

CASE 3627: Application of GULF  
for an unorthodox location,  
Lea County, New Mexico.

Case Number

3627

Application  
Transcripts.

Small Exhibits

ETC.

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. 3627  
Order No. R-3290

APPLICATION OF GULF OIL CORPORATION  
FOR AN UNORTHODOX LOCATION, LEA COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 26, 1967,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 1st day of August, 1967, 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, seeks author-  
ity to drill its R. E. Cole (NCT-A) Well No. 9 at an unorthodox  
oil well location in undesignated Silurian and Montoya oil pools  
1075 feet from the South line and 2395 feet from the West line of  
Section 16, Township 22 South, Range 37 East, NMPM, Lea County,  
New Mexico.

(3) That a well drilled at the above-described location  
will avoid topographic difficulties that would be encountered  
at a standard location in the SE/4 SW/4 of said Section 16.

(4) That approval of the subject application will afford  
the applicant the opportunity to produce its just and equitable  
share of the oil in the undesignated Silurian and Montoya oil  
pools, will prevent the economic loss caused by the drilling of

-2-

CASE No. 3627  
Order No. R-3290

unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Gulf Oil Corporation, is hereby authorized to drill its R. E. Cole (NCT-A) Well No. 9 at an unorthodox oil well location in undesignated Silurian and Montoya oil pools 1075 feet from the South line and 2395 feet from the West line of Section 16, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

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

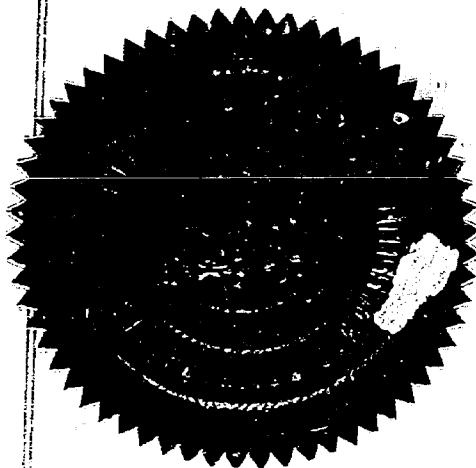
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
DAVID F. CARGO, Chairman

  
GUYTON B. HAYS, Member

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



esr/

State of New Mexico  
Oil Conservation Commission



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

August 1, 1967

Re: Case No. 3625  
Order No. 3627 R-3289 & R-3290  
Applicant:  
Gulf Oil Corporation

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

A. L. Porter, Jr.  
Secretary-Director

Carbon copy of order also sent to:

Hobbs OCC       x        
 Artesia OCC                     
 Aztec OCC                     
 Other

Case 3627

Heard. 7-26-67

Recom. 7-28-67

10 Grant Gulf a NSG for their  
R. E. Cole NCTA #9 1075/S, 2395/W.  
16-225-37E.

This could be considered a topo-  
graphical condition. There is a  
16' H. P. Gas line on the std. locators  
which causes them to move. The

~~2.~~ Pools are under Leluman  
and Montoya Pools.

Thos. V. J.

Docket No. 22-67

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 26, 1967

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

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

- CASE 3620: Application of Pubco Petroleum Corporation for an unorthodox location and a dual completion, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Federal Well No. 16 to produce gas from the Blanco-Mesaverde and Basin-Dakota Pools at an unorthodox location for said pools 330 feet from the South line and 990 feet from the West line of Section 9, Township 27 North, Range 8 West, San Juan County, New Mexico.
- CASE 3621: Application of Mobil Oil Corporation for an amendment to Commission Rule 1103 A. Applicant, in the above-styled cause, seeks the amendment to Rule 1103 A to eliminate the requirement for filing Form C-103 as a notice of intention to acidize, fracture, or clean out previously completed wells.
- CASE 3622: Application of Ryder Scott Management Company for a waterflood buffer zone, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the N/2 NE/4, SW/4 NE/4 of Section 20, Township 18 South, Range 28 East, Eddy County, New Mexico, as a waterflood buffer zone in the Artesia Pool offsetting its waterflood project in Section 21 and Cima Capitan's waterflood project in Section 17 of the same township.
- CASE 3623: Application of Agua, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the interval from 11,610 feet to 11,800 feet in the Amerada Petroleum Corporation State "BTC" Well No. 2, located in Unit B of Section 35, Township 11 South, Range 33 East, Bagley Field, Lea County, New Mexico.
- CASE 3624: Application of Texas Pacific Oil Company to amend Order No. R-69-D, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment to the Bagley Siluro-Devonian Pool Rules promulgated by Order No. R-69-D to

CASE 3624 continued

permit the completion of more than one well on an 80-acre proration unit in said pool, the second well on a unit being located within 150 feet of the center of the NE/4 or the SW/4 of the quarter section, with the 80-acre allowable being produced from either well in any proportion.

