

# CASE No.

5425

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#### NEW MEXICO OIL CONSERVATION COMMISSION

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Hearing Date MARCH 5, 1975

TIME: 9 A.M.

CHARLES M. GOOD	REPRESENTING  SELF	ROOM 205
Gene Gradick	Amoro Production Co	· Houston
JF Eichelmann Jo	EPNG.	32.X.E
Bart Isiles	Amoco	Denue
Occar Swan	Amoco Fooduction	Co Denver
Paul Cooter	Atwoods Willow	
John T. Mahaffey	Reading + Bates 0:14 Gas	Co Tulsa Okla
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#### NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

	SANTA FE , NEW	MEXICO		
Hearing Date	MARCH 5, 1975	TIME: 9 A.M.		
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## NEW MEXICO OIL CONSERVATION COMMISSION Santa Fe, New Mexico March 5, 1975

## EXAMINER HEARING

## IN THE MATTER OF:

Application of Continental Oil Company for an unorthocox location and simultaneous dedication, Lea County, New Mexico.

Case No. 5425

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

# APPEARANCES

For the New Mexico Oil Conservation Commission:

William Carr, Esq.
Legal Counsel for the
Commission
State Land Office Bldg.
Santa Fe, New Mexico

MR. STAMETS: We call the next case, 5425.

MR. CARR: Case 5425. Application of Continental Oil Company for an unorthodox location and simultaneous dedication, Los County, New Mexico.

Mr. Examiner, this Case was readvertised correcting the unit numbers. It was previously heard and there are no appearances in the Case and it should be taken under advisement.

MR. STAMETS: Are there any appearances in Case 5425? The Case will be taken under advisement.

STATE OF NEW MEXICO )
COUNTY OF SANTA FE

I, RICHARD L. NYE, Court 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.

RICHARD L. NYE, Lart Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5 125

New Mexico Oil Conservation Commission

# BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION Santa Fe, New Mexico February 19, 1975

#### EXAMINER HEARING

## IN THE MATTER OF:

Application of Continental Oil Company for an unorthodox location and simultaneous dedication, Lea County, New Mexico. Case No. 5425

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

## APPEARANCES

For the New Mexico Oil Conservation Commission:

Thomas Derryberry, Esq. Legal Counsel for the Commission State Land Office Bldg. Santa Fe, New Mexico

For the Applicant:

Thomas Kellahin, Esq. KELLAHIN & FOX 500 Don Gaspar Santa Fe, New Mexico

## INDEX

PAGE

VICTOR T. LYON

Direct Examination by Mr. Keilahin

EXHIBITS

Admitted

Marked

8

Conoco's Exhibits Nos. 1 and 2

MR. NUTTER: Call the next case, No. 5425.

MR. DERRYBERRY: Case 5425. Application of Continental Oil Company for an unorthodox location and simultaneous dedication, Lea County, New Mexico.

MR. NUTTER: At the outset we will note that we have an error in the Notice of Hearing in this Case for one of the units only. We will hear both units but we will have to continue the Case to the Examiner Hearing scheduled to be held at this same place at 9:00 A.M., March the 5th, 1975. In the notice for the 480-acre unit the wells were mixed up in the description; the wells in Section 14 were described as being in Section 13 and the wells in Section 13 were described as being in Section 14. The other unit is okay; it won't be readvertised.

MR. KELLAHIN: Tom Kellahin, Kellahin & Fox,

Santa Fe, New Mexico, appearing on behalf of the Applicant,

Continental Oil Company. I have one witness to be sworn.

(Witness 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 Please state your name, by whom you are employed, and in what capacity.
- A I'm Victor T. Lyon, employed by Continental Oil Company as Conservation Coordinator in our Hobbs Division Office located in Hobbs, New Mexico.
- Q Are you familiar with the facts surrounding this particular Application, Mr. Lyon?
  - A Yes, I am.
- Q And have you previously testified before this Commission and had your qualifications accepted?
  - A Yes, I have.

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

MR. NUTTER: Yes, they are.

#### BY MR. KELLAHIN:

Q Mr. Lyon, would you please refer to Exhibit No. 1, identify it and state briefly what Continental is seeking?

A Exhibit No. 1 is a location plat showing a portion of the Lockhart B lease outlined in red, which is the subject of this hearing. It is shown to consist of the West Half of Section 13 and the East Half East Half of Section 14

Township 21 South, Range 36 East, Lea County, New Mexico. An additional portion of the lease is shown as the West Half West Half of Section 14, but is not involved in this Application. The plat also shows the location and ownership of wells in the immediate area and it shows the three wells involved in this part of the Application circled in red. These are Wells Nos. 4 in Unit Hof Section 14, Well No. 7 in Unit D of Section 13, and Well No. 8 in Unit P of Section 14. This 480-acre proration unit was approved for joint allocation to Wells 4 and 7 by the provisions of Order No. R-3490. The proration unit has been marginal in nature and therefore Continental recently drilled its Lockhart B No. 8 at a location 660 feet from the south line and 660 feet from the east line of Section 14. The well was studded October 15th of 1974, and was completed November 11th, 1974. At this time we are asking that the 480-acre proration unit be assigned jointly to the three wells so that between the three of them they may produce the assigned allowable. We would like permission to produce the allowable between the three wells in any proportion.

