

CASE 5795: CONTINENTAL OIL CO.
FOR AN EXCEPTION TO THE PROVISIONS
OF ORDER NO. R-1670, RIO ARRIBA 7
COUNTY, NEW MEXICO

CASE NO.

5795

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 27, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil Company) CASE
for an exception to the provisions of) 5795
Order No. R-1670, Rio Arriba County,)
New Mexico.)

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: Lynn Teschendorf, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant: Jason W. Kellahin, Esq.
KELLAHIN & FOX
Attorneys at Law
500 Don Gaspar
Santa Fe, New Mexico

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

Page 2

I N D E X

	<u>Page</u>
<u>VICTOR T. LYON</u>	
Direct Examination by Mr. Kellahin	3
Cross Examination by Mr. Nutter	7
Cross Examination by Mr. Kendrick	9

EXHIBIT INDEX

	<u>Offered</u>	<u>Admitted</u>
Continental Exhibit One, Plat	4	7

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

Page 3

1 MR. NUTTER: We will call next Case Number 5795.

2 MS. TESCHENDORF: Case 5795, application of Continental
3 Oil Company for an exception to the provisions of Order
4 No. R-1670, Rio Arriba County, New Mexico.

5 MR. KELLAHIN: If the Examiner please, may the
6 record show the same appearance as in the previous case and
7 that the witness has been sworn.

8 MR. NUTTER: The record will so show. Go ahead.

9
10 VICTOR T. LYON

11 called as a witness, having been previously sworn, was
12 examined and testified as follows:

13
14 DIRECT EXAMINATION

15 BY MR. KELLAHIN:

16 Q Mr. Lyon, are you familiar with the application of
17 Continental Oil Company in Case 5795?

18 A Yes, I am.

19 Q What is proposed by the applicant in this case?

20 A This is the application of Continental Oil Company
21 for exception to Rule 21-A of the General Rules and Regulations
22 for prorated gas pools in the Northwest part of New Mexico
23 contained in Order No. R-1670 for the Northeast Haynes Lease
24 and the Dakota wells located thereon.

25 Q Now with reference to what has been marked as

1 Exhibit Number One in this case, would you discuss the present
2 situation on that lease and the reason for your proposal?

3 A This actually is an outgrowth of an earlier
4 application which we had and an order which was entered in
5 it. It is Order Number R-5205 in Case Number 5652 wherein we
6 requested authority to downhole commingle Basin Dakota and
7 Otero Gallup production in eight wells located on our Northeast
8 Haynes Lease and it appears that we neglected, through
9 ignorance, to get exception to Rule 21-A which requires that
10 each well producing from the Basin Dakota be metered separately.

11 Exhibit One is a plat showing the Northeast Haynes
12 Lease, consisting of the south half of Sections 9 and 10,
13 Sections 15 and 16 and the north half of Sections 21 and 22
14 in Township 24 North, Range 5 West. The wells are shown
15 numbered and with circles and those which have a line drawn
16 from the well to the little square marked "TB", the line
17 represents the flow line from the well to the central tank
18 battery and these wells are the wells which are being commingled
19 at that central battery. Now, Wells 9 and 10 located in Units
20 A and G respectively of Section 21 are single Gallup producers.
21 The other wells are downhole commingled wells with the Basin
22 Dakota and the Otero Gallup being commingled in the wellbore
23 and the combined stream is being directed through the flow line
24 to the tank battery where the gas is separated from liquids and
25 is then compressed and delivered to El Paso Natural Gas at a

sid morish reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

1 central point.

2 Now, there has been in the past commingling of these
3 two zones in Well No. 8, which is located in Unit P of Section
4 15. The Dakota gas in this well was being used to gas lift the
5 Gallup and then the combined stream was directed to the tank
6 battery.

7 What we have done in these wells is to disconnect
8 the well from El Paso's system and use the existing Gallup flow
9 line to direct the combined stream to the tank battery for
10 separation and compression as I have described.

11 Now, Well No. 1 has not