Case 1506 shows the unit that we

would like assigned to the Blinebry gas. It is 160 acres and described as the NE/4, SW/4 and the W/2 of the SE/4 of Section 28, and the NW/4 of the NE/4 of Section 33. This area is shaded in yellow, and the Well No. 4, which is our Blinebry Well, will be the unit well. Exhibit --

Q Is that well outlined by a red circle on Exhibit No. 1?

A It is circled in red.

Q Mr. Hoover, just a question here at this point. Is this proposed unit entirely on the lease which is known as the J. N. Carson "A" lease?

A Yes, sir, it is.

Q Continue.

A Exhibit 2 is the acreage that we are requesting to be assigned to the 160-acre Tubb unit being described as the NW/4 of the SW/4 and the W/2 of the SE/4 of Section 28, and the NW/4 of the NE/4 of Section 33.

Q To correct the record, you said the NW/4 of the SW/4 of 28. Didn't you mean NE/4?

A NE/4 of the SW/4. This area is shaded in yellow, and our Well No. 6, Carson "A" No. 6, is circled in red.

Exhibit No. 3 shows the acreage that we are asking to be assigned to 120-acre Tubb unit, being described as the E/2 of the SE/4 of Section 28, and the NE/4 of the NE/4 of Section 33. This acreage is shaded in yellow. The unit well is our J. N. Carson "C" No. 3, which is circled in red.

Q That's the same J. N. Carson "C" Well No. 3, which is the unit well in one of the standard units for the -- A That's correct.

Q -- Tubb Gas Pool?

A That's correct.

Q Right. And does this acreage consist entirely of Gulf's J. N. Carson "C" lease?

A Yes, it does.

Q Thank you.

A Exhibit 4 shows the acreage that we are requesting in the Blinebry gas, being 120 acres and described as the E/2 of the SE/4 of Section 28, and the NE/4 of the NE/4 of Section 33. This acreage is shaded in yellow, and our J. N. Carson "C" Well No. 6, which will be the unit well, is circled in red.

Q Do you have more to add to that?

A These units are completely surrounded in all directions by Tubb and Blinebry gas proration units. Therefore, the acreage that we are requesting to be added can be reasonably presumed to be gas productive.

Q Is Gulf Oil Corporation the owner and operator of all producing rights below 4000 feet on the 160-acre J. N. Carson "A" lease?

A Yes.

Q And is Gulf Oil Corporation the owner and operator of all producing rights on the J. N. Carson "C" lease, which you have testified to?

A Yes, sir, they are.

Q Is there acreage on each of these leases which is presently being drained in each of these pools, the top of the Blinebry?

A Yes.

Q And if these four proposed units are granted, then, they will each be able to produce the gas allocated to those acres?

A They will.

Q And unless this -- the cancellation of existing gas production units and the creation of additional units is authorized as requested in this application, will Gulf Oil Corporation be deprived of a fair opportunity to recover its just and equitable share of the gas and liquid hydrocarbon in the Blinebry and Tubb gas pools?

A Yes, sir.

Q Will the granting of the relief sought by this application protect correlative rights?

A Yes, it will.

Q Will it prevent waste?

A No, it will not prevent waste -- it will prevent waste. It will prevent waste.

Q Have all operators within 1500 feet of the proposed unit well been notified?

A Yes, they have.

MR. KASTLER: These are the only questions I have, Mr. Nutter, and I would like to move at this time that Exhibits No. 1, 2, 3 and 4 be admitted into evidence in this case.

MR. NUTTER: Without objection, Gulf Oil Corporation's Exhibits 1 through 4 will be admitted in evidence in Case 1506.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Hoover, what is the present status of your J. N. Carson "A" No. 4? I believe that's the Blinebry Well at the present time. What is the present status?

A It is carried as non-marginal well.

Q It is carried as non-marginal well?

A Yes, sir. It is producing its allowable.

Q Is it underproduced, overproduced or --

A I believe it is slightly underproduced now.

Q What about the status -- you don't know the exact status of it, though?

A No, sir, I don't.

Q What about the status of the J. N. Carson "C" Well No. 3, which, I believe, is a Tubb well at the present time?

A Yes, that is a Tubb well. I don't have the status on that, but I believe it is also slightly underproduced. We have gone through a period of low allowables and low takes. I believe that I am correct in saying that they are slightly underproduced at this time.

Q Is the ownership in the J. N. Carson "A" lease and the J. N. Carson "C" lease common throughout?

A They are common on each lease.

Q The two leases are not common, however?

A No, sir, they are not common between the two of them.

Q What is your recommendation in the manner in which the underproduction, which has accrued to the two wells, be handled?

A I think we would have to use the date of approval, if they are approved, for cancellation of the underproduction and start from scratch. And in the meantime, I think we can get Permian to possibly produce those wells and maybe get them in a balanced condition.

Q In a balanced condition?

A Yes, sir. I believe we can do that.

Q That would pose a problem, though?

A Yes, sir.

Q You agree that you've got an underproduction status on the well, and the ownership on the two leases is not common. You actually would be taking underproduction which belongs to the entire SE/4 of Section 28?

A Yes, sir. Our idea would be to try to bring them in balance, which we will attempt to do.

MR. NUTTER: Off the record.

(Discussion off the record)

Q (By Mr. Nutter) Mr. Hoover, as your discussion indicated, there is a possibility that some inequalities might occur in the cancellation or redistribution of this allowable, with the cancellation of the two presently existing units and the creation of

the four new ones. Will you provide us with a letter advising us as to your -- the outcome of your conversation with the purchaser, Permian Pipeline Company --

A Yes, sir.

Q -- and the outlook as far as getting the wells in balance, so that the units could be in balance at the time they were cancelled?

MR. KASTLER: Do you wish also to be advised how far out of balance they are at this time?

A Yes, sir.

MR. NUTTER: Well, that is probably a matter of record here in the Commission's office.

MR. KASTLER: All right.

Q (By Mr. Nutter) Mr. Hoover, would you outline to me the location of the various Blinebry units that are in existence in this area?

A The Blinebry?

Q Yes, sir.

A Offsetting in the SW/4 of Section 28, Magnolia has a 120-acre Blinebry unit, which would be Well No. 19. There is a well in the NW/4 of Section 28, which is our Gulf Eunice King. We have a 160-acre unit on our Well No. 5, located in the SE of the NW. Right here. In the NE/4 of Section 28, a 160-acre unit, our Eunice King lease. Well No. 9 is the unit well being in the NW/4 of Section 27, and has a 160-acre unit; Continental Lockhart, with their

Well No. 7 being in the NW of the NW. In the SW/4 of Section 27, Ohio Marshall "B" has a 160-acre unit with their Well No. 4 located in the NW of the SW, in the NW/4 of Section 34.

Q That's a standard unit?

A That's a standard unit with Magnolia's Marshall No. 3. Coming on down -- moving over to the NE -- no, get the Blinebry to the SW/4 of Section 34, which would be the one right on down; Pan American's Owen Well No. 4, in the SE of Section 33; it would be a standard unit. Magnolia Corrigan Well No. 7, which is located right here. In the NW/4 of 33 is a standard unit, Magnolia Carson, their Well No. 8, which is --

Q How about down here in the SW of 33, is there a unit there?

A Yes, sir, there is. It's a 160-acre. There is a unit there, but I don't know which well they have dedicated or if it is dedicated for both Tubb and Blinebry.

Q How about the S/2 of the NE/4 of Section 33, --

A That is not covered.

Q -- who is the lease hold owner of that?

A That is Magnolia.

Q Is there a Blinebry well in that acreage?

A No, sir, not that I know of. That's all within the residential area.

Q Now, turning to the Tubb formation.

A There is a 120-acre unit, the Magnolia Carson, which

covers the NW/4 in the S/2 of that SW/4 with their Well No. 19. All right, sir, the Tubb unit, we will go right around; Gulf's Eunice King the NW/4 of Section 28, with our Well 22 as a Tubb unit in the NE of the NW; our Eunice King to the NE/4 of Section 28, --

Q Standard unit?

A Standard unit, yes, sir. Well No. 13 in the NW of Section 27, standard unit, Continental Lockhart, their No. 1, which is right above there. In the SW of Section 27, Ohio Marshall "B", their Well No. -- standard unit, Well No. 2, which is in the SW of the SW. In the NW/4 of Section 34, there is no Tubb unit there, but there is a Tubb unit over in the NE of Section 34, standard unit, with Well No. 2. That's Humble's Hardison Well No. 2, which is in the NE of the NE, and is a Tubb well. Now, that is also a Blinebry. I didn't bring it in here because we had a Blinebry offset in there. Their Blinebry is No. 4. In the SW of Section 34, Pan American's Owen "B", their Well No. 2, which is in the NW of the SW.

Q Do they also have their No. 4 completed in the Terry, -- or in the Tubb, or is that a Terry Blinebry?

A No. 4 is a Blinebry well.

Q That's indicated as a dual completion on your Exhibit here?

A I imagine that's probably a Drinkard. That's our designation for Drinkard and Tubb. Let's see, we are on Pan American's

in the SW of Section 34, their Well No. 2. All right, in the SE of Section 33, Magnolia's Corrigan, their Well No. 7, which is in the SE of the SE, that's a gas-gas dual. In the NW of Section 33, Magnolia Carson, their Well No. 8 in the SE of the NW.

Q Standard unit?

A Standard, yes, sir.

Q How about in the SW of 28?

A Yes, sir, Magnolia Carson has a 120-acre unit with their Well No. 19 also.

Q How about the S/2 of the NE of 33?

A No, sir.

Q Does Magnolia own the interest in the Tubb formation in that area also?

A I believe they do, yes, sir.

Q Has any effort been made by Gulf or by Magnolia to communitize this acreage?

A No, sir. All of that acreage is within the residential section of the City of Eunice. There are houses right up to the wells.

MR. NUTTER: I believe that's all I have. Does anyone have any questions?

MR. UTZ: I have a few questions.

MR. NUTTER: You may proceed.

QUESTIONS BY MR. UTZ:

Q I would like to clarify this a little bit. On your Ex-

hibit No. 1, Mr. Hoover, that is a 160-acre Blinebry unit, the Carson "A" No. 4, is it?

A Yes, sir.

Q Is that a single or dually completed well?

A That is a dually completed -- it is Blinebry Drinkard.

Q The previous unit was the SE/4 of 28?

A Yes, sir.

Q And Exhibit No. 2, that is a Tubb unit Drinkard dual in the Carson "A" No. 6?

A Yes.

Q And that is also a standard unit for the SE/4, is that right?

A Just part of that.

Q In other words, that No. 6 was not the producing well? You have not had that acreage dedicated to the Tubb pool?

A Yes, sir, the E/2 -- the W/2 of the SE/4.

Q Just the W/2 is an 80-acre unit?

A Yes, sir. That was dedicated previously to the Tubb.

Q On Exhibit No. 3, that is a new Tubb well?

A No, sir. That's the Tubb well that produced on existing 160-acre unit.

Q How can that be?

A We had Well No. 4 in the Blinebry producing 160 being -- which is the SE/4, and Well No. 3 in the Tubb producing on that 160.

MR. KASTLER: You mean "C" No. 3 and "A" No. 4?

A Yes.

Q (By Mr. Utz) Well, on Exhibit No. 2, the old unit was the W/2 of the SE/4?

A The old unit was the SE/4, 160-acre unit.

Q Is this a Tubb unit?

A Tubb and Blinebry. Well No. 4, Carson "A" No. 4 was a Blinebry well producing that SE acreage.

Q I am still questioning your No. 6 on Exhibit No. 2.

A That well has been dually completed as a Tubb well, but it is not connected. It will be -- it will be the Tubb well for this proposed 160.

Q Did you not have an old Tubb unit there then?

A All the SE/4 of 28 was covered as a Blinebry and Tubb unit.

MR. KASPLER: Where is your Tubb well?

A The Carson "C" 3 is a Tubb well.

MR. NUTTER: And Carson "A" 4 as the Blinebry well?

A Yes, sir.

MR. NUTTER: Any further questions of the witness?

MR. UTZ: I am not quite through with this allowable thing. Is it your feeling, then, that all of these wells now have underage?

A I believe they do. How much, I don't have that with me.

Q I understand that you are suggesting that we cancel that underage?

A No, sir. We were going to see, first, if we can get it in balance.

Q In balance?

A Yes, sir, with not too much time delay.

Q This is a bit of a problem that we haven't run up against before. I can see certain complications and inequalities in trying to change the acreage and include new acreage, bringing forward the next status from one well to another well.

MR. NUTTER: Let's go off the record and discuss it for a little while.

(Discussion off the record)

MR. NUTTER: Back on the record. You will provide us, then, with a letter, will you not, Mr. Hoover, explaining what the status of the well is and the manner in which you recommend that it should be handled?

A Yes, sir.

MR. NUTTER: Does anyone have anything further of Mr. Hoover? If not, he may be excused.

(Witness excused)

MR. NUTTER: Does anyone have anything further they wish to offer in Case 1506? We will take the case under advisement and adjourn the hearing.

C E R T I F I C A T E

STATE OF NEW MEXICO)

: ss

COUNTY OF BERNALILLO)

I, J. A. TRUJILLO, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript by me and/or under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal, this, the ²⁴29th day of Sept, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

J. A. Trujillo
Notary Public

My Commission Expires:

October 5, 1960.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1506 heard by me on 9-10 1958

[Signature]
New Mexico Oil Conservation Commission