Q Have you notified the offset operators with regard to your proposed Application?

- A Not other than by the published notice.
- Q You're not aware of any objections from the offset operators?
  - A No.
- Q In your opinion, will the wells as located here be reasonably expected to drain the proposed non-standard proration unit?
  - A We believe so.
- Q Do you have anything else you would like to add with regard to Exhibit No. 1?
  - A I don't believe so.
- Q Please refer now to Exhibit No. 2 and identify it.
- A Exhibit No. 2 is a similar location plat showing the State KN-12 lease and immediately surrounding area. This 320-acre lease is shown outlined in red consisting of the South Half of Section 12, Township 19 South, Range 36 East. The location and ownership of offsetting wells are shown to the best of our knowledge and belief and the two wells here involved are shown circled in red: Well No. 1, located in Unit P of Section 12 and Well No. 2 which has recently been drilled in Unit N of that same section.
  - Q What is the history of Well No. 1?

Well No. 1 has been producing for some time and had become a marginal producer. In February of 1974, a unit assigned to this well was reduced from 400 acres to 320 acres. Still the well was unable to produce the allowable assigned to it. Therefore, Continental has drilled Well No. 2 at a location 660 feet from the south line, 2180 feet from the west line of the section. It was spudded December 11th of 1974, and has not yet been completed except just to show it is productive of gas we are awaiting a gas connection so that we can take the production test into the pipeline.

How do you propose to handle the allowable assigned Q to the unit as between the two wells?

We would like authority to produce the assigned allowable between the two wells in any proportion. Did I give the order that established the current unit?

- You did not, not for this one. Q
- That was order No. R-4481. A

MR. NUTTER: For one well?

MR. LYON: For the No. 1 Well, yes, sir.

MR. NUTTER: Is that the order that did away with the old 400-acre unit and created the 320?

MR. LYON: Yes, sir.

Were Exhibits 1 and 2 prepared by you or under BY MR. KELLAHIN: Q your direction and supervision?

Yes, they were.

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

Yes, it will.

MR. KELLAHIN: If the Examiner please, we move the introduction of Exhibits 1 and 2.

MR. NUTTER: Conoco Exhibits 1 and 2 will be admitted into evidence.

(Whereupon, Conoco's Exhibits

Nos. 1 and 2 were admitted into

MR. KELLAHIN: That concludes our direct examin-

ation.

MR. NUTTER: Are there any questions of Mr. Lyon? He may be excused. Does anyone have anything they wish to offer in Case No. -- Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: No, sir.

MR. NUTTER: Does anyone have anything they wish

to offer in Case 5425? We will continue the Case for readvertising to the Hearing scheduled to be held at the same time on March the 5th, 1975, at the same place.

STATE OF NEW ME	XICO	)	
		)	SS
COUNTY OF SANTA	FE	)	

I, RICHARD L. NYE, Court 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.

RICHARD L. NYE, Court Reporter

I do hereby certify that the foregoing a complete record of the proceedings in the Examiner hearing of Case No. 3425 heard by me on 2/19 1975.

Wew Mexico Oil Conservation Commission



Aztec OCC

Other

# OIL CONSERVATION COMMISSION

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

March 25, 1975

CASE NO.

I. R. TRUJILLO CHAIRMAN

LAND COMMISSIONER PHIL R. LUCERO MEMBER

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

Mr. Tom Kellahin	ORDER NO
Kellahin & Fox	
Attorneys at Law Post Office Box 1769	Applicant:
Santa Fe, New Mexico	Continental Oil Company
والمنافي والمنافية	
Dear Sir:	
Enclosed herewith are two Commission order recently	o copies of the above-referenced ventered in the subject case.
	Very truly yours,
	A. Peter . h.
	nonmula.
	A. L. PORTER, Jr. Secretary-Director
	Secretary-pricesor
ALP/ir	
Copy of order also sent	to:
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Hobbs OCC X	

## 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. 5425 Order No. R-4988

APPLICATION OF CONTINENTAL OIL COMPANY FOR AN UNORTHODOX LOCATION AND SIMULTANEOUS DEDICATION, LEA COUNTY, NEW MEXICO.

#### ORDER OF THE COMMISSION

#### BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 5, 1975, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 25th day of March, 1975, 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 the Lockhart B Wells Nos. 7, 4, and 8, located, respectively, at unorthodox locations in Unit D of Section 13 and in Units H and P of Section 14, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico.
- (3) That the applicant seeks approval for the simultaneous dedication of a 480-acre non-standard gas proration unit comprising the W/2 of said Section 13 and the E/2 E/2 of said Section 14 to the above-described wells.
- (4) That the applicant is also the owner and operator of the State KN-12 Wells Nos. 1 and 2, located, respectively, at an unorthodox location in Unit P and at an orthodox location in Unit N of Section 12, Township 19 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico.
- (5) That the applicant seeks approval for the simultaneous dedication of a 320-acre non-standard gas proration unit comprising the S/2 of said Section 12 to the above-described wells.

