

CASE 6040: GULF OIL CORPORATION FOR
POOL RECLASSIFICATION AND A SPECIAL
GOR LIMIT, LEA COUNTY, NEW MEXICO

Case Number

6040

Application

Transcripts.

Small Exhibits

ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
11 October 1978

EXAMINER HEARING

IN THE MATTER OF:

Case 6040 being reopened pursuant
to the provisions of Order No.
R-5552 which order created the
North Teague-Devonian Pool, Lea
County, New Mexico.

CASE
6040

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For Gulf Oil Corporation:

Terry Cross, Esq.
Gulf Oil Corporation
Midland, Texas

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I N D E X

CHARLES KALTEYER

Direct Examination by Mr. Cross	3
Cross Examination by Mr. Stamets	9

E X H I B I T S

Applicant Exhibit One, Structure map	9
Applicant Exhibit Two, Tabulation	9
Applicant Exhibit Three, Graph	9
Applicant Exhibit Four, Tabulation	9
Applicant Exhibit Five, Graph	9

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MR. STAMETS: Call next Case 6040.

MS. TESCHENDORF: Case 6040. In the matter of Case 6040 being reopened pursuant to the provisions of Order Number R-552, which order created the North Teaque-Devonian Pool, Lea County, New Mexico, with a special gas/oil ratio limitation of 4000-to-1.

All interested parties may appear and show cause why the limiting gas/oil ratio for said pool should not revert to 2000-to-1.

MR. STAMETS: Call for appearances in this case.

MR. CROSS: Terry Cross, attorney for Gulf Oil Corporation, Midland, Texas. I believe Mr. James Sberling of Albuquerque has entered a letter of appearance on behalf of Gulf.

MR. STAMETS: Yes. we do have that letter in the file.

Any other appearances in this case?

MR. CROSS: I have one witness.

MR. STAMETS: If you'll stand and be sworn, please.

(Witness sworn.)

MR. STAMETS: You can proceed at any time.

CHARLES F. KALTEYER

being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. CROSS:

Q Would you please state your name, your employer, location and position?

A I'm Charles F. Kalteyer, K-A-L-T-E-Y-E-R. I'm employed by Gulf Oil in Midland, currently classified as Chief Proration Engineer, for the southwestern division.

Q Have you previously testified before the Oil Conservation Division?

A Yes. I have.

MR. CROSS: Is the witness qualified?

MR. STAMETS: The witness is considered qualified.

Q (Mr. Cross continuing.) Mr. Kalteyer, as you know, the OCD has reopened Case 6040 pursuant to the provisions of Order Number R-5552, which was entered October 25, 1977, and established a special gas/oil ratio limitation of 4000-to-1.

I'll ask you, what is Gulf's recommendation regarding the proper GOR for the North Teague-Devonian Pool at this time?

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1 A. Gulf's recommendation to the OCD is to continue
2 the limiting gas/oil ratio in the North Teague-Devonian
3 Pool at 4000 cubic feet of gas per barrel of oil produced,
4 effective November 1, 1978.

5 Each proration unit in the North Teague-Devonian
6 Pool should produce only that volume of gas equivalent to
7 4000 multiplied by the top unit oil allowable.

8 Q Have you prepared an exhibit which sets out
9 the structure of the North Teague-Devonian Pool?

10 A Yes, sir. our Exhibit Number One is a structure
11 map contoured on the top of the eroded Devonian. This
12 structure map is contoured on 50-foot interval and the
13 scale of the map is one inch equal a thousand.

14 You will note that the current completions
15 are colored in red. At the time of the original field
16 rule hearing there were six completions in the field. There
17 have been two additional completions and we propose the
18 drilling of two more wells, C. E. LaMunyon's LaMunyon 46
19 and 47. located on the northeast flank of this northwest
20 to southeast trending anticline.

21 We anticipate possibly three more locations
22 if these two are satisfactory.

23 Gulf is the only operator with wells in this
24 pool at this time.

25 Q Would you basically describe the history of

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1 the North Teague-Devonian Pool?

2 A. In June of 1976 Gulf recompleted its C. E.
3 LaMunvan No. 8 and it potentialed as a dry gas well with
4 an open flow of 1,997 Mcf per day. When gas sales from
5 this discovery were initiated in March, '77, the producing
6 characteristics changed immediately. It began producing
7 37 degree API gravity crude and the gas/oil ratio dropped
8 into the range of 2,000 to 3,000 cubic feet per barrel.

9 Then in Case 6040 on September 28th, 1977,
10 Gulf requested the reclassification of the North Teague-
11 Devonian Pool to that of an oil pool after the C. E. La
12 Munyon had changed from gas to oil and after the development
13 of five additional oil completions in the pool.

14 As a result of the hearing the OCD designated
15 the pool as the North Teague-Devonian oil pool and adopted
16 a limiting gas/oil ratio of 4000-to-1 cubic feet per barrel
17 of liquid hydrocarbons for a period of one year, effective
18 November 1, 1977.

19 Q. Now refer to your Exhibit Number Two. Would
20 you please explain the significance of that exhibit?

21 A. Gulf's Exhibit Number Two is a tabulation of
22 completion and test data of the eight current completions
23 in the pool. You'll note that we have the completion inter-
24 vals listed both in measured depth and subsea depths, and
25 then a list of -- series of production tests beginning with

1 the potential. Then you will also note a wide range in
2 the GORs reported in each well. They range from a low of
3 1147 up to 113,250.

4 We do not see a definite trend either upward
5 or downward in the GORs of each well over the life of the
6 field. The ratio has gone down some on three wells while
7 it's gone up on four others.

8 Q Would you explain please to the Examiner
9 your Exhibits Three and Four?

10 A Exhibit Number Three is a graphic presentation
11 of the performance history of the North Teague-Devonian
12 Pool, and Exhibit Four is a tabulation of the data plotted
13 in Exhibit Three.

14 As of August of this year there were seven
15 completions and with the completion of No. 45 LaMunyon,
16 we now have eight completions in the pool.

17 The water production has been slightly erratic
18 and it now stands at 48 percent.

19 The gas/oil ratio curve has been erratic also,
20 and it's relatively stable for the last three months at
21 4,265-to-1.

22 The gas production in August amounted to ap-
23 proximately 59,000 Mcf. Oil production in August amounted
24 to 13,840 barrels.

25 Q Now refer to Exhibit Number Five. Would you

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1 please discuss that exhibit?

2 A Exhibit Number Five is a combination grid and
3 bar graph which depicts the subsurface completion inter-
4 vals of each of the eight wells in the pool, as well as
5 a bar graph depicting the gas/oil ratio tests for each
6 well, which were presented on Exhibit Two.

7 Q And what conclusions do you draw from all this
8 data?

9 A Well, the primary conclusion to be drawn is
10 that there is no particular pattern to the gas/oil ratio
11 of each well at the subsea depth.

12 You'll note that there are completions at
13 shallow subsea depths with low gas/oil ratios. such as
14 Well No. 8 and Well No. 12, and wells with deep subsea
15 completions with high gas/oil ratios, such as No. 7 and
16 No. 13.

17 And there's one of the wells, No. 45, that's
18 completed through the entire section and it has a rela-
19 tively low ratio, apparently due to the erratic nature of
20 the deposition and the fact that this is an eroded Devonian.
21 the erratic deposition of oil and gas in the pool, it's
22 obvious that it's not practical to rework these wells to
23 obtain lower gas/oil ratios.

24 Q What are your recommendations to the Division?

25 A It's my recommendation that the Oil Conserva-

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1 tion Division set the limiting gas/oil ratio in the North
2 Teague-Devonian Pool at 4000 cubic feet per barrel of oil
3 produced and make that effective November 1st of 1978.