CASE 3625: Application of Gulf Oil Corporation for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its C. E. LaMunyon Well No. 11 located in Unit C of Section 27, Township 23 South, Range 37 East, Lea County, New Mexico, to produce oil from the Teague McKee and Teague Ellenburger Pools through parallel strings of tubing.

CASE 3626: Application of Gulf Oil Corporation for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its R. E. Cole (NCT-A) Well No. 8 located in Unit K of Section 16, Township 22 South, Range 37 East, Lea County, New Mexico, to produce oil from undesignated Silurian and Montoya oil pools through parallel strings of tubing.

CASE 3627: Application of Gulf Oil Corporation for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its R. E. Cole (NCT-A) Well No. 9 at an unorthodox oil well location 1075 feet from the South line and 2395 feet from the West line of Section 16, Township 22 South, Range 37 East, Lea County, New Mexico, said well being projected to undesignated Silurian and Montoya Oil Pools.

CASE 3628: Application of Charles E. Seed for four Ogallala oil proration units and special rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of the SW/4 of Section 30, Township 18 South, Range 38 East, Lea County, New Mexico, as four oil proration units for the production of oil from the Ogallala formation. Applicant also seeks the establishment of special rules governing said 40-acre tracts including a maximum density of one well per 0.625-acre with a provision that wells should be drilled no nearer than 82.5 feet to the outer boundary of a 40-acre unit and no nearer than 165 feet to another well producing from the same formation, provided that an exception should be made for existing



CASE 3628 continued

wells which are not located in conformance with said spacing rules. Applicant also seeks a temporary exception to Rule 307 for each well to permit utilization of a vacuum-type drilling unit during the drilling and completion operations. Applicant also seeks authority to produce the wells at capacity even though the aggregate production from wells on a 40-acre tract exceeds the 40-acre normal unit allowable.

CASE 3629:

Application of Southern Minerals Corporation for salt water disposal and a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to complete its State "D" Well No. 1 located in Unit E of Section 8, Township 11 South, Range 34 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Inbe-Pennsylvanian Pool and the disposal of produced salt water through the intermediate casing-production casing annulus into the Glorieta and other formations in the open hole interval from 4045 feet to 7168 feet.

# Gulf Oil Corporation

ROSWELL PRODUCTION DISTRICT

W. B. Hopkins  
DISTRICT MANAGER  
M. I. Taylor  
DISTRICT PRODUCTION  
MANAGER  
F. O. Mortlock  
DISTRICT EXPLORATION  
MANAGER  
H. A. Rankin  
DISTRICT SERVICES MANAGER

June 28, 1967

P. O. Drawer 1938  
Roswell, New Mexico 88201

MAIN OFFICE 000

*Case 3627*

'67 JUN 30 AM 8 05

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

Re: Application of Gulf Oil Corporation for an Unorthodox  
Well Location, Undesignated Silurian and Montoya Oil  
Pools, Lea County, New Mexico

Gentlemen:

Gulf Oil Corporation respectfully requests an Examiner Hearing to consider its application for approval of an unorthodox well location for topographical and structural position reasons for the R. E. Cole (NCT-A) Well No. 9 in Undesignated Silurian and Montoya Oil Pools. It is proposed to drill this well 1075 feet from the south line and 2395 feet from the west line of Section 16, T-22S, R-37E, Lea County, New Mexico.

In support of this Application the following facts are submitted:

- (1) Applicant planned to drill the R. E. Cole (NCT-A) Well No. 9 at a location 990 feet from the south line and 2310 feet from the west line of this Section 16, which would be permissible under the OCC rules; however, upon staking this location, it was discovered that the well would be on a 16-inch high pressure gas transmission line.
- (2) Applicant, in order to clear the line a safe distance and still be well located structurally, desires to locate the well 1075 feet from the south line and 2395 feet from the west line of Section 16, which would place it 85 feet closer to the quarter-quarter section line than the 330-foot limitation as provided in Statewide Rule 104.
- (3) Applicant owns the entire Section 16 for the depth involved and the R. E. Cole (NCT-A) Lease is outlined in red on the attached plat.