Case No. 5425 Order No. R-4938

- (6) That the applicant further seeks authority to produce the allowable assigned to each of the units from the aforesaid wells on each unit in any proportion.
- (7) That approval of the application will better enable the applicant to produce the gas under each of the subject proration units 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 a 480-acre non-standard gas proration unit comprising the W/2 of Section 13 and the E/2 E/2 of Section 14, Township 21 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, to its Lockhart B Wells Nos. 7, 4, and 8, located, respectively, at unorthodox locations in Unit D of said Section 13 and in Units H and P of said Section 14.
- (2) That the allowable assigned to the above-described unit shall be based upon the unit size of 480 acres; that the operator may produce the allowable assigned to the unit from the subject wells in any proportion.
- (3) That the applicant is further authorized to simultaneous ly dedicate a 320-acre non-standard gas proration unit comprising the S/2 of Section 12, Township 19 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, to its State KN-12 Wells Nos. 1 and 2, located, respectively, at an unorthodox location in Unit P and at an orthodox location in Unit N of said Section 12.
- (4) That the allowable assigned to the above-described unit shall be based upon the unit size of 320 acres; that the operator may produce the allowable assigned to the unit from the subject wells in any proportion.
  - (5) That Commission Order No. R-3490 is hereby superseded.
- (6) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

Case No. 5425 Order No. R-4988

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

L. PORTER, Jr., Member Secretary

SEAL

Dockets Nos. 6-75 and 7-75 are tentatively set for hearing on March 5 and March 19, 1975. Applications for hearing must be filed at least 22 days in advance of hearing date.

#### DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 19, 1975

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas for March, 1975, from seventeen prorated pools in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico.
  - (2) Consideration of the allowable production of gas for March, 1975, from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
  - (3) Consideration of purchaser's nominations for the one-year period beginning April 1, 1975, for both of the above areas.

#### CASE 5402: (Continued from the January 22, 1975 Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Tyra & Tyra, Fidelity and Deposit Company of Maryland and all other interested parties to appear and show cause why the Tyra & Tyra BTA Lulu Well No. 1 located in Unit C of Section 22, Township 9 South, Range 35 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

- CASE 5415: Application of Burk Royalty Co. for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Double L Queen Unit Area, comprising 2670 acres, more or less, of Federal, State, and fee lands in Townships 14 and 15 South, Ranges 29 and 30 East, Chaves County, New Mexico.
- CASE 5416: Application of Tesoro Petroleum Corporation for a unit agreement, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Coal Creek Unit Area comprising 11,225 acres, more or less, of State and Federal lands in Township 23 North, Ranges 12 and 13 West, San Juan County, New Mexico.

#### CASE 5409: (Continued from the February 5, 1975, Examiner Hearing)

Application of Atlantic Richfield Company for a non-standard gas proration unit, an unorthodox gas well location, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit comprising the SE/4 of Section 12 and the NE/4 of Section 13, both in Township 24 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its George W. Toby WN Wells Nos. 4, 1, and 1-A, located, respectively, in Units A and H of said Section 12 and in Unit A of said Section 13.

- CASE 5417: Application of Atlantic Richfield Company for a non-standard gas proration unit, two unorthodox locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 640-acre non-standard gas proration unit comprising the S/2 of Section 24 and the N/2 of Section 25, both in Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its McDonald State WN Wells Nos. 12 and 24, located, respectively, at unorthodox locations in Unit M of Section 24, and in Unit E of Section 25.
- CASE 5418: Application of Joel B. Burr, Jr. and William J. Cooley for permission to flare casinghead gas, McKinley County, New Mexico. Applicants, in the above-styled cause, seek an exception to Order No. R-4070, to permit the flaring of casinghead gas produced by their Coleman Well No. 2, located in Unit C of Section 8, Township 17 North, Range 2 West, Lone Pine Dakota D 0il Pool, McKinley County, New Mexico.
- CASE 5419: Application of J. Gregory Merrion & Robert L. Bayless for downhole commingling, Rio Arriba County, New Mexico. Applicants, in the above-styled cause, seek authority to commingle Gavilan-Pictured Cliffs and Blanco-Mesaverde production in the wellbore of their North Lindrith Unit Com Well No. 1, located in Unit M of Section 20, Township 26 North, Range 2 West, Rio Arriba County, New Mexico.
- CASE 5420: Application of Texaco, Inc., for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to convert its New Mexico "DM" State (NCT-1) Well No. 1, located in Unit N of Section 21, Township 13 South, Range 33 East, Lazy J Pennsylvanian Pool, Lea County, New Mexico, to dispose of produced salt water into the Pennsylvanian formation through the perforated interval from approximately 9742 to 9792 feet.
- CASE 5421: Application of Texaco, Inc., for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Justis Tubb-Drinkard and North Justis-Fusselman production in the wellbore of its G. L. Erwin "B" Federal Well No. 3, located in Unit I of Section 35, Township 24 South, Range 37 East, Lea County, New Mexico.
- CASE 5422: Application of Hilliard Oil and Gas, Inc., for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of temporary special rules for the EK-Bone Springs Pool, in Township 18 South, Range 34 East, Lea County, New Mexico, including a provision for 80-acre spacing and proration units.