4 And that each proration unit produce only
5 that volume of gas equivalent to 4000 multiplied by the
6 ton unit oil allowable for the pool.

7 Q Is this recommendation in the interest of the
8 prevention of waste and the protection of correlative
9 rights?

10 A Yes, sir, I believe that the granting of the
11 special GOR 4000-to-1 will be in the interest of prevention
12 of waste and in all probability will maximize the recovery
13 of hydrocarbons from the North Teague-Devonian Pool and
14 not be in violation of correlative rights.

15 Q Were these exhibits prepared by you or at
16 your direction?

17 A Yes, sir, they were.

18 MR. CROSS: I move that Exhibits One through
19 Five be admitted.

20 MR. STAMETS: These exhibits will be admitted.

21 MR. CROSS: That's all of my direct.

22 CROSS EXAMINATION

23 BY MR. STAMETS:

24 Q Mr. Kaltever, looking at your Exhibit Number
25

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1 Two and just kind of plotting that data on Exhibit Number
2 One, it doesn't appear to me that these wells have too
3 much -- they don't appear to interfere with one another.
4 For example. Well No. 45 has a GOR of about 4000, but
5 down dip Well No. 11 has a GOR that's increased to 113,000.
6 And the gravities on Well No. 45, about 36.8, and the
7 liquid gravity on No. 11 is 48 to 54 degrees.

8 A Yes, sir.

9 Q What do you think that you've got here, a
10 series of isolated stringers?

11 A Yes, sir, this is our interpretation, that
12 there are a series of either stringers or lenses, and it's
13 not a uniform reservoir where you could normally pick a
14 gas-to-oil contact.

15 This is the basis of our request for the
16 4000-to-1 limit that we feel we cannot recompleate the
17 wells to a particular low subsea depth and eliminate the
18 high ratio problem.

19 Q And production to date in some cases is
20 causing the gas/oil ratio to decline and in other cases
21 it's caused it to go up.

22 A Yes, sir.

23 MR. STAMETS: Any other questions of the
24 witness? He may be excused.

25 Anything further in this case?

MR. CROSS: No, sir.

MR. STAMETS: We'll take the case under
advisement.

(Hearing concluded.)

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REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing. prepared by me to the best of my ability. knowledge, and skill, from my notes taken at the time of the hearing.

Sally W. Boyd CSR
Sally W. Boyd. C.S.R.

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I do hereby certify that the foregoing is
a complete and correct transcript of the proceedings in
the examination hearing of Case No. 6049
heard by me on 10-11 1978.
Richard R. Thomas, Examiner
Oil Conservation Division

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
28 September 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Gulf Oil Corporation)
for pool reclassification and a)
special GOR limit, Lea County, New)
Mexico.)

CASE
6040

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: Lynn Teschendorf, Esq.
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For the Applicant: Jeffrey G. Shrader, Esq.
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I N D E X

The Witness, Charles L. Kalteyer

Direct Examination by Mr. Shrader 3

Cross Examination by Mr. Nutter 10

E X H I B I T S

Applicant Exhibit 1, Structural Map 10

Applicant Exhibit 2, Cross Section 10

Applicant Exhibit 3, Document 10

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1 MR. NUTTER: We'll call Case Number 6040.

2 MS. TESCHENDORF: Case 6040. Application of Gulf
3 Oil Corporation for pool reclassification and a special GOR
4 limit, Lea County, New Mexico.

5 MR. SHRADER: Mr. Examiner, my name is Jeffrey
6 Shrader. I'm an attorney with Gulf Oil in Midland. I have
7 one witness. Mr. Sperling of Albuquerque has again filed an
8 entry of appearance by letter on behalf of Gulf and I would
9 ask that the record indicate that he's filed this letter.

10 MR. NUTTER: We have your appearance.

11 MR. SHPADER: Thank you. I have one witness, who
12 is Mr. Kalteyer. Is the witness still sworn and qualified?

13 MR. NUTTER: He is.

14
15 CHARLES L. KALTEYER

16 being called as a witness and being duly sworn upon his oath,
17 testified as follows, to-wit:

18
19 DIRECT EXAMINATION

20 BY MR. SHRADER:

21 Q Mr. Kalteyer, what is Gulf seeking in this appli-
22 cation?

23 A The reclassification of the North Teague-Devonian
24 gas pool as an oil pool and the adoption of a 4000-to-1
25 gas/oil ratio ruling.

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1 Q Do you have an exhibit which sets out the structural
2 relation of the Teague-Devonian oil Pool and the North Teague-
3 Devonian Gas Pool?

4 A Yes, sir, Gulf's Exhibit Number 1 is a structure
5 map, contoured on top of the eroded Devonian horizon. You
6 will note that the Teague-Devonian Oil Pool is located in the
7 south half of Section 27 and in Sections 34 and 35, and is
8 connected to the North Teague-Devonian Gas Pool, which is
9 located in the north half of Section 27 and extends into the
10 Sections 21, 22, and 28 by a narrow saddle, or structural low.
11 We believe that the evidence will show that there's a perme-
12 ability barrier which separates these two structural highs
13 and consequently, we have two separate reservoirs.

14 Q What is the history of the Teague-Devonian Oil
15 Pool?

16 A The Teague-Devonian was discovered in January of
17 '52 and was developed by five wells. At present there is
18 only one producer in the field and that is the Carter Found-
19 ation E. C. Hill "D" Number 3, which is located in Unit D of
20 Section 35, Township 23 South, Range 37 East, and circled in
21 green on Exhibit 1.

22 During the month of May of this year the well pro-
23 duced at an average rate of 4 barrels of oil, 6 barrels of
24 water, and 99 Mcf of gas on pump. The --

25 MR. NUTTER: What was that production again, please?

1 A 4 oil, 6 water, and 99 Mcf of gas on pump.

2 MR. NUTTER: And that was the average daily pro-
3 duction?

4 A Yes, sir.

5 The earliest bottom hole pressure for the Teague-
6 Devonian Oil Pool was -- I was able to establish, was 1484
7 psi in September of '52. The latest pressures I found were
8 taken in April of 1958; were taken on three wells and their
9 average pressure was 805 psi on 48-hour build-up.

10 Q What is the history of the North Teague-Devonian
11 Gas Pool?

12 A In June of '76 Gulf recompleted its C. E. LaMunyon
13 Well Number 8 in the Devonian. This well is circled in red
14 on Exhibit 1. On potential test the well produced dry gas
15 with an open flow potential of 1,997 Mcf per day. The shut-
16 in bottom hole pressure was calculated to be 2,770 psi.

17 On the basis of the differences in pressures and
18 producing characteristics between this well and the Teague-
19 Devonian Oil Pool, the Commission, by Order R-5338, established
20 the North Teague-Devonian Gas Pool, effective January 1, 1977.

21 Gas sales were initiated in March of 1977 for
22 Well Number 8, and the producing characteristics changed
23 almost immediately. The well began producing 37°API gravity
24 crude and the gas/oil ratio dropped to a range of 2000 to
25 3000 cubic feet per barrel.

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1 Q What does your Exhibit Number 2 show?

2 A Exhibit 2 is a cross section of logs across the
3 Teague-Devonian Pool and the North Teague-Devonian Pool along
4 a line of Section A-A' in a northwest to southeast to south-
5 east direction. The correlation is good between the wells.
6 You'll note that Gulf's E. C. Hill Number 2, which falls in
7 between the two pools, had no shows in the Devonian. The
8 Gulf C. E. LaMunyon Number 8, which was the discovery well
9 for the North Teague-Devonian Pool is completed across the
10 subsea interval minus-3969 to minus-4008. That line of sec-
11 tion, for your convenience --

12 MR. NUTTER: Which well is that on this cross sec-
13 tion?

14 A Number 8, the line of section is shown on Exhibit 1
15 and it will be the second well from the left.

16 MR. NUTTER: Okay, that's the second one.

17 A On latest tests on September 10th, Well Number 8 was
18 producing at the rate of 193 barrels of oil per day, 606 Mcf
19 per day, with the gas/oil ratio of 3140-to-1 and liquid gra-
20 vity of 36.8

21 The Carter Foundation well, which is completed
22 across the subsea interval minus-3966 to minus-4018, as we
23 mentioned earlier, is producing approximately 4 barrels of
24 oil per day and 6 barrels of water per day.

