

**CASE 5362: Appli. of CONTINENTAL
OIL COMPANY for special pool rules
Lea County, New Mexico**

CASE No.

5362

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 13, 1974

EXAMINER HEARING

) IN THE MATTER OF:)

) Application of Continental Oil Company)
) for special pool rules, Lea County,)
) New Mexico.)

CASE 5362

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: William F. Carr, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0385

MR. STAMETS: We will call the next Case 5362.

MR. CARR: Case 5362, the application of Continental Oil Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Bell-Lake-Morrow Gas Pool, Lea County, New Mexico, to provide for 320-acre spacing rather than 160 acres. In the absence of objection, this pool will be placed on the standard 320-acre spacing for Pennsylvanian gas pools rather than the present 160-acre spacing.

MR. STAMETS: Is there any objection to the application in this Case? There being none, the Case will be taken under advisement.

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

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. 5362
Order No. R-4918

APPLICATION OF CONTINENTAL OIL COMPANY
FOR THE ADOPTION OF POOL RULES, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 13, 1974, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 19th day of November, 1974, 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, Continental Oil Company, is the owner and operator of two gas wells in the South Bell Lake-Morrow Gas Pool, Lea County, New Mexico.

(3) That said South Bell Lake-Morrow Gas Pool was created and designated by the Commission by Order No. R-4821 effective August 1, 1974, with the concurrent abolishment of the Bell Lake-Pennsylvanian Gas Pool, which was created and designated by Commission Order No. R-569, effective January 13, 1955.

(4) That by Commission Order No. R-2707, dated May 25, 1964, Rule 104 of the Commission Rules and Regulations was amended to provide that all gas pools of Pennsylvanian age or older in Southeast New Mexico which were created and defined June 1, 1964, or later shall have 320-acre spacing and proration units, inasmuch as it was found that in Southeast New Mexico, ... "a gas well completed in the Pennsylvanian formation or a deeper formation will efficiently and economically drain and develop a 320-acre tract."

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Case No. 5362
Order No. R-4918

(5) That the applicant in the instant case seeks the promulgation of rules including a provision for 320-acre spacing for the South Bell Lake-Morrow Gas Pool, in Lea County, New Mexico, inasmuch as that pool was excluded from the provisions of Order No. R-2707, because it was created and defined as the Bell Lake-Pennsylvanian Gas Pool prior to the cut-off date of June 1, 1964.

(6) That no appearances were made at the hearing of the instant case and no objection was received to the inclusion of the South Bell Lake-Morrow Gas Pool under the provisions of Rule 104 of the Commission Rules and Regulations for gas pools of Pennsylvanian age or older.

(7) That one well in the South Bell Lake-Morrow Gas Pool in Lea County, New Mexico, will efficiently and economically drain and develop 320 acres, and the inclusion of said pool under the 320-acre provisions of Rule 104 for pools of Pennsylvanian age or older will not cause waste nor violate correlative rights, and should be approved.

IT IS THEREFORE ORDERED:

(1) That effective December 1, 1974, each well completed or recompleted in the South Bell Lake-Morrow Gas Pool or in the Morrow formation within one mile thereof shall be subject to the provisions of Rule 104 of the Commission Rules and Regulations notwithstanding the fact said pool was created and defined prior to June 1, 1964.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the South Bell Lake-Morrow Gas Pool or in the Morrow formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well by December 15, 1974.

(2) That pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the South Bell Lake-Morrow Gas Pool shall have dedicated thereto 320 acres in accordance with Rule 104 of the Commission Rules and Regulations; or pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard units dedicated thereto.

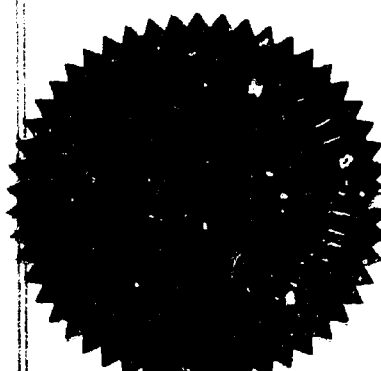
Failure to file new Forms C-102 with the Commission dedicating 320 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the effective date of this order shall subject the well to cancellation of allowable.