(Reopened) (Continued from the January 22, 1975, Examiner Hearing)

In the matter of Case 5122 being reopened pursuant to the provisions of Order No. R-4693, which order established temporary special pool rules for the East Lusk-Wolfcamp Oil Pool, Lea County, New Mexico, including a provision for 160-acre spacing and proration units and a limiting gas-oil ratio of 4000 to 1. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing and proration units with a limiting gas-oil ratio of

CASE 5122:

2000 to 1.

CASE 5423:

Application of Cities Service Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in formations of Pennsylvanian age or older underlying the W/2 of Section 29, Township 21 South, Range 27 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at an orthodox location within the spacing 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 5424:

Application of Cities Service Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Dark Canyon Unit Area, comprising 2560 acres, more or less, of State lands in Township 23 South, Range 25 East, Eddy County, New Mexico.

CASE 5425:

Application of Continental Oil Company for an unorthodox location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of a non-standard 480-acre gas proration unit comprising the W/2 of Section 13 and the E/2 E/2 of Section 14, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to its Lockhart B Wells Nos. 4 and 8, located at unorthodox locations in Units H and P, respectively, of Section 13, and to its Lockhart B Well No. 7, at an unorthodox location in Unit D of said Section 14. Applicant further seeks approval for the simultaneous dedication of a 320-acre non-standard gas proration unit comprising the S/2 of Section 12, Township 19 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to its State KN-12 Wells Nos. 1 and 2, located at unorthodox locations in Units P and N, respectively, of said Section 12.

CASE 5426:

Application of Continental Oil Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Bell Lake Unit Well No. 16 to be drilled 660 feet from the North and East lines of Section 7, Township 24 South, Range 34 East, South Bell Lake-Morrow Gas Pool, Lea County, New Mexico, the N/2 of said Section 7 to be dedicated to said well.

CASE 5427:

Application of Penroc Oil Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Allied B Com Well No. 1, located in Unit K of Section 27, Township 20 South, Range 27 East, Eddy County, New Mexico, in such a manner as to produce oil from the Bone Springs formation through tubing and gas from the Morrow formation through the casing-tubing annulus by means of a cross-over assembly.

CASE 5428: Application of Amax Chemical Corporation for the extension of the Potash-Oil Area, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the Potash-Oil Area in Eddy County, New Mexico, as defined by Order No. R-11-A, as amended, by the addition of the following described lands:

