

CASE NO. 5374: Appli. of CONTIN-
ENTAL OIL COMPANY for SIMULTANEOUS
DEDICATION, Lea County,

CASE No.

5374

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 26, 1974

EXAMINER HEARING

IN THE MATTER OF:)

Application of Continental Oil)
Company for simultaneous dedication,)
Lea County, New Mexico.)

) CASE 5374
)
)

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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

For the Applicant: Tom Kellahin, Esq.
KELLAHIN & FOX
500 Don Gaspar
Santa Fe, New Mexico

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SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

I N D E X

VICTOR T. LYON

Direct Examination by Mr. Kellahin
Cross Examination by Mr. Nutter

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E X H I B I T S

Applicant's Exhibits 1 and 2

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MR. NUTTER: The Hearing will come to order, please.
The first case this afternoon will be Case 5374.

MR. DERRYBERRY: Case 5374, application of
Continental Oil Company for simultaneous dedication, Lea
County, New Mexico.

MR. KELLAHIN: I'm Tom Kellahin of Kellahin and
Fox, Santa Fe, New Mexico, appearing on behalf of the appli-
cant, and I have one witness to be sworn.

(Whereupon, the witness was duly sworn.)

VICTOR T. LYON

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you please state your name, by whom you are
employed, and in what capacity?

A Victor T. Lyon, I'm employed by Continental Oil
Company as Conservation Coordinator in the Hobbs Division,
located in Hobbs, New Mexico.

Q Mr. Lyon, have you previously testified before this
Commission and had your qualifications as an expert witness
accepted and made a matter of record?

A Yes, I have.

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Q Are you familiar with the facts surrounding this particular application?

A Yes, I am.

MR. KELLAHIN: If the Examiner please, are the witness's qualifications acceptable?

MR. NUTTER: Yes, they are.

BY MR. KELLAHIN:

Q Mr. Lyon, would you please refer to what has been marked as Applicant Exhibit No. 1, identify it and explain briefly what Continental is seeking?

A Case Number 5374, the application of Continental Oil Company for the joint allocation of a non-standard 480-acre gas proration unit to be assigned jointly to four wells, Wells numbers 1, 2, 3 and 4 on its Meyer B-23 lease. Exhibit 1 is a location plat showing the Meyer B-23 lease, outlined in red, consisting of the north half and the south-east quarter of Section 23, Township 22 South, Range 36 East. It also shows the four wells circled in red at locations in Unit C for Well No. 1, Unit O for Well No. 2, Unit E for Well No. 3, Unit G for Well No. 4. The 480-acre proration unit was jointly allocated to Wells 1, 2 and 3 under the provisions of Order R-4064. The wells produced their allowable until 1973. In 1973 they began to fall

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behind and the unit was classified marginal on November the first, 1973. Therefore, we have drilled Well No. 4 at a location 1980 feet from the north and east lines of the section and completed it as a gas well in the Jalmat Pool. We would like to add the producing capacity of this well to that of the other three wells in order to bring those units into non-marginal producing characteristics.

Q Would you please refer to what has been marked as Exhibit No. 2 and identify it?

A Exhibit 2 is a tabulation showing the comparison of the production and the allowable which would have been assigned to the unit were it a non-marginal unit for the months in 1974 beginning in January and continuing through September. You will note that the first five months of the year, the unit produced less than the allowable. During the months of June through September it produced at rates greater than the allowable, and we think that with the addition of the fourth well that the unit will be able to produce its full allowable.

Q Do you have anything else you would like to add?

A Well, we would like the allowable to be assigned jointly and permission given to produce the wells at the allowable assigned to them in any proportion.

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Q In your opinion, Mr. Lyon, will approval of this application be in the best interests of conservation, the prevention of waste and the protection of correlative rights?

A Yes, it will.

MR. KELLAHIN: We move the introduction of Applicant's Exhibits 1 and 2.

MR. NUTTER: Applicant's Exhibits 1 and 2 will be admitted into evidence.

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

MR. KELLAHIN: That concludes our direct examination.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Lyon, the No. 4 well has been completed, hasn't it?

A Yes, it has. It has not had the four-point-bag-pressure test taken on it, to my knowledge. This should be forthcoming soon.

MR. NUTTER: Are there any further questions of the witness? You may be excused.

Is there anything further, Mr. Kellahin?

MR. KELLAHIN: No, sir.

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MR. NUTTER: Does anyone have anything they wish
to offer in Case 5374?

We will take the Case under advisement.