25 MR. NUTTER: And that is the far right well on the

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1 cross section, correct?

2 A. Yes, sir. The completion intervals of these two
3 wells are virtually identical on a subsea datum basis.

4 Q Will you please discuss the completion data on
5 Exhibit Number 3?

6 A Exhibit Number 3 is a tabulation of completion and
7 well test data of the six wells on the LaMunyon lease which
8 have now been reworked into the Devonian Pool. The completion
9 intervals range from as shallow as 3969 in Well Number 8 and
10 as deep as minus-4166 in Well Number 13.

11 The gas/oil ratios vary greatly among the wells with
12 the low of 1833-to-1 in Well Number 12 to a high of 211,474
13 in Well Number 11. This attests to the irregular nature of
14 the gas/oil ratio data. Well Number 12, with its low gas/oil
15 ratio, is completed at a shallower depth than Number 11, which
16 is a high gas/oil ratio. We do anticipate that Well Number 11
17 after it has been on regular production, will follow the
18 pattern of Number 8 and the gas/oil ratio will come down.
19 We have just this month gotten special permission to test
20 these wells; Number 8 was the only one that had been on regu-
21 lar production since March. These other wells are -- have
22 been placed on production, this month.

23 You'll note in the gravity column, the liquid
24 gravity, with the exception of Number 11, fall in the range
25 of from 36.8 to 39.6. The average gas/oil ratio for the five

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1 completions, that is, excluding Number 11, five of the lower
2 ratio wells, those tests indicate a production rate of 350
3 barrels of oil per day, 1,544 Mcf per day, with an average
4 ratio of 4411-to-1; that's using the latest test data that
5 we have.

6 MR. NUTTER: Mr. Kalteyer, the third well from the
7 right there on your cross section, which I believe is this
8 R. G. Number 2 --

9 A Yes, sir.

10 MR. NUTTER: -- doesn't show a completion interval.
11 Where is that well completed?

12 A That well was dry. That was the Gulf Hill Number
13 2 that I mentioned. It's carried on the cross section as a
14 Gulf well. It's in between the two fields. If you'll notice
15 at the top we have the North Teague-Devonian Gas to include
16 those first four wells and then there is one in the middle
17 and then there is two in the Teague-Devonian Oil.

18 MR. NUTTER: Okay, so this is in that barrier area?

19 A That is Well Number 2. Yes, sir, this is Gulf's
20 Well Number 2, which had no shows. It's now -- that lease
21 has been taken over by R.G.

22 MR. NUTTER: I see.

23 Q (Mr. Shrader continuing.) Mr. Kalteyer, what con-
24 clusions do you draw from all this data?

25 A This leads us to the conclusion that the North

1 Teague-Devonian Oil reservoir and not an associated gas re-
2 servoir.

3 And it is also obvious that the reservoir is separated
4 from the Teague-Devonian pool. I would point out, also, on
5 Table Three that we have two other bottom hole pressures be-
6 sides the one run on Number 8. Number 11 had a calculated
7 bottom hole pressure of 2902 psi and Number 13 had a pressure
8 by actual bottom measurement of 2765, which is considerably
9 above the last recorded pressure of 805 average taken in 1958
10 on three wells in the Teague-Devonian Oil Pool.

11 Q What are your recommendations to the Commission?

12 A We recommend that the North Teague-Devonian Gas
13 Pool be reclassified as an oil pool, in order that the oper-
14 ators of this pool be afforded an opportunity to economically
15 produce their just and equitable share of oil and gas in the
16 pool, and for this purpose use his just and equitable share
17 of the reservoir energy a limiting gas/oil ratio of 4000
18 cubic feet of gas per barrel of liquid hydrocarbons should
19 be established for the pool. This 4000-to-1 limit would
20 provide a maximum gas allowable of 748 Mcf per day per well.

21 Q Are these recommendations in the interest of the
22 prevention of waste and the protection of correlative rights?

23 A Yes, sir, they are.

24 Q Were these exhibits prepared by you or under your
25 direction?

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1 direction?

2 A Yes, sir, they were.

3 MR. SHRADER: Mr. Examiner, I have no further
4 questions at this time, and I would move that Gulf's Exhibits
5 be entered as evidence in this case.

6 MR. NUTTER: How many exhibits were there, three?

7 MR. SHRADER: Three.

8 MR. NUTTER: Gulf's Exhibits 1 through 3 will be
9 admitted in evidence.

10

11

CROSS EXAMINATION

12

BY MR. NUTTER:

13

Q Mr. Kalteyer, the application was for the reclassi-
14 fication of the North Teague-Devonian Gas Pool to an oil pool
15 and for the consolidation of this pool with the Teague-
16 Devonian Pool and the establishment of a GOR limit for the
17 consolidated pools for 5000-to-1.

18

A Yes, sir.

19

Q Now, you haven't mentioned any consolidation here.
20 As a matter of fact, you showed a barrier.

21

A No, sir, right. When we filed the application, we
22 filed it as requested by our area office and after going
23 through the data and checking the data out, that it was ob-
24 vious that it should be classified as a separate reservoir
25 from the Teague-Devonian Oil Pool and that's why we have --

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1 that's what our evidence has shown. Of course, if the Com-
2 mission sees fit to reclassify it and put it in the Teague-
3 Devonian Oil Pool, that would put it in the same allowable
4 bracket and we would have no objection to that; however, we
5 do feel that it is definitely a separate oil pool.

6 MR. NUTTER: Mr. Shrader, would you care to amend
7 your ad or would you care to dismiss that portion of the ap-
8 plication relating to the separate --

9 MR. SHRADER: Yes, sir, that would be --

10 MR. NUTTER: Or consolidation?

11 MR. SHRADER: -- fine with us, yes, sir.

12 MR. NUTTER: Okay.

13 Q (Mr. Nutter continuing.) Now, Mr. Kalteyer, I
14 notice here on Exhibit 3 that these wells have two tests.
15 Now, is the top test in each case the test that was taken on
16 completion of the wells?

17 A Yes, sir, that's our earlier test data and I've
18 tried to come up with our latest testing that has been done
19 this month and you see some variation.

20 Q And only the Number 3 has had any producing history,
21 is that it?

22 A That's correct.

23 Q Now, presumably, on that initial test it made no
24 liquids, so it's an infinite GOR there.

25 A Yes, sir.

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1 Q And now it's got a GOR of 3141.

2 A Yes, sir.

3 Q But the Number 11 appears to have gone just the
4 opposite direction. It's gone from 41,000 GOR to a 211,000,
5 is that it?

6 A Yes, sir. I believe -- whether I have any more data
7 on that or not, that just came in yesterday. No, sir, I have
8 no additional data on that.

9 Q Well, with the limited reservoir data we've got,
10 it appears impossible to correlate GOR's with structural
11 position of the well on this northern anticline here.

12 A That's correct, yes, sir.

13 Q Have any analyses been run on the fluid to determine
14 the solution ratio of the liquids here?

15 A No, sir, they have not; no, recombined sampling has
16 not.

17 Q Apparently this Number 8, although it's lower on
18 the structure, was completely void of liquid at that time.
19 The Number 10, which is on the top of the structure, produced
20 96 barrels of liquids on its original test.