Respectfully submitted,  
GULF OIL CORPORATION

*M. I. Taylor*  
M. I. Taylor

DOCKET MAILED

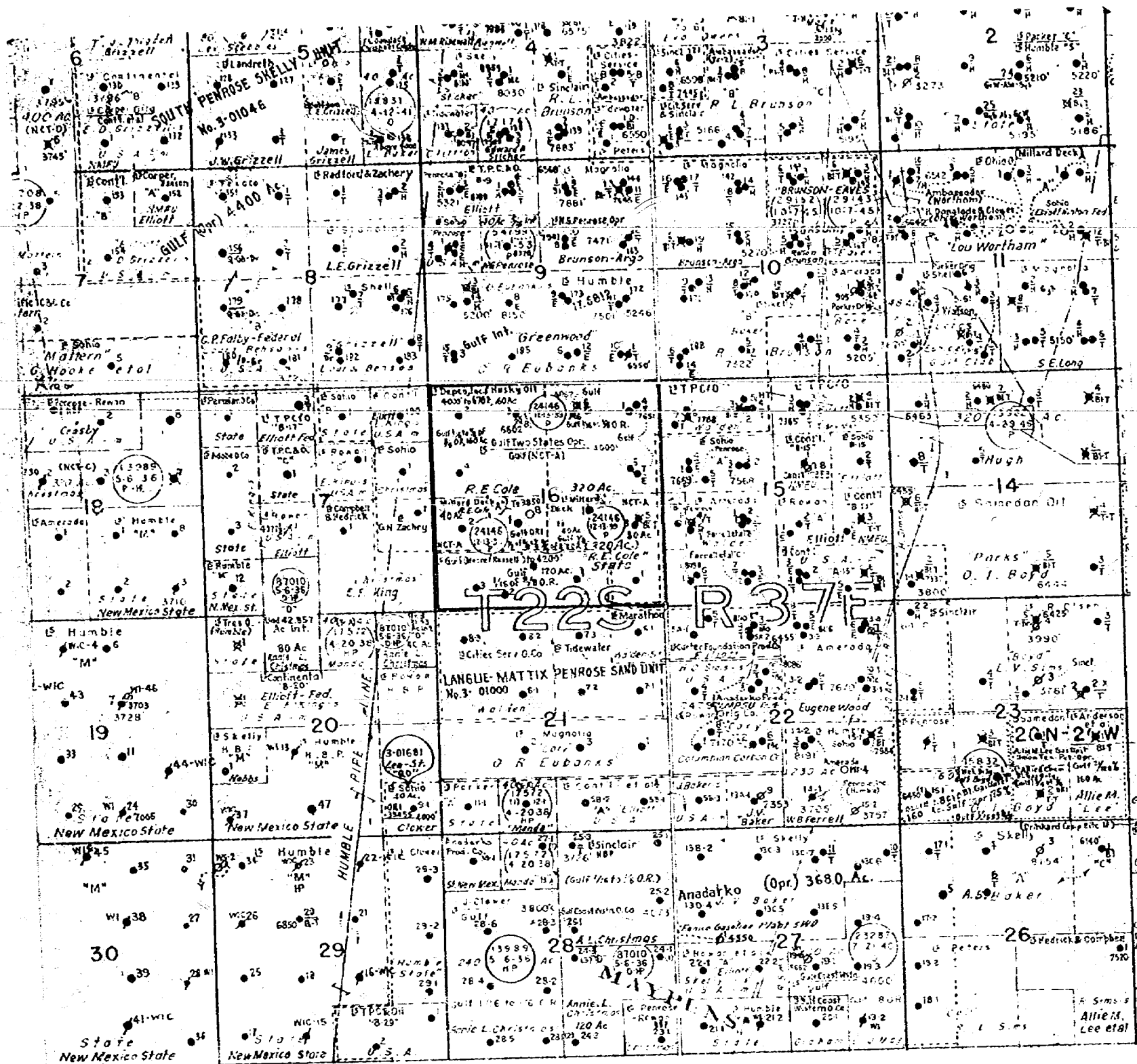
Date 7-14-67

Attachment  
JHH:sz

cc: New Mexico Oil Conservation Commission  
Post Office Box 1980  
Hobbs, New Mexico 88240  
Cities Service Oil Company  
Post Office Box 69  
Hobbs, New Mexico 88240