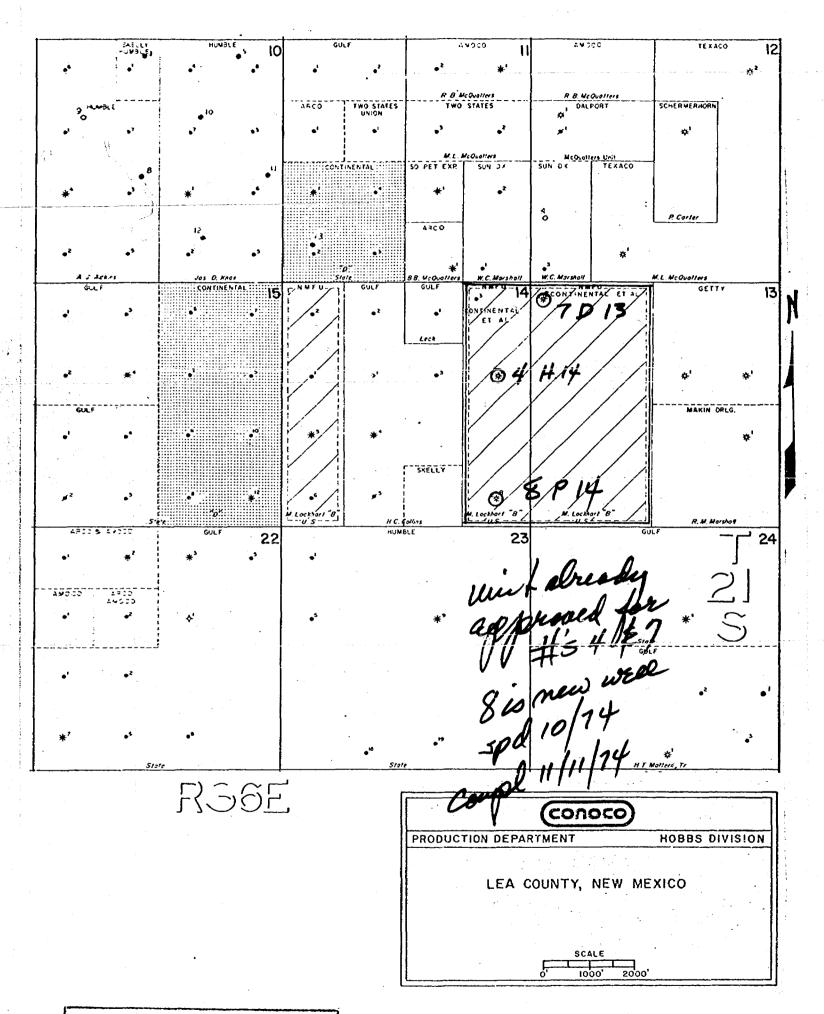
TOWNSHIP 19 SOUTH, RANGE 29 EAST

Section 13: S/2 SE/4 Section 14: W/2 SW/4

Section 23: N/2 NW/4, SE/4 NW/4, S/2 NE/4 Section 24: NW/4, W/2 NE/4, NE/4 NE/4

TOWNSHIP 19 SOUTH, RANGE 30 EAST

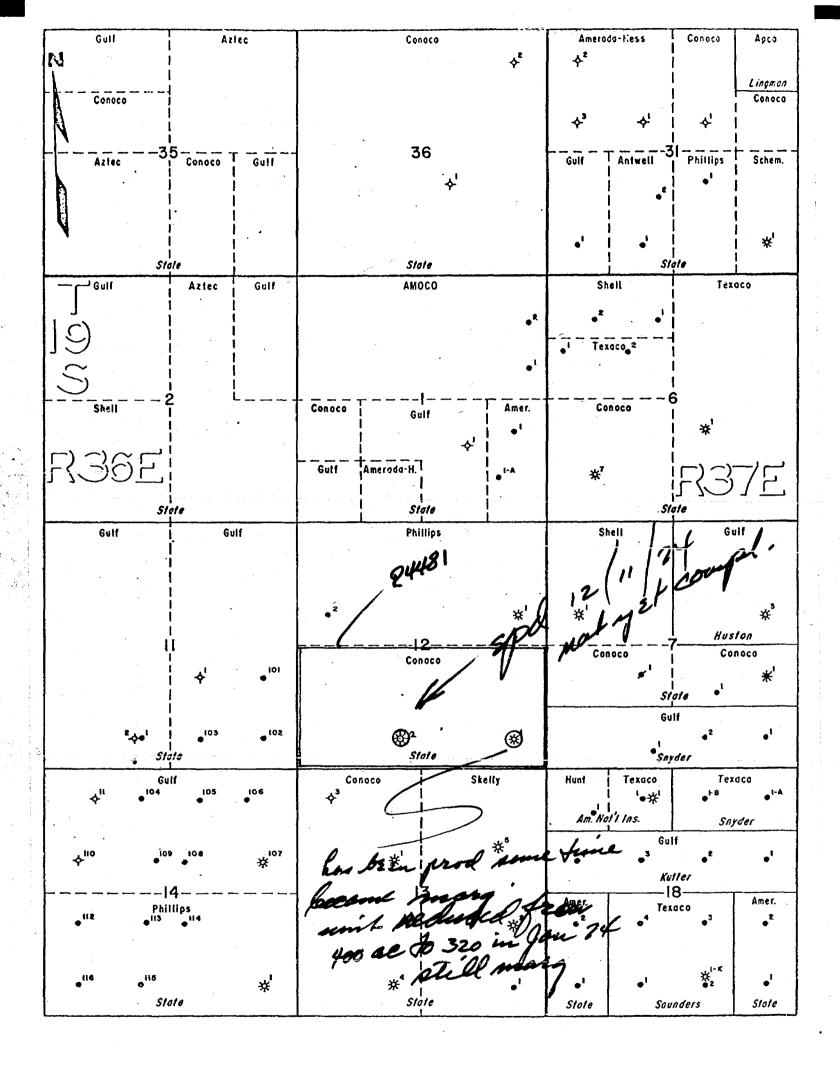
Section 14: W/2 NE/4 Section 18: SW/4



BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION

LONGLO EXHIBIT NO. 1

CASE NO. 5325



BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
LONG. EXHIBIT NO. 2
CASE NO. 5425

Dockets Nos. 7-75 and 8-75 are tentatively set for hearing on March 19 and April 2, 1975. Applications for hearing must be filed at least 22 days in advance of hearing date.

#### DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 5, 1975

9 A.M. - OIL CONSERVATION COMMISSION 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 5425: (Continued and Readvertised)

Application of Continental Oil Company for an unorthodox location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of a non-standard 480-acre gas proration unit, comprising the W/2 of Section 13 and the E/2 E/2 of Section 14, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to its Lockhart B Wells Nos. 4 and 8, located at unorthodox locations in Units H and P, respectively, of Section 14, and to its Lockhart B Well No. 7, at an unorthodox location in Unit D of said Section 13.

CASE 5408: (Continued from the February 5, 1975, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit W. E. Medlock and Reliance Insurance Company and all other interested parties to appear and show cause why the Queen Ridge No. 1 Well located in Unit M of Section 36, Township 10 South, Range 26 East, Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5414: (Continued and Readvertised)

Application of Continental Oil Company for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a non-standard 360-acre gas proration unit comprising the SE/4 and E/2 SW/4 of Section 28 and the N/2 NE/4 and NE/4 NW/4 of Section 33, both in Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its Meyer B-28 A Com Acct. 2 Wells Nos. 2 and 3, located, respectively, in Unit O of said Section 28 and in Unit C of said Section 33.