21 A Yes, sir.

22 Q What was the reason for the delay in putting these
23 other wells on production, Mr. Kalteyer?

24 A As far as we hadn't -- we did not have a connection
25 for these other wells. 8 and 11 produce into a high pressure

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Phone (505) 982-9212

1 system to El Paso, and we have now equipped these other wells
2 and decided to -- that we should test these to establish it.
3 We originally, of course, thought it was a gas reservoir and
4 had anticipated gas completions, and then with the change in
5 production of Number 8, we had to re-evaluate our wells.
6 We've just now run this series of tests and had to get special
7 permission from the Commission since it was a gas reservoir
8 to initiate these tests.

9 Q It appears almost as though the application is pre-
10 mature. We have no producing history on any except one well
11 and the characteristics are changing so rapidly it's difficult
12 to say what it's going to be tomorrow; what any one of these
13 wells will be tomorrow.

14 A I think the liquid gravities are quite significant.
15 They are consistent in that they're in the upper thirties,
16 rather than where we normally expect a condensate to be at
17 forty-five or greater.

18 Q Well, is there any difference in the appearance of
19 the liquids produced from the Number 11 and the liquids pro-
20 duced from the other wells? There's a big difference in
21 gravity.

22 A Yes, sir.

23 Q Is it a condensate coming out of that well?

24 A I have -- I don't have that data with me; I'd have
25 to advise you on that as to color.

1 Q It's the only one that's out of line as far --

2 A Yes, sir.

3 Q -- as gravities are concerned.

4 A Yes, sir.

5 Q And, again, it's not a real high well on the struc-
6 ture.

7 A No, sir.

8 MR. NUTTER: Are there any further questions of
9 Mr. Kalteyer? The portion of the case relating to the conso-
10 lidation of this pool with the Teague-Devonian Pool will be
11 dismissed and we'll take the rest -- does anyone have any-
12 thing to offer with respect to Case Number 6040? We'll take
13 the case under advisement.

14 (Hearing concluded.)
15
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REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Certified Shorthand Reporter,
DO HEREBY CERTIFY that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill,
and ability.

Sally Walton Boyd
Sally Walton Boyd, C. S. R.

I do hereby certify that the foregoing is
a true and correct copy of the original
as the same was reported by me on
9/28 604P
1977
[Signature] Examiner
New Mexico Oil Conservation Commission

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General Court Reporting Service
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Phone (505) 982-9212

LAW OFFICES

MODRALL, SPERLING, ROEHL, HARRIS & SISK

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JOE R. G. FULCHER
ARTHUR D. MELENDEZ
JAMES R. HOUGHTON

October 3, 1978

Mr. Joe D. Ramey
Secretary-Director
Oil Conservation Division
Department of Energy & Minerals
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Case No. 6040 Reopened
North Teague-Devonian Pool
Lea County, New Mexico

Dear Mr. Ramey:

We are informed that the Oil Conservation Division has reopened and readvertised Case No. 6040 pursuant to the provisions of Order No. R-5552, entered October 25, 1977. This letter will serve as an entry of appearance of our firm on behalf of Gulf Oil Corporation. Gulf will be represented at the hearing, which we understand is set for October 11, 1978, by Mr. Terry I. Cross, of Gulf's Law Department, in Midland, Texas. Our firm's entry of appearance is, of course, as New Mexico counsel for Gulf in the matter.

Very truly yours,

James E. Sperling

JES/jev

cc: Mr. Morgan L. Copeland
Mr. Terry I. Cross

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6040
Order No. R-5552-A

IN THE MATTER OF CASE 6040 BEING
REOPENED PURSUANT TO THE PROVISIONS OF
ORDER NO. R-5552, WHICH ORDER ESTABLISHED
SPECIAL RULES AND REGULATIONS FOR THE
NORTH TEAGUE-DEVONIAN POOL, LEA COUNTY,
NEW MEXICO, INCLUDING A PROVISION FOR
A 4000 TO 1 GAS-OIL RATIO LIMITATION.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 11, 1978,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 20th day of October, 1978, the Division
Director, 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 Division has jurisdiction of this cause and the
subject matter thereof.
- (2) That by Order No. R-5552, dated October 25, 1977,
temporary special rules and regulations were promulgated for the
North Teague-Devonian Pool, Lea County, New Mexico, establishing
a temporary gas-oil ratio limitation of 4000 to 1.
- (3) That pursuant to the provisions of Order No. R-5552,
this case was reopened to allow the operators in the subject pool
to appear and show cause why the limiting gas-oil ratio of the
North Teague-Devonian Pool should not revert to 2000 to 1.
- (4) That the evidence establishes that the limiting gas-oil
ratio of the North Teague-Devonian Pool should remain at 4000 to 1.

-2-

Case No. 6040

Order No. R-5552-A

(5) That the Special Rules and Regulations promulgated by Order No. R-5552 have afforded and will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the gas in the pool.

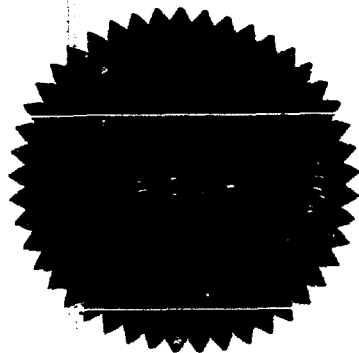
(6) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the Special Rules and Regulations promulgated by Order No. R-5552 should be continued in full force and effect until further order of the Division.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the North Teague-Devonian Pool, Lea County, New Mexico, promulgated by Order No. R-5552, are hereby continued in full force and effect until further order of the Division.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

fd/

Dockets Nos. 34-78 and 35-78 are tentatively set for hearing on October 25 and November 8, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 11, 1978

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

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 6338: Application of Charles C. Loveless for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 660 feet from the South line and 1980 feet from the East line of Section 23, Township 17 South, Range 26 East, Kennedy Farms Field, Eddy County, New Mexico, the E/2 of said Section 23 to be dedicated to the well.

CASE 6040: (Reopened and Readvertised)

In the matter of Case 6040 being reopened pursuant to the provisions of Order No. R-5552 which order created the North Teague-Devonian Pool, Lea County, New Mexico, with a special gas-oil ratio limitation of 4000 to 1. All interested parties may appear and show cause why the limiting gas-oil ratio for said pool should not revert to 2000 to 1.

CASE 6339: Application of Amoco Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 22, Township 23 South, Range 28 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6321: (Continued and Readvertised)

Application of Texas Oil & Gas Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Shugart State Com. Well No. 1 to be drilled 714 feet from the South line and 2062 feet from the West line of Section 16, Township 18 South, Range 31 East, Eddy County, New Mexico, the W/2 of said Section 16 to be dedicated to the well.

CASE 6320: (Continued and Readvertised)

Application of Texas Oil & Gas Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Coquina Federal Com Well No. 1 to be drilled 710 feet from the North line and 2330 feet from the West line of Section 32, Township 18 South, Range 27 East, Eddy County, New Mexico, the W/2 of said Section 32 to be dedicated to the well.

CASE 6340: Application of Supron Energy Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Atoka and Strawn production in the wellbore of its Shelby Federal Well No. 1 located in the NE/4 of Section 13, Township 22 South, Range 24 East, Eddy County, New Mexico.

CASE 6341: Application of Supron Energy Corporation for dual completions and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the dual completion of its Jicarilla A Well No. 8 located in the NW/4 of Section 23; its Jicarilla E Well No. 7 located in the SE/4 of Section 15; and its Jicarilla E Well No. 8 located in the NW/4 of Section 15, all in Township 26 North, Range 4 West, Rio Arriba County, New Mexico, to produce gas from the Mesaverde formation through a separate string of tubing and to commingle Gallup and Dakota production in the wellbores of said wells.