Tidewater Oil Company  
Post Office Box 547  
Hobbs, New Mexico 88240





PLAT

Cox 3627

GULF OIL CORPORATION  
R. E. COLE (NCT-A) LEASE  
UNDESIGNATED SILURIAN AND MONTOYA OIL POOLS  
LEA COUNTY, NEW MEXICO

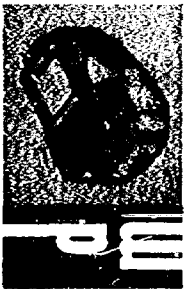
- LEGEND -

Pertinent Lease

• Pertinent Well

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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS  
1120 SIMMAS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO



BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
July 26, 1967

EXAMINER HEARING

IN THE MATTER OF: )

Application of Gulf Oil Corporation )  
for an unorthodox location, Lea County, )  
New Mexico. )  
)  
)  
)

Case No. 3627

BEFORE:

Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

UTZ: Case 3627.

MR. HATCH: Case 3627, application of Gulf Oil Corporation for an unorthodox location, Lea County, New Mexico.

MR. KASTLER: Bill Kastler appearing for Gulf and our witness in this case will be Mr. J. L. Hutchison.

(Witness sworn.)

J. L. HUTCHISON, called as a witness by the Applicant, having been first duly sworn on oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KASTLER:

Q Mr. Hutchison, have you previously been qualified as an expert geological witness as an employee of Gulf's Geological Department?

A Yes, I have.

MR. KASTLER: Are his qualifications satisfactory?

MR. UTZ: Yes, they are.

Q (By Mr. Kastler) Will you please state what Gulf is seeking in this application?

A In this application, Gulf is seeking an unorthodox location for our Number 9 R. E. Cole State Well in Section 16, Township 22 South, Range 37 East, Lea County, New Mexico.

Q This is the same lease that was involved in the hearing in the last case, is it not?

A That is correct.

(Whereupon, Applicant's Exhibit 1 was marked for identification.)

Q Have you prepared a location plat and marked it as Exhibit 1?

A Yes, I have.

Q Will you please explain what is shown thereon and refer to the plat?

A Okay, sir. The Gulf R. E. Cole State Lease, comprises Section 16 of the township, and the red circle denotes the location which we are seeking in this case. Immediately north of the Number 9 Cole State, is the Number 8 Well which was mentioned in the previous case.

Q Good. Now, has Number 9 been drilled as yet?

A No.

Q All right. Where did Gulf originally stake its location and file its intention --

A Gulf originally staked the Number 9 as being 990 from the south and 2310 from the west line of Section 16.

Q What happened when they went out to stake that on the ground?

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1400 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO 87108

(Whereupon, Applicant's Exhibit Number 2 was marked for identification.)

A Referring to Exhibit Number 2, we asked John W. West to stake the location for the Number 9 Cole State Well, and he went out and staked the location at that place and it shows that it fell directly on a Northern Natural Gas pipeline, high pressure gas pipeline. And, he prepared the plat number 2, Exhibit Number 2 here, showing the direction we would need to go for moving in rigs, pipe racks, blood pits and so forth, and this unorthodox location is asking that we move our original location eighty-five feet north and eighty-five feet east.

Q That is the very minimum change of location you could make, is it not?

A And get all of the pads and equipment in there, correct.

Q Now, if you were to move and change it in another direction, would that be as pertinent or as ideal for your own purposes?

A No, actually the reason is, we are asking to move in this direction, because we want to stay up dip as much as possible and I think I can probably better explain that on Exhibit Number 3.

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(Whereupon, Applicant's Exhibit Number 3 was marked for identification.)

Q Will you identify Exhibit Number 3 and proceed with your explanation?

A Okay, sir. Exhibit Number 3 is a Pre-Permian Sub-crop Map, also we have the structure at the base of the Permian. What this map denotes here, according to our legend, to the east there, where we have the red, we go out of Permian into Pre-Cambrian and as we move westward, moving down dip, the blue denotes truncated or eroded Ellenburger. The yellow, eroded or truncated Simpson. The grey, Montoya and the green, Silurian. This is a stratigraphic type trap wherein we have beds that are truncated off this granitic mass to the east, and we are picking up the elongated fields, very similar to the, like the Ellenburger and the McKee here in the Brunson Pool.

We have moved down dip where we have Silurian present and found it productive in our Number 8 Cole Well. And as far as our Number 9, this location here shows it moving that eighty-five feet north and east so that we can maintain structure. We feel that we need this structure in light of the fact, that on the Number 1 Well --

Q The Number 8.



A -- the Number 8 Well, the discovery well, we did have some water on the potential test. So, we are fighting a situation here where we have to drill where we have the rock present, in that it is eroded and not present in the very near vicinity and also we want to stay up dip as much as possible to prevent getting water and also to get the most drainage that we can, as far as drilling up dip.