CASE 5429: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Charles M. Goad and United States Fidelity & Guaranty Company and all other interested parties to appear and show cause why the Charles M. Goad, State No. 1 Well located in Unit M of Section 28, Township 2 South, Range 26 East, De Baca County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

- CASE 5431: Application of David C. Collier for an unorthodox well location,

  Eddy County, New Mexico. Applicant, in the above-styled cause,
  seeks approval for the unorthodox location of his Kersey Well
  No. 1-Y, to be drilled 1980 feet from the South line and 2330
  feet from the West line of Section 33, Township 18 South, Range
  28 East, Artesia Pool, Eddy County, New Mexico.
- CASE 5432: 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 Robinia Draw Unit Area, comprising 4,739 acres, more or less, of State and Federal lands—in Townships 22 and 23 South, Ranges 23 and 24 East, Eddy County, New Mexico.
- CASE 5433: Application of Southern Union Gas Company for suspension and amendment of certain provisions of Rules 14(A), 15(A), and 15(B), of the General Rules and Regulations for the prorated gas pools of Southeastern New Mexico as applied to the Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks suspension for a period of one year from April 1, 1975, of those provisions of Rules 14(A), 15(A), and 15(B), of the General Rules and Regulations for the prorated gas pools of Southeastern New Mexico promulgated by Order No. R-1670, as amended, that provide for the cancellation of underproduction and the shutting-in of overproduced wells as applied to the Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico.
- CASE 5434: Application of Amoco Production Company for a pilot pressure maintenance project, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot pressure maintenance project by the injection of gas through its Navajo Tribal "U" Wells Nos. 3 and/or 8, located, respectively, in Units M and F of Section 16, Township 26 North, Range 18 West, Tocito Dome-Pennsylvanian "D" 0il Pool, San Juan County, New Mexico.
- CASE 5435: Application of Mesa Petroleum Co. for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Nash Unit Well No. 1, located in Unit H of Section 13, Township 23 South, Range 29 East, Eddy County, New Mexico, in such a manner as to produce gas from the Strawn formation through tubing and gas from the Morrow formation through the casing-tubing annulus by means of a cross-over assembly.
- CASE 5436: Application of William G. Ross for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in formations of Pennsylvanian age or older underlying the E/2 of Section 3, Township 18 South, Range 26 East, Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South and East lines, or in the alternative 990 feet from the South line and 660 feet from the East line of said Section 3. 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.

Application of Atlantic Richfield Company for two unorthodox locations and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of a standard 640-acre gas proration unit comprising all of Section 14, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to its McDonald State WN Wells Nos. 11 and 27, located, respectively, in Units D and O of said Section 14.

CASE 5430: Southeastern New Mexico nomenclature case calling for the creation, abolishment, extension and contraction of certain pools in Eddy, Lea and Roosevelt Counties, New Mexico:

(a) CREATE A new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Avalon-Atoka Gas Pool. The discovery well is the Atlantic Richfield Company State BR Well No. 1, located in Unit K of Section 16, Township 21 South, Range 26 East, NMPM. Said pool would comprise:

# TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM SECTION 16: S/2

(b) CREATE A new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Southeast Bagley-Wolfcamp Pool. The discovery well is the Anderson Oil & Gas Company, Inc. Hess State Well No. 1 located in Unit L of Section 34, Township 11 South, Range 33 East, NMPM. Said pool would comprise:

# TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM SECTION 34: SW/4

(c) CREATE A new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the South Flying "M"-Atoka Gas Pool. The discovery well is the Phillips Petroleum Company Marg "A" Com Well No. 1 located in Unit K of Section 25, Township 9 South, Range 32 East, NMPM. Said pool would comprise:

## TOWNSHIP 9 SOUTH, RANGE 32 EAST, NMPM SECTION 25: S/2

(d) CREATE A new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the North Pearl-Morrow Gas Pool. The discovery well is the Dorchester Exploration, Inc. Henry Record Well No. 1, located in Unit I of Section 26, Township 19 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM SECTION 26: S/2

(e) ABOLISH the Arrowhead-Drinkard Pool in Lea County, New Mexico, described as:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM SECTION 36: SW/4

(f) EXTEND the Drinkard Pool in Lea County, New Mexico,

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM SECTION 36: SE/4

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM SECTION 31: SW/4

- (g) CONTRACT the vertical limits of the South Flying "M"-Pennsylvanian Pool in Lea County, New Mexico, to include only the Bough formations and redesignate said South Flying "M"-Pennsylvanian Pool as the South Flying "M"-Bough Pool.
- (h) EXTEND the Atoka-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM SECTION 1: E/2 SECTION 12: E/2

(i) EXTEND the Blinebry Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM SECTION 36: SE/4

(j) EXTEND the Bluitt-Wolfcamp Gas Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 37 EAST, NMPM SECTION 34: SW/4