CASE 6342: Application of Supron Energy Corporation for a dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Jicarilla J Well No. 10 located in the SE/4 of Section 26, Township 26 North, Range 5 West, Rio Arriba County, New Mexico, to produce gas from the Pictured Cliffs formation through a separate string of tubing and to commingle Tootie and Dakota production in the wellbore of said well.

CASE 6343: Application of Supron Energy Corporation for a dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Jicarilla H Well No. 8 located in the SE/4 of Section 11, Township 26 North, Range 4 West, Rio Arriba County, New Mexico, to produce gas from the Pictured Cliffs formation through a separate string of tubing and to commingle Gallup and Dakota production in the wellbore of said well.

BEFORE EXAMINER STATEMENTS
CIT CONSERVATION NO. 6040

WELL NO. 2
COMPLETION INTERVAL 10-11-78

COMPLETION AND TEST DATA
C. E. LA MUNYON LEASE
NORTH TEAGUE - DEVONIAN POOL
LEA COUNTY, NEW MEXICO

EXHIBIT NO. 2
CASE NO. 6,040 - Reopened
DATE: October 11, 1978
GULF OIL CORPORATION

WELL NO.	COMPLETION INTERVAL	ELEVATION	DATE	OIL (BBL.S.)	WATER (BBL.S.)	GAS (MCF)	GAS-OIL RATIO (CU.FT./BBL.)	LIQUID GRAVITY (°API)	OPEN FLOW POTENTIAL (MCFPD)	BOTTOM-HOLE PRESSURE (PSI)
7	7,398' - 7,408' (-4,094' - 4,104')	3,304' GL	7-14-77 9-14-77 4-19-78 10-03-78	5 12 223 211	--- 2 0 10	240 217 365 332	48,000 18,083 1,637 1,573	38.9 --- 37.1 37.1	--- --- --- ---	---
8	7,256'-61, 7,290'-95' (-3,969'-74', -4,003'-08')	3,287' DF	6-07-76 9-10-77 4-19-78 10-05-78	dry 193 146 76	--- --- --- 0	1,316 606 145 376	--- 3,140 993 4,947	--- 36.8 37.2 37.1	1,997 --- --- ---	2,770' @ 7,260' Calc.
10	7,434'-44' (-4,134'-44')	3,300' GL	6-04-77 9-11-77 4-22-78	96 76 22	8 0 0	660 404 192	6,875 5,316 8,727	36.9 36.9 37.1	--- --- ---	---
11	7,373'-78', 7,421'-27' (-4,081'-86', -4,129'-35')	3,292' GL	4-29-77 9-03-77 5-08-78	78 19 12	0 1 4	3,255 4,018 1,359	41,935 211,474 113,250	54.5 48.3 ---	6,224 --- ---	2,909' @ 7,400' Calc.
12	7,326'-38', 7,364'-68' (-4,027'-39', -4,065'-69')	3,299' GL	7-23-77 9-26-77 4-24-78	60 --- 184	--- --- 404	110 --- 211	1,833 --- 1,147	39.6 --- 37.1	--- --- ---	---
13	7,438'-50' (-4,154'-66')	3,284' GL	6-09-77 9-05-77 8-19-78	35 9 10	3 5 2	110 207 357	3,143 23,000 35,700	39.1 --- ---	--- --- ---	2,765' @ 7,444' Bomb.
16	7,452'-56' (-4,169'-73')	3,283' GL	4-17-78 4-30-78 6-06-78	40 30 114	226 155 349	0 236 223	--- 7,867 1,956	--- 36.9 37.1	--- --- ---	---
45	7,247'-50' (-3,961'-64') 7,301'-04' 7,348'-51' 7,376'-79' 7,424'-27' (-4,015'-18'); (-4,062'-65'); (-4,090'-93'); (-4,138'-41')	3,286' GL	8-05-78 9-12-78	123 87	224 125	--- 322	--- 3,701	--- 36.8	--- ---	---

Number of Producing Wells

Water Production Percent

Gas-Oil Ratio Cuft/Bbls x 1000

Monthly Gas Production MCF x 1000

Monthly Oil Production Bbls x 1000

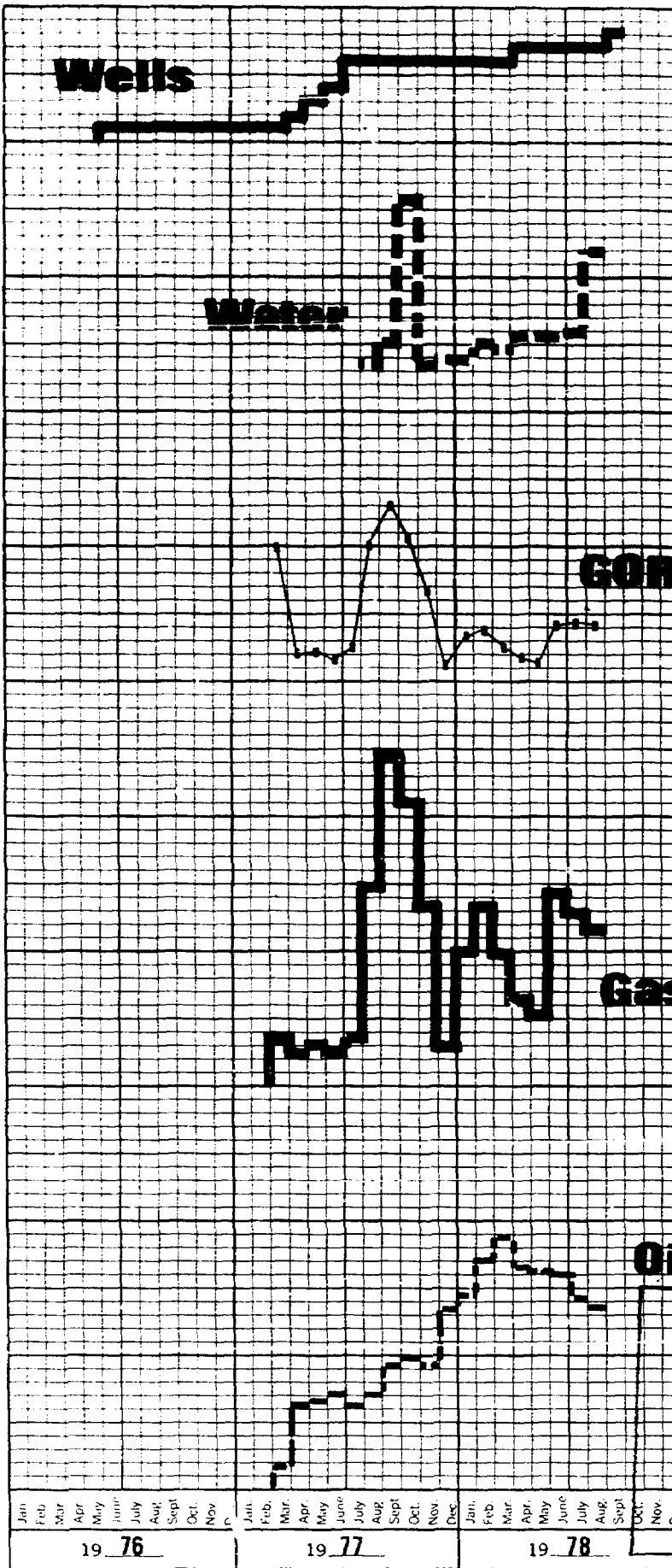


EXHIBIT 3
Performance History
NORTH TEAGUE -
DEVONIAN
Lea County, N.M.
Case No. 6040 -- Reopened
OCTOBER 11, 1978
Gulf Oil Corporation
Southwest District
Midland, Texas