Q Has Gulf now drilled its Well Number 10?

A Yes, the Number 10 Well is down and we have run pipe.

Q In other words, when you encountered this trouble with Number 9, you made application for hearing and went ahead and located --

A After we had found that our Number 9 was on this pipeline, since we needed an unorthodox location to drill the Number 9 well, we elected to go ahead and drill the Number 10 in the north half of Section 16.

Q Have you had a chance to examine a log on Number 10 and does it confirm your findings?

A Yes, well, here -- yes, this map was prepared. I had a log of the Number 10 Well at the time this map was prepared. So, the date of the base of the Permian is on there and we do have Silurian present in the Number 10.

Q But, this is your primary reason for wanting to

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locate in the unorthodox location that you have proposed? The fact that you want to stay on a higher portion --

A We want to stay structurally as high as we can.

Q -- and avoid water.

A And avoid water, that is our reason for wanting to move up dip as much as possible.

Q Now, I notice this is a State Lease that Gulf has and your proposed unorthodox location would be a move further from the sidelines of the lease, is that true?

A Yes. Actually the unorthodox location, rather than being the regular 330 from the quarter quarter section, it would be 245 feet from the north and east of the quarter quarter section, which we asked the unorthodox location.

Q If granted, in your opinion, would this application involve or impair anyone's correlative rights?

A No, sir, I don't think so, in that we are moving further away from any offset operators.

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

A Yes.

MR. KASTLER: This concludes my questions on Direct, Mr. Utz, and I would like at this time, to move for 1, 2 and 3 to be admitted into evidence.

MR. UTZ: Exhibits 1, 2, and 3 will be entered into the record of this case.

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

CROSS EXAMINATION

BY MR. UTZ:

Q City Service and Tidewater didn't object to your moving --

A As far as we know, there has been no objections whatsoever.

Q And you are actually moving closer to your own lease?

A Yes, sir, we are moving closer up into our own lease.

Q And this, I guess, could be considered topographic however, the pipeline is underground, but nevertheless, that is the reason for this move --

A Yes, the reason for the move was because of the pipeline.

Q -- otherwise, it would have been a standard location?

A Yes, sir, the 2310 and 990 are within the tolerances of the forty acre spacing.

MR. UTZ: Any other questions of the witness?

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Statements?

MR. KASTLER: No, sir.

MR. UTZ: The witness may be excused.

(Witness excused.)

MR. UTZ: The case will be taken under advisement.

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1400 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO 87108

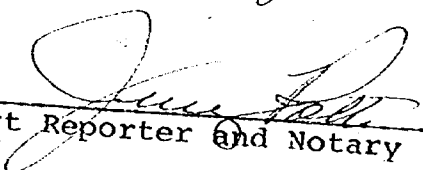
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STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO )

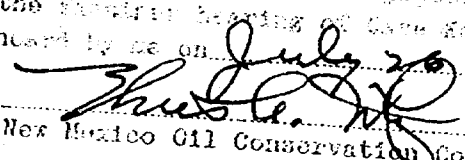
I, JERRY POTTS, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission Examiner at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

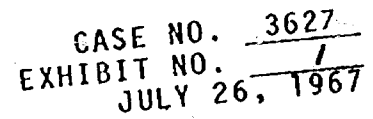
IN WITNESS WHEREOF I have affixed my hand and notarial seal this 17th day of August 1967.