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OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

I. R. TRUJILLO
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

December 5, 1974

Mr. Tom Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: CASE NO. 5374
ORDER NO. R-4931
Applicant:
Continental Oil Company

Dear Sir:

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

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC *
Artesia OCC
Aztec OCC

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. 5374
Order No. R-4931

APPLICATION OF CONTINENTAL OIL
COMPANY FOR SIMULTANEOUS DEDICATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 26, 1974, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 3rd day of December, 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 operator of a non-standard 480-acre gas proration unit comprising the N/2 and SE/4 of Section 23, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, which is presently dedicated to applicant's Meyer B-23 Wells Nos. 1, 2, and 3, located at unorthodox locations in Units C, O, and E, respectively, of said Section 23.
- (3) That the producing capacity of the aforesaid wells has declined to the extent that they are incapable of producing the allowable for said unit.
- (4) That applicant has drilled its Meyer B-23 Well No. 4, located in Unit G of said Section 23, and said well is capable of production from the Jalmat Gas Pool.
- (5) That the applicant seeks approval for the simultaneous dedication of the subject non-standard proration unit to its Meyer B-23 Wells Nos. 1, 2, 3, and 4, with the allowable assigned to said unit to be produced from said wells in any proportion.

-2-
CASE NO. 5374
Order No. R-4931

(6) That approval of the subject application will better enable the applicant to produce its just and equitable share of the gas in the Jalmat Gas Pool and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, is hereby authorized simultaneously to dedicate its 480-acre non-standard gas proration unit, consisting of the N/2 and SE/4 of Section 23, Township 22 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico, to its Meyer B-23 Wells Nos. 1, 2, 3, and 4, located in Units C, O, E, and G, respectively, of said Section 23.

(2) That the allowable assigned to the above-described non-standard gas proration unit shall be based on the unit size of 480-acres and that the operator may produce the allowable assigned to the unit from the subject wells in any proportion.

(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

jr/

Comparison of Production and Allowable
Meyer B-23 Gas Unit

<u>Month</u>	<u>Allowable</u>	<u>Production</u>
January	62,706	44,419
February	61,656	43,110
March	56,975	40,510
April	53,352	34,687
May	63,354	30,702
June	25,992	26,973
July	22,512	44,013
August	22,425	35,621
September	20,916	45,556

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Conoco EXHIBIT NO. 2
CASE NO. 5374

Case 5374
Exhibit No. 2

- CASE 5373: Application of Monsanto Company for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to test the Morrow formation at a point 660 feet from the North and West lines of Section 18, Township 23 South, Range 25 East, Rock Tank Gas Field, Eddy County, New Mexico.
- CASE 5368: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the contraction of the vertical limits of the Jalmat Gas Pool underlying the Langlie Jal Unit Area in all or portions of Sections 31 and 32, Township 24 South, Range 37 East, and Sections 4, 5, 6, 8, 9, and 17, Township 25 South, Range 37 East, Lea County, New Mexico, to delete the Seven Rivers formation from said pool, and for the extension of the vertical limits of the Langlie-Mattix Pool underlying said area to include therein all of the Seven Rivers formation.
- CASE 5369: Application of Texas Pacific Oil Company, Inc., for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Tidwel No. 1 Well, located 990 feet from the South line and 660 feet from the East line of Section 22, Township 17 South, Range 26 East, Kennedy Farms-Morrow Gas Pool, Eddy County, New Mexico, the E/2 of said Section 22 to be dedicated to the well.
- CASE 5370: Application of American Quasar Petroleum Co. of New Mexico for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Tippin Ranch Unit Area comprising 3840 acres, more or less, of Federal, State, and fee lands in Township 23 South, Range 23 East, Eddy County, New Mexico.
- CASE 5371: Application of Amoco Production Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of its South Hobbs Unit Area comprising 5074 acres, more or less, of State and Fee lands in Townships 18 and 19 South, Range 38 East, Lea County, New Mexico.
- CASE 5372: Application of Amoco Production Company for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project on its South Hobbs Unit by the injection of water into the Grayburg and San Andres formations through 45 injection wells in Sections 3, 4, 5, 6, 8, 9, 10, 15, and 16, Township 19 South, Range 38 East, Lea County, New Mexico, and the promulgation of special rules therefor including, among other things, an administrative procedure whereby the project may be expanded by the drilling or conversion of additional injection wells without further notice and hearing.
- CASE 5374: Application of Continental Oil Company for simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of a 480-acre non-standard gas proration unit comprising the N/2 and SE/4 of Section 23, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to its Meyer B-23 Wells Nos. 1, 2, 3, and 4, located at unorthodox locations in Units C, O, E, and G, respectively, of said Section 23.