BEFORE EXAMINER STARTS
 OIL CORP. OF TEXAS
 6040
 GULF

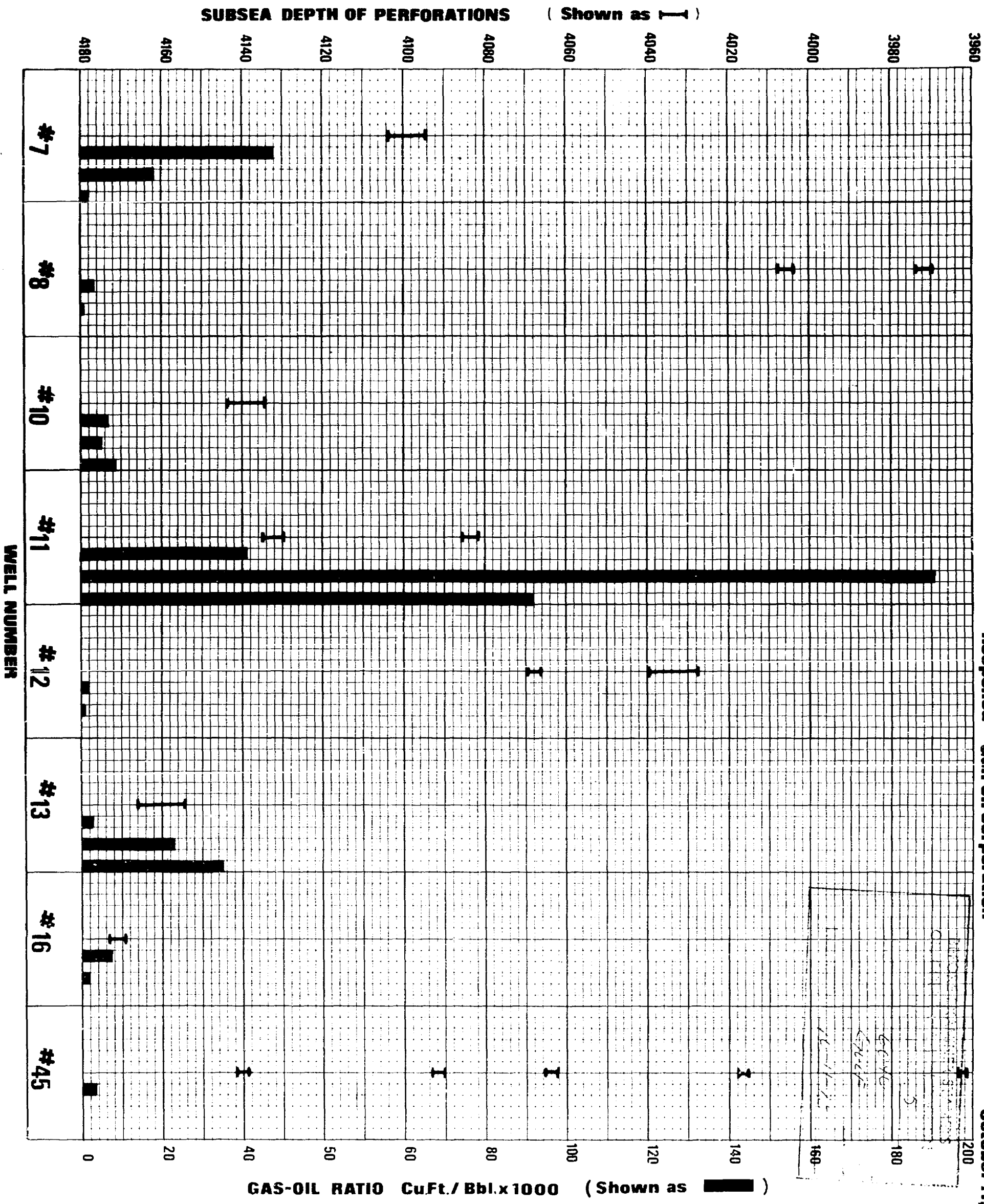
EXHIBIT NO. 4

PERFORMANCE HISTORY
NORTH TEAGUE DEVONIAN POOL
LEA COUNTY, NEW MEXICO
GULF OIL CORPORATION

41
6040
CULF
12-11-78

<u>MONTH AND YEAR</u>	<u>OIL (BARRELS)</u>	<u>GAS (MCF)</u>	<u>GAS-OIL RATIO (CU. FT. / BBL.)</u>	<u>WATER (BARRELS)</u>	<u>WATER (Z)</u>	<u>NO. OF WELLS</u>
<u>1976</u>						
June	Shut-In	---	---	---	--	-
July	"	---	---	---	--	-
August	"	---	---	---	--	-
September	"	---	---	---	--	-
October	"	---	---	---	--	-
November	"	---	---	---	--	-
December	"	---	---	---	--	-
<u>1977</u>						
January	Shut-In	---	---	---	--	-
February	"	---	---	---	--	-
March	1,871	18,556	9,918	---	--	1
April	6,339	13,298	2,098	---	--	1
May	6,719	14,455	2,151	---	--	1
June	7,085	14,122	1,993	---	--	2
July	6,484	17,034	2,627	---	--	2
August	7,198	72,838	10,119	1,384	16	6
September	9,324	122,029	13,088	1,850	20	6
October	9,879	105,423	10,671	16,570	63	6
November	9,613	66,163	6,883	1,868	16	6
December	13,486	14,392	1,067	2,838	17	6
TOTAL	77,988	458,310	5,877	24,510		
<u>1978</u>						
January	14,643	50,100	3,421	3,038	17	6
February	17,143	66,796	3,896	4,038	19	6
March	18,944	49,099	2,592	4,088	18	6
April	16,512	31,831	1,928	4,388	21	7
May	16,264	26,616	1,636	4,390	21	7
June	16,181	71,800	4,437	4,390	21	7
*July	14,282	65,085	4,557	4,038	22	7
*August	13,840	59,028	4,265	12,640	48	7
CUMULATIVE	205,797	878,665	4,270	65,520	(24)	

* from C-115



Other

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. 6040
Order No. R-5552

APPLICATION OF GULF OIL
CORPORATION FOR POOL RECLASSIFICA-
TION AND A SPECIAL GOR LIMIT, LEA
COUNTY, NEW MEXICO.

NOMENCLATURE

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 28, 1977, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 25th day of October, 1977, 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 several wells in the North Teague-Devonian Gas Pool, Lea County, New Mexico, and as such seeks the reclassification of said pool as an oil pool and the establishment of a special gas-oil ratio limitation of not more than 5000 to one for said pool.

(3) That said pool was discovered by applicant's C. E. La Munyon Well No. 8, located in Unit M of Section 22, Township 23 South, Range 37 East, NMPM, on June 7, 1976.

(4) That production tests at the time of completion of said well indicated that the well was a gas well and that it was completed in a newly discovered gas pool, whereupon the Commission created and defined the North Teague-Devonian Gas Pool by Order No. R-5338, effective January 1, 1977.

(5) That subsequent to the creation and definition of said North Teague-Devonian Gas Pool, additional drilling and testing indicates that said pool is in fact an oil pool, and that said pool should be reclassified as an oil pool and designated the North Teague-Devonian Pool.

(6) That an apparent impermeability barrier extends in an East-West direction at the South end of the North Teague-Devonian Pool, effectively separating said pool from the Teague-Devonian Pool to the South.

(7) That that portion of the application requesting consolidation of said pool with the Teague-Devonian Pool in Sections 27, 34 and 35 of Township 23 South, Range 37 East, should be dismissed.