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Case No. 5362
Order No. R-4918

(3) 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



I. R. Trujillo
I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

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

S E A L

dr/



L. P. Thompson
Division Manager
Production Department
Hobbs Division
Western Hemisphere Petroleum Division

Continental Oil Company
P.O. Box 460
1001 North Turner
Hobbs, New Mexico 88240
(505) 393-4141

July 23, 1974

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention Mr. D. S. Nutter

Gentlemen:

Pool Nomenclature - South Bell Lake Morrow Pool, Lea County, New Mexico

In accordance with a request by Mr. Ramey we should like to provide a little background information on the subject pool. Initial Morrow production in the Bell Lake Area occurred upon completion of Bell Lake Unit No. 5 in 1961. That well has now been depleted and we are planning to plugback from the Morrow and attempt a recompletion in the Atoka Formation. Bell Lake No. 5 was completed during the period of time that state wide rules called for 160 acre spacing for all gas wells.

The second well completed in the Morrow Formation was the recompletion of Bell Lake No. 1-A from the Devonian Formation to the Morrow. This recompletion was accomplished during 1968 after the state wide rules had been changed to provide for 320 acre spacing for wells in reservoir of Pennsylvanian age, or older. Both Wells Nos. 1 and 5 were considered noncommercial so that no participating areas were formed for this formation. Well No. 1 is still producing from the Morrow Formation at rates well above those necessary to pay for operation of the well.

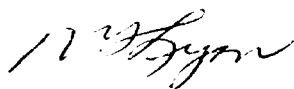
Well No. 14 was recently drilled and completed in the Morrow Formation and exhibits reservoir pressures in excess of the initial pressure in Well No. 1 and far in excess of the current pressure in Well No. 5.

Considering the fact that Well No. 5 is not commercial to produce (a compressor was installed to attempt production into the sales line at commercial rates, without success) and will soon be plugged back, it is recommended that the state wide rule in existence at the time of its completion not govern the spacing rules for Wells 1 and 14 which were completed much later. Furthermore, the present state wide rules of 320 acres per well for Morrow completions is much more consistent with other Morrow gas pools in the state. For these

New Mexico Oil Conservation Commission
July 23, 1974
Page 2

reasons, it is respectfully requested that the spacing for the proposed South Bell Lake Morrow Pool be at the present state wide spacing of 320 acres rather than the now out-dated 160 acre per well spacing.

Yours very truly,



VTL:reh
CC:
Joe D. Ramey
New Mexico Oil Conservation Commission
Box 1980
Hobbs, New Mexico 88240

R. L. Adams, Production, Houston

- CASE 5362: Application of Continental Oil Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Bell Lake-Morrow Gas Pool, Lea County, New Mexico, to provide for 320-acre spacing rather than 160 acres. In the absence of objection, this pool will be placed on the standard 320-acre spacing for Pennsylvanian gas pools rather than the present 160-acre spacing.
- CASE 5363: Application of Union Oil Company of California for a non-standard oil proration unit and unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the Lovington-Devonian Pool Rules, the formation of a non-standard proration unit comprising the NE/4 SW/4 and NW/4 SE/4 of Section 12, Township 17 South, Range 36 East, Lea County, New Mexico, to be dedicated to applicant's Midway State Unit Well No. 5, proposed to be drilled at an unorthodox location 2310 feet from the South line and 2310 feet from the West line of said Section 12.
- CASE 5364: Application of Morris R. Antweil for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests of Pennsylvanian age or older underlying Lots 1,2,7,8,9,10,15, and 16 of Section 4, Township 21 South, Range 26 East, Undesignated Avalon-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico, to be dedicated to applicant's Western Reserves Federal Well No. 2, to be drilled at a standard location for said unit. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of the applicant as the operator of the well and a charge for the risk involved in drilling said well.
- CASE 5365: Application of Mesa Petroleum Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in all formations down to and including the Devonian formation underlying the E/2 of Section 34, Township 16 South, Range 37 East, Lea County, New Mexico, or such part thereof as may constitute an approved proration unit for the type of well completed, to be dedicated to a well to be drilled at an unorthodox location for said 320-acre unit. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of the applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5366: Application of Robert N. Enfield for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Cottonwood Draw Unit Area comprising 3,813.48 acres, more or less, of Federal and fee lands in Township 25 South, Range 27 East, Eddy County, New Mexico.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

(Handwritten initials)

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

5360
CASE NO.
Order No.
R-4918

Continental Oil Company

APPLICATION OF ~~AMOCO PRODUCTION~~
~~COMPANY~~ FOR THE ADOPTION OF POOL
RULES, EDDY COUNTY, NEW MEXICO.