TOWNSHIP 8 SOUTH, RANGE 37 EAST, NMPM SECTION 3: W/2 SECTION 10: NW/4

(k) EXTEND the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM SECTION 15: All SECTION 28: All

(1) EXTEND the Cemetary-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TCWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM SECTION 7: E/2 SECTION 21: W/2

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(m) EXTEND the South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM SECTION 31: N/2

(n) EXTEND the Forty Niner Ridge-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 30 EAST, NMPM SECTION 21: N/2

(o) EXTEND the Kennedy Farms-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM SECTION 27: N/2

(p) EXTEND the La Rica-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM SECTION 33: All

(q) EXTEND the Red Lake-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM SECTION 18: S/2

(r) EXTEND the Todd Wolfcamp Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 35 EAST, NMPM SECTION 27: NE/4

(s) EXTEND the Tubb Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM SECTION 2: SE/4



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

OE CONS EVAPION COMM

January 27, 1975

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

Attention Mr. A. L. Porter Jr. - Secretary-Director

Gentlemen:

Application For Joint Allocation of Gas Proration Units in the Eumont Pool

Attached in triplicate are applications for joint allocation of non-standard gas proration units in the Eumont Pool on our Lockhart B and State KN-12 leases. We should appreciate your setting these matters for hearing on your February 19, docket. It will be satisfactory for you to combine these applications into one case for hearing purposes, if you desire.

Yours very truly,

L. P. Thompson Division Manager

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Enc

CC: JCC: FOH: JWK

#### BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF CONTINENTAL OIL COMPANY FOR APPROVAL OF A NONSTANDARD LOCATION OR ITS LOCKHART B WELL NO. 8 AND FOR THE JOINT ALLOCATION OF AN EXISTING 480-ACRE UNIT TO LOCKHART B WELLS NOS. 4, 7 AND 8, LOCATED IN SECTIONS 13 AND 14, TOWNSHIP 21 SOUTH, RANGE 36 EAST, IN THE EUMONT GAS POOL, LEA COUNTY, NEW MEXICO

#### APPLICATION

Applicant, Continental Oil Company, hereby respectfully requests approval of a nonstandard location for its Lockhart B Well No. 8, and for the joint allocation of the existing 480-acre nonstandard gas proration unit in the Eumont Gas Pool to Wells Nos. 4, 7 and 8, in Sections 13 and 14, T-21S, R-36E, Lea County, New Mexico, and in support thereof would show:

- 1. Applicant is the operator and co-owner of the Lockhart B Lease consisting of, in addition to other lands, W/2 Section 13 and E/2 E/2 Section 14, T-21S, R-36E, Lea County, New Mexico.
- 2. Applicant has heretofore drilled oil and gas wells on said lease, including Eumont Gas Wells No. 4 in Unit H of Section 14 and No. 7 in Unit D of Section 13.
- 3. Order R-3490 approved the joint allocation of said 480-acre nonstandard gas proration unit to Wells Nos. 4 and 7.
- 4. Applicant has recently drilled and completed its Well No. 8 located 660' FS&EL of Section 14.
- 5. The addition of Well No. 8 to the proration unit should enable the three wells to produce the allowable assigned to the unit. Permission is requested to produce the allowable between the wells in any proportion.
- 6. The granting of this application will result in the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicant respectfully requests this matter be set for hearing before the Commission's duly appointed Examiner and upon hearing an order be entered authorizing the nonstandard location and joint allocation of acreage as described above.

Respectfully submitted,

CONTINENTAL OIL COMPANY

Division Manager

DOCKET MAILED

Date 2-7-75

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## BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF CONTINENTAL OIL COMPANY FOR JOINT ALLOCATION OF A 320-ACRE NONSTANDARD GAS PRORATION UNIT IN THE EUMONT POOL TO ITS STATE KN-12 WELLS NOS. 1 AND 2 LOCATED IN UNITS P AND N, RESPECTIVELY, IN SECTION 12, TOWNSHIP 19 SOUTH, RANGE 36 EAST, LEA COUNTY, NEW MEXICO

#### APPLICATION

Applicant, Continental Oil Company, respectfully requests approval to allocate an existing 320-acre nonstandard gas proration unit in the Eumont Gas Pool jointly to its State KN-12 Wells Nos. 1 and 2, located in Units P and N, respectively, in Section 12, T-195, R-36E, Lea County, New Mexico, and in support thereof would show:

- 1. Applicant is the owner of the State KN-12 Lease consisting of S/2 Section 12, T-19S, R-36E, Lea County, New Mexico.
- 2. Applicant's State KN-12 Well No. 1 located 660' FS&EL of said Section 12 has heretofore been completed as a Eumont Gas Well and has assigned to it said 320 acres under the provisions of R-4481.
- 3. Said State KN-12 No. 1 well has been unable to produce its assigned allowable and is classified as a marginal well.
- 4. Applicant has recently drilled and completed its State KN-12 No. 2 at a location 660' FSL and 2,180' FWL of said Section 12.
- 5. Applicant desires to assign the 320-acre unit to said wells jointly and to produce the allowable assigned to said two wells in any proportion.
- 6. Granting of this application will result in the prevention of waste and protection of 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 acreage as described above. Respectfully submitted,

CONTINETNAL OIL COMPANY

L. P. Thompson
Division Manager
Production

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# 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. 5425:
Order No. R- 4950

APPLICATION OF CONTINENTAL OIL COMPANY FOR AN UNORTHODOX LOCATION AND SIMULTANEOUS DEDICATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

### BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 5 , 195 at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this day of March , 1975, 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 the Lockhart B Wells Nos. 7, 4, and 8, located, respectively, at unorthodox locations in Unit D of Section 13 and in Units H and P of Section 14, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico.