(8) That the producing characteristics of the wells completed in the North Teague-Devonian Pool, insofar as they are presently known, justify the establishment of a gas-oil ratio of 4,000 to 1 on a temporary basis.

(9) That the vertical limits of the North Teague-Devonian Pool should be the Devonian formation and the horizontal limits should comprise the following lands:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 22: SW/4
Section 27: NW/4

(10) That Paragraphs (b) of Commission Order No. R-5338 and (u) of Order No. R-5416, which created and defined, and extended, the North Teague-Devonian Gas Pool, should be superseded.

(11) That this case should be reopened at an examiner hearing in October, 1978, to permit the operators in the subject pool to appear and show cause why the limiting gas-oil ratio for the pool should not revert to 2000 to one.

IT IS THEREFORE ORDERED:

(1) That a new pool, classified as an oil pool for Devonian production, be and the same is hereby created and designated the North Teague-Devonian Pool comprising the following described lands in Lea County, New Mexico:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 22: SW/4
Section 27: NW/4

-3-

Case No. 6040
Order No. R-5552

(2) That the depth bracket allowable for the North Teague-Devonian Pool shall be 187 barrels of oil per day.

(3) That the North Teague-Devonian Gas Pool, as heretofore created, defined, and classified, is hereby abolished and Paragraph (b) of Commission Order No. R-5338 and Paragraph (u) of Commission Order No. R-5417 are hereby superseded.

(4) That effective November 1, 1977, for a period of one year, the limiting gas-oil ratio for the North Teague-Devonian Pool shall be 4,000 cubic feet of gas for each barrel of liquid hydrocarbons produced; that, effective November 1, 1977, each proration unit in the North Teague-Devonian Pool shall produce only that volume of gas equivalent to 4,000 multiplied by the top unit allowable for the pool.

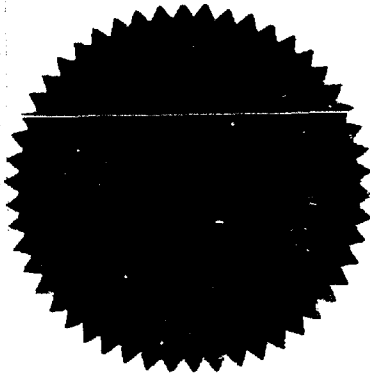
(5) That this case shall be reopened at an examiner hearing in October, 1978, at which time the operators in the subject pool may appear and show cause why the limiting gas-oil ratio for the pool should not revert to 2000 cubic feet of gas per barrel.

(6) That that portion of the application requesting consolidation of said pool with the Teague-Devonian Pool in Sections 27, 34 and 35 of Township 23 South, Range 37 East, is hereby dismissed.

(7) 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


Phil R. Lucero
PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L
dr/

COMPLETION DATA
C. E. LAMUNYON LEASE
NORTH TEAGUE DEVONIAN POOL
LEA COUNTY, NEW MEXICO

EXHIBIT 3
CASE NO. 6040
DATE: September 28, 1977

WELL NO.	COMPLETION INTERVAL	ELEVATION	DATE	OIL (BBL.S.)	WATER (BBL.S.)	GAS (MCF)	GAS-OIL RATIO CU.FT./BBL.	LIQUID GRAVITY (°API)	OPEN FLOW POTENTIAL (MCFPD)	BOTTOM HOLE PRESSURE (PSI)
7	7298 - 7408 (-4094 - 4104)	3304 GL	7-14-77	5	--	240	48,000	38.9	--	--
			9-14-77	12	2	217	18,083		--	
8	7256-61, 7290-95 (-3969-74, -4003-08)	3287 DF	6-07-76	Dry	--	1,316	--	--	1997	2770 @ 7260' Calc.
			9-10-77	193	--	606	3,140	36.8	--	
10	7434-44 (-4134-44)	3300 GL	6-04-77	96	3	660	6,875	36.9	--	
			9-11-77	76	0	404	5,316	36.9	--	
11	7373-78, 7421-27 (-4081-86, -4129-35)	3292 GL	4-29-77	78	0	3,255	41,935	54.5	6224	2909 @ 7400' Calc.
			9-03-77	19	1	4,018	211,474	48.3	--	
12	7326-30, 7364-68 (-4027-39, -4065-69)	3299 GL	7-23-77	60	--	110	1,833	39.6	--	
			9-26-77	Waiting on pumping unit.						
13	7438-50 (-4154-66)	3284 GL	6-09-77	35	3	110	3,143	39.1	--	2765 @ 7444' Bomb
			9-05-77	9	5	207	23,000	--		

3
6040

- CASE 6038: Application of W. Ridley Wheeler Estate for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in an undesignated San Andres reservoir by the injection of water into the San Andres formation thru the open-hole interval from 4800 feet to 4870 feet in its Markham Well No. 2, to be drilled 1980 feet from the South line and 25 feet from the East line of Section 28, Township 9 South, Range 35 East, Lea County, New Mexico.
- CASE 6039: Application of Gulf Oil Corporation for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the directional drilling of three Drinkard Pool wells on its Central Drinkard Unit in Township 21 South, Range 37 East, Lea County, New Mexico, as follows:
- Well No. 419, surface location 1631 feet from the South line and 260 feet from the West line of Section 28, to be bottomed approximately 1335 feet from South line and 15 feet from East line of Section 29; Well No. 421, surface location 1465 feet from North line and 1056 feet from East line of Section 32, to be bottomed approximately 1305 feet from North and East lines of Section 32; and Well No. 422, surface location 1155 feet from North line and 1000 feet from West line of Section 33, to be bottomed approximately 1305 feet from North line and 1335 feet from West line of Section 33.
- CASE 6040: Application of Gulf Oil Corporation for pool reclassification and a special GOR limit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the reclassification of the North Teague-Devonian Gas Pool in Sections 22 and 27, Township 23 South, Range 37 East, Lea County, New Mexico, as an oil pool and the consolidation of said pool with the Teague-Devonian Oil Pool in Sections 27, 34, and 35 of said Township. Applicant further requests a special gas-oil ratio limit for said Teague-Devonian Oil Pool of not more than 5000 to one.
- CASE 6041: Application of Gulf Oil Corporation for an unorthodox location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Harry Leonard Well No. 12 located in Unit P of Section 22, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to a previously approved 480-acre multiple well non-standard proration unit.
- CASE 6042: Application of Gulf Oil Corporation for a non-standard proration unit, simultaneous dedication, and unorthodox locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 388.51-acre non-standard gas proration unit comprising the NW/4 and E/2 SW/4 of Section 6, and the NW/4 of Section 7, both in Township 22 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's H. T. Mattern Wells Nos. 6 and 3, at unorthodox locations in Unit N of Section 6 and Unit P of Section 7, respectively.
- VASE 6043: Application of V-F Petroleum Inc., for an unorthodox oil well location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 330 feet from the South line and 2310 feet from the East line of Section 29, Township 8 South, Range 38 East, North Sawyer-Devonian Pool, Roosevelt County, New Mexico.
- CASE 6044: Application of Orla Petco for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down to 3500 feet underlying the NE/4 NE/4 of Section 1, Township 23 South, Range 27 East, and also the NW/4 NE/4 of said Section, Eddy County, New Mexico, to form two 40-acre units, each to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the costs thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.
- CASE 6045: Application of Burleson & Huff for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the NW/4 of Section 12, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6046: Application of Belco Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying all of Section 3, Township 22 South, Range 25 East, Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF GULF OIL CORPORATION TO RE-
CLASSIFY NORTH TEAGUE-DEVONIAN
GAS POOL TO OIL AND COMBINE WITH
TEAGUE DEVONIAN OIL POOL, LEA
COUNTY, NEW MEXICO

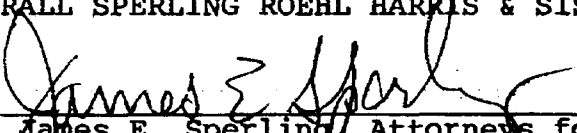
Case No. 6040

ENTRY OF APPEARANCE

The undersigned, Modrall, Sperling, Roehl, Harris & Sisk,
of Albuquerque, New Mexico, hereby enter their appearance for
the applicant, Gulf Oil Corporation, with its house counsel
of Midland, Texas.