L. P. Thompson
Division Manager
Production Department
Hobbs Division

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

November 1, 1974

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

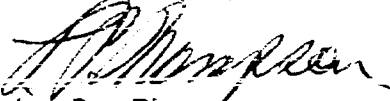
ATTN: Mr. A. L. Porter Jr., Sec-Dir.

Gentlemen:

Application For Hearing - Meyer B-23 NSP Unit - Jalmat Pool
Lea County, NM

Attached, in triplicate, is our application for hearing for joint allocation of the 480-acre Meyer B-23 NSP Unit to Wells 1, 2, 3 and 4. Please set this matter for hearing on the November 26 examiner docket.

Very truly yours,



L. P. Thompson

im

cc: JCC, FOH, JWK

DOCKET MAILED

Date 11-15-74

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF CONTINENTAL OIL COMPANY FOR THE
JOINT ALLOCATION OF A NON-STANDARD
480-ACRE GAS PRORATION UNIT IN THE
JALMAT POOL TO ITS MEYER B-23 WELLS
NOS. 1, 2, 3 and 4, LOCATED IN UNITS
C, O, E and G OF SECTION 23, T-22S,
R-36E, LEA COUNTY, NEW MEXICO

A P P L I C A T I O N

Applicant, Continental Oil Company, hereby requests the allocation of a non-standard 480-acre gas proration unit consisting of N/2 and SE/4 Section 23, T-22S, R-36E, jointly to its Meyer B-23 Wells Nos. 1, 2, 3 and 4 located in Units C, O, E and G, respectively, in said Section 23 and in support thereof would show:

1. Applicant is operator and co-owner of the Meyer B-23 Lease comprising N/2 and SE/4 of Section 23, T-22S, R-36E, Lea County, New Mexico.
2. Order No. R-4064 allocated said unit jointly to Wells Nos. 1, 2 and 3.
3. Said Unit has become under-produced due to the inability of the wells to produce the assigned allowable. Consequently Well No. 4 located 1980' FNL and 1980' FEL of said Section 23 has been drilled and completed as a gas well in the Jalmat Pool.
4. The addition of Well No. 4 to the Unit should enable the wells to produce their assigned allowable and thus protect the correlative rights of the owners of the lease.
5. The granting of this application will prevent waste and will not impair correlative rights.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing before the Commission's duly appointed Examiner and upon hearing an order be entered approving the joint allocation of the 480-acre unit as described above.

Respectfully submitted,

CONTINENTAL OIL COMPANY


L. P. Thompson
Division Manager
Production

DRAFT

dr/

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 CONTINENTAL OIL
COMPANY FOR SIMULTANEOUS DEDICATION,
LEA COUNTY, NEW MEXICO.

CASE NO. 5374

Order No. R-4931

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NOW, on this day of December, 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
operator of a non-standard 480-acre gas proration unit comprising
the N/2 and SE/4 of Section 23, Township 22 South, Range 36
East, NMPM, Lea County, New Mexico, which is presently dedicated
to applicant's Meyer B-23 Wells Nos. 1, 2, 3, ^{and} ~~4~~, located
at unorthodox locations in Units C, O, E, ^{and} ~~C~~, respectively,
of said Section 23.

(3) That the producing capacity of ~~said Well No~~ ^{the aforesaid wells has} ~~has~~ declined to the extent that ~~it is~~ ^{they are} incapable of producing the allowable for said unit.

(4) That ~~said Well No.~~ ^{applicant has drilled its Meyer B-23} ~~of~~ ^{and said well} located in Unit ~~C~~ ^G of said Section 23, is capable of ~~marginal~~ production ^{from the} ~~only~~ ^{Jalmat Gas Pool}

(5) That the applicant seeks approval for the simultaneous dedication of the subject non-standard proration unit to its Meyer B-23 Wells Nos. 1, 2, 3, and 4, with the allowable assigned to said unit to be produced from said wells in any proportion.

(6) That approval of the subject application will better enable the applicant to produce its just and equitable share of the gas in the Jalmat Gas Pool and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, is hereby authorized ^{to} simultaneously dedicate its 480-acre non-standard gas proration unit, consisting of the N/2 and SE/4 of Section 23, Township 22 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico, to its Meyer B-23 Wells Nos. 1, 2, 3, and 4, located in Units C, O, E, and G, respectively, of said Section 23.

(2) That the allowable assigned to the above-described non-standard gas proration unit shall be based on the unit size of 480-acres and that the operator may produce the allowable assigned to the unit from the subject wells in any proportion.

(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.