WK

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(Handwritten signature)

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on ~~January 3,~~ *Nov 13,*
1974, at Santa Fe, New Mexico, before Examiner ~~Daniel S. Mutter.~~
PL 5

NOW, on this 15th day of ~~January,~~ 1974, 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.

operator of two

(2) That the applicant, *Continental Oil* ~~Amoco Production Company,~~ is ~~the owner~~
~~drilling a gas wells in the Black River-Pennsylvanian Gas Pool,~~
Eddy County, New Mexico. *South Bell Lake - Morrow*
here

(3) That said ~~Black River-Pennsylvanian Gas Pool~~ *South Bell Lake - Morrow* was
created and designated by the Commission by Order No. ~~R-1824 R-4821~~
effective ~~December 1, 1960.~~ *August 1, 1974,* ~~with the concurrent~~

(4) That by Commission Order No. R-2707, dated May 25,
1964, Rule 104 of the Commission Rules and Regulations was
amended to provide that all gas pools of Pennsylvanian age or
older in Southeast New Mexico which were created and defined
June 1, 1964, or later shall have 320-acre spacing and proration
units, inasmuch as it was found that in Southeast New Mexico, ...
"a gas well completed in the Pennsylvanian formation or a
deeper formation will efficiently and economically drain and
develop a 320-acre tract."

(Handwritten note in a circle)
~~abolished~~ *ment of the* Bell Lake - Pennsylvanian Gas Pool, which
was created and designated by Commission Order
No R-569, effective January 13, 1955.

(5) That the applicant in the instant case seeks the promulgation of rules including a provision for 320-acre spacing for the ~~Black River-Pennsylvanian Gas Pool~~ ^{South Bell Lake-Morro} in ~~Hddy~~ ^{Edy} Lea County, New Mexico, inasmuch as that pool was excluded from the provisions of Order No. R-2707, because it was created and defined prior to the cut-off date of June 1, 1964.

as the Bell Lake-Pennsylvanian Gas Pool

(6) That no appearances were made at the hearing of the instant case and no objection was received to the inclusion of the ~~Black River-Pennsylvanian Gas Pool~~ ^{South Bell Lake-Morro} under the provisions of Rule 104 of the Commission Rules and Regulations for gas pools of Pennsylvanian age or older.

(7) That one well in the ~~Black River-Pennsylvanian Gas Pool~~ ^{South Bell Lake-Morro} in ~~Hddy~~ ^{Edy} County, New Mexico, will efficiently and economically drain and develop 320 acres, and the inclusion of said pool under the 320-acre provisions of Rule 104 for pools of Pennsylvanian age or older will not cause waste nor violate correlative rights, and should be approved.

IT IS THEREFORE ORDERED:

(1) That effective ~~February~~ ^{December} 1, 1974, each well completed or recompleted in the ~~Black River-Pennsylvanian Gas Pool~~ ^{South Bell Lake-Morro} or in ~~the formations of Pennsylvanian age~~ ^{the Morro} within one mile thereof shall be subject to the provisions of Rule 104 of the Commission Rules and Regulations notwithstanding the fact said pool was created and defined prior to June 1, 1964.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the ~~Black River-Pennsylvanian Gas Pool~~ ^{South Bell Lake-Morro} or in ~~the formations of Pennsylvanian age~~ ^{the Morro} within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the ~~District~~ ^{Albino} District office of the Commission in writing of the name and location of the well by ~~February~~ ^{December} 15, 1974.

(2) That pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the ~~Black River-Pennsylvanian Gas Pool~~ ^{South Bell Lake-Morro} shall have dedicated thereto 320 acres in accordance with Rule 104 of the Commission Rules and Regulations; or pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard units dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 320 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the effective date of this order shall subject the well to cancellation of allowable.

Bell Lake Penn

R5691

1-13-55

S. Bell Lake

Morrow

R4821

8-1-74

Case

Application of Continental Oil
Company for Special Pool Rules
La County New Mexico

Applicant in the above styled
Case seeks the promulgation of
Special Pool Rules for the
Bell Lake Morrow Gas Pool
La County New Mexico to
provide for 320-acre spacing
rather than 160-acres. In the
absence of objection, this pool will
be placed on the standard 320-acre
spacing for Pennsylvania gas
pools rather than the present
160-acre spacing.

For Order in this case

Follow R-4698.