MODRALL SPERLING ROEHL HARRIS & SISK

By:


James E. Sperling, Attorneys for
Gulf Oil Corporation
P. O. Box 2168
Albuquerque, New Mexico 87103
Telephone: (505) 243-4511

Case 6040
Gulf Energy and Minerals Company - SEP - 6 1977

SOUTHWEST DIVISION

J. L. Huitt
VICE-PRESIDENT
C. E. Fields
COMPTROLLER
R. E. Galvin
GENERAL MANAGER-PRODUCTION
J. A. Ford
GENERAL MANAGER-EXPLORATION

September 2, 1977

P. O. Drawer 1180
Midland, TX 79702

New Mexico Oil Conservation Commission (3)
Post Office Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Joe D. Ramey

RE: Reclassify North Teague-Devonian
Gas Pool to Oil and Combine with
Teague Devonian Oil Pool, Lea
County, New Mexico.

Gentlemen:

Gulf Oil Corporation respectfully requests that a hearing be scheduled on your Examiner's Hearing Docket of September 28, 1977 to consider our application to reclassify the North Teague-Devonian Gas Pool to Oil and Combine it with the Teague Devonian Oil Pool, Lea County, New Mexico. The North Teague-Devonian Gas Pool consisting of the S/2 Section 22, N/2, N/2 S/2 Section 27 T-23-S, R-37-E is to be combined with the Teague Devonian Oil Pool consisting of the S/2 S/2 Section 27, Section 34 and Section 35 T-23-S, R-37-E.

Gulf will further request the adoption of a Gas-Oil Ratio Rule in exception to Statewide Rule 506.

Yours very truly,

J. M. Thacker

J. M. THACKER
Manager - Operations

CFK:sdn
cc: J. T. Sexton
Post Office Box 1980
Hobbs, New Mexico 88240



A DIVISION OF GULF OIL CORPORATION

DRAFT

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:

APPLICATION OF GULF OIL
CORPORATION FOR POOL RECLASSIFICATION
AND A SPECIAL GOR LIMIT, LEA COUNTY,
NEW MEXICO.

CASE NO. 6040

Order No. R- 5552

NOMENCLATURE

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 28,
19 77, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of October, 19 77, 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 several wells in the North Teague-Devonian Gas
Pool, Lea County, New Mexico, and as such seeks the reclassification
of said pool as an oil pool and the establishment
of a special gas-oil ratio limitation of not more
~~than~~ than 5000 to one for said pool.

(3) That said pool was discovered by applicant's C. E. La Munyon Well No. 8, located in Unit M of Section 22, Township 23 South, Range 37 East, NMPM, on June 7, 1976.

(4) That production tests at the time of completion of said well indicated that ~~said~~^{the} well was a gas well and that it was completed in a newly discovered gas pool, whereupon the Commission created and defined the North Teague-Devonian Gas Pool by Order No. R-5338, effective January 1, 1977.

(5) That subsequent to the creation and definition of said North Teague-Devonian Gas Pool, additional drilling and testing indicates that said pool is in fact an oil pool, and that said pool should be reclassified as an oil pool and designated the North Teague-Devonian Pool.

(6) That an apparent impermeability barrier extends in an East-West direction at the South end of the North Teague-Devonian Pool, effectively separating said pool from the Teague-Devonian Pool to the South.

(7) That that portion of the application requesting consolidation of said pool with the Teague-Devonian Pool in Sections 27, 34 and 35 of T23S, R37E, should be dismissed.

(8) That the vertical limits of the North Teague-Devonian Pool should be the Devonian formation and the horizontal limits should comprise the following lands:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 22: SW/4
Section 27: NW/4

That Paragraphs (b) of Commission Order No. R-5338 and (u) of Order No. R-5416, which created and defined, and extended, the North Teague-Devonian Gas Pool, should be superseded.

(II) IT IS THEREFORE ORDERED:

(1) That a new pool, classified as an oil pool for Devonian production, be and the same is hereby created and designated the North Teague-Devonian Pool comprising the following described lands in Lea County, New Mexico:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 22: SW/4
Section 27: NW/4

(2) That the depth bracket allowable for the North Teague-Devonian Pool shall be 187 barrels of oil per day.

(3) That the North Teague-Devonian Gas Pool, as heretofore created, defined, and classified, is hereby abolished and Paragraph (b) of Commission Order No. R-5338 and Paragraph (u) of Commission Order No. R-5417 are hereby superseded.

(4) That effective November 1, 1977, for a period of one year, the limiting gas-oil ratio for the North Teague-Devonian Pool shall be 4,000 cubic feet of gas for each barrel of liquid hydrocarbons produced; that, effective November 1, 1977, each proration unit in the North Teague-Devonian Pool shall produce only that volume of gas equivalent to 4,000 multiplied by the top unit allowable for the pool.

(5) That this case shall be reopened at an examiner hearing in October, 1978, at which time the operators in the subject pool may appear and show cause why the limiting gas-oil ratio for the pool should not revert to 2000 cubic feet of gas per barrel.

(6)
(9) 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 herein-
above designated.

That that portion of the application requesting consolidation of said pool with the Teague-Devonian Pool in sections 27, 34 & 35 of T23S, R37E, the limiting gas-oil ratio for the pool should not revert to 2000 to one.

ROUGH

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6040
Order No. R-5552-A

IN THE MATTER OF CASE 6040 BEING
REOPENED PURSUANT TO THE PROVISIONS OF
ORDER NO. R-5552, WHICH ORDER
ESTABLISHED SPECIAL RULES AND REGULATIONS
FOR THE North Teague-Devonian
~~GAS~~ POOL, Lea COUNTY, NEW MEXICO,
INCLUDING A PROVISION FOR ~~ACRE~~
~~PROMOTION UNITS. A 4000 TO 1~~

GAS-OIL RATIO LIMITATION
ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 11,
1978, at Santa Fe, New Mexico, before Examiner RLS.

NOW, on this _____ day of _____, 19____, the Division
Director, 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 Division has jurisdiction of this cause and the subject
matter thereof.

(2) That by Order No. R-5552, dated October 25,
1977, temporary special rules and regulations were promulgated
for the North Teague-Devonian Pool, Lea
County, New Mexico, establishing temporary _____ acre spacing
gas-oil ratio limitation of 4000 to 1.
~~units.~~

(3) That pursuant to the provisions of Order No. R-5552,
this case was reopened to allow the operators in the subject pool
to appear and show cause why they limiting gas-oil ratio of the North Teague-Devonian
revert to 2000 to 1.
Gas Pool should not be developed on _____ acre spacing units.

(4) That the evidence establishes that the limiting gas-oil ratio of
the North Teague-Devonian Gas Pool can efficiently and economically
be developed on _____ acre spacing units.
should remain at 4000 to 1

Case No. _____

Order No. R-_____

(5) That the Special Rules and Regulations promulgated by Order No. R-5552 have afforded and will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the gas in the pool.

(6) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the Special Rules and Regulations promulgated by Order No. R-5552 should be continued in full force and effect until further order of the Commission.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the North Teague-Devonian Gas Pool, Lea County, New Mexico, promulgated by Order No. R-5552, are hereby continued in full force and effect until further order of the Division.

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

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