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- (3) That the applicant seeks approval for the simultaneous dedication of a 480-acre non-standard gas proration unit comprising the W/2 of said Section 13 and the E/2 E/2 of said Section 14 to the above-described wells.
- (4) That the applicant is also the owner and operator of the State KN-12 Wells Nos. 1 and 2, located, respectively, at an unorthodox location in Unit P and at an orthodox location in Unit N of mail Section 12, Township 19 South, Range 36 East,/Eumont Gas Pool, Lea County, New Mexico.
- (5) That the applicant seeks approval for the simultaneous dedication of a 320-acre non-standard gas proration unit comprising the S/2 of said Section 12 to the above-described wells.
- (6) That the applicant further seeks authority to produce the allowable assigned to each of the units from the aforesaid wells on each unit in any proportion.
- (7) That approval of the application will better enable the applicant to produce the gas under each of the subject proration units 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 a 480-acre non-standard gas proration unit comprising the W/2 of Section 13 and the E/2 E/2 of Section 14, Township 21 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, to its Lockhart B Wells Nos. 7, 4, and 8, located, respectively, at unorthodox locations in Unit D of said Section 13 and in Units H and P of said Section 14.

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(2) That the allowable assigned to the above-described unit shall be based upon the unit size of 480 acres; that the operator may produce the allowable assigned to the unit from the subject wells in any proportion.

dedicate a 320-acre non-standard gas proration unit comprising the S/2 of Section 12, Township 19 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, to its State KN-12 Wells Nos. 1 and 2, located, respectively, at an unorthodox location in Unit P and at an emorthodox location in Unit N of said Section 12.

- (4) That the allowable assigned to the above-described unit shall be based upon the unit size of 320 acres; that the operator may produce the allowable assigned to the unit from the subject wells in any proportion.
  - (5) That Commission Order No. R-3490 is hereby superseded.
- (6) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

for un lexarthe der Societies and Benul-funesus Solicities, for Carry, Maries. MA115-RLS 1) durisdiction (2) That the applicant Continental Oil Company, is the Owner and Operator of the book hart B Wells No. 7, 4, and 8, Cocaled, lat importance loestions in Unit Dog Section 13 and in Units Hand P of Countries Pour 14, Township 21 South, Runge 36 East Jac County, Marino. (3) That the applicant works approved for the Dimitances of a 400 acre pon-standard gus proruien unit sompruing the W/2 gf said to the above - described wells. (1) That the applicant to also the surrer and operator of the State KN-12 Wells Nos 1 and 2, Cocated respectuely, of an Worthodox location In with and at on the orthodox lareties in Unit Nof Stait laction 12, Township 19 Houth, Engl 36 East, Flimont Car Pad, Low County, (5) That the applicant Dooks approval for the almultaneous Addication of a 320-acre non-Drandard gas provation finit comprising the

S/2 of said 12 to the slove described wells. (6) That the applicant further socto authority to produce the allowable arrayme to lack of the lines from the expression (1) West approval of the application will beller mable the spleant to produce the gas under luch of the Bulgest Providion protest correlative rights ORDEREIS (1) That the applican Continential Oil Company to hardly buttorized to Dimultaneously Addicte a 480-acre non-standard goo providion unil comprising the 4/20 Allies 13 culthe E/2 E/2 & Lection 14, Township 21 South, Pary o 36 East, Eumont Gas Pool, for loundy, now Moster to the Lockhart B Wells No. 7, 4, and E, Vocaled, Nesportwelly at unorthodox locations in Unit Dog Jether paux Lection 13, and in Onito Hand P of Said Lection 14. (2) That the allowalle fate assigned to the above described Unit shall be based upon The line sine of 980 acres; that the operafor my forodice the allowable assigned to the linit from the subject wells in any propartion.

(5) that the complicant to fluster tellorized to simultanaisely dedicité à 320-bere Mon standard gas provition limit comprising Action 18, Township 19 South, Range 36 End, Mexico fo ito State KN-12 Wells Noo, I int 2, located, respectively, at an introdos loca-tion in Unit Paris at an unorthodox loca-tion in Unit Paris Section 12. (4) That the allowed be assigned to the alone described will shall be based was the unit size of poures; that the operator my produce the allowable assigned to the unit from the subject wells in any proportion. (5) That Commission Order 110 3490 to horely superseded (6) ( prisaintion

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