  
Court Reporter and Notary Public

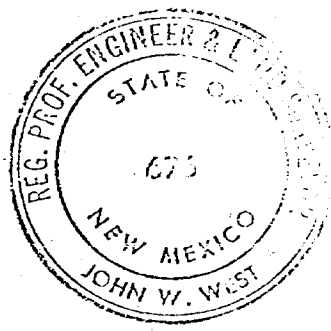
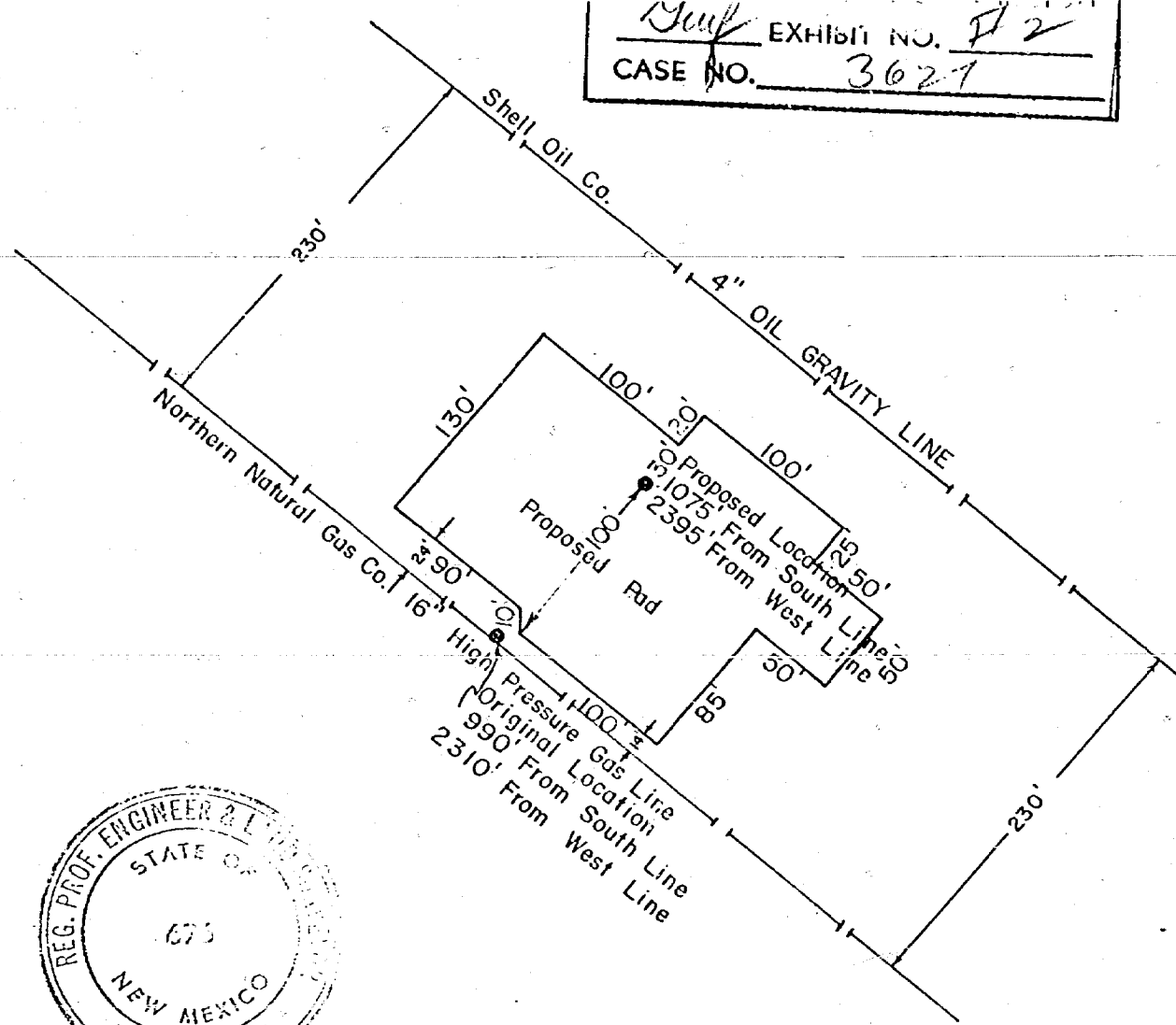
My Commission Expires:

7-10-70

I do hereby certify that the foregoing is a complete record of the proceedings in the hearing of Case No. 3622 heard by me on July 20, 1967.  
  
Examiner  
New Mexico Oil Conservation Commission



BEFORE EXAMINER UTZ  
 OIL CONSERVATION  
*Gulf* EXHIBIT NO. 2  
 CASE NO. 3627



I HEREBY CERTIFY THAT THIS PLAT WAS MADE FROM NOTES TAKEN IN THE FIELD IN A BONA FIDE SURVEY MADE UNDER MY SUPERVISION, AND THAT THE SAME IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

*John W. West*  
 JOHN W WEST, PE & LS NO. 676

Case No. 3627  
 Exhibit No. 2  
 July 26, 1967

GULF OIL CORP.	
HOBBS	NEW MEXICO
PLOT PLAT SHOWING PAD LAYOUT BETWEEN OIL AND GAS PIPELINES FOR R.E. COLE NCT-A WELL NO. 9 LOCATED 1075' FROM SOUTH AND 2395' FROM WEST LINES OF SEC. 16, T22S, R37E, N.M.P.M., LEA CO., NEW MEXICO	
SCALE 1"=100'	DATE 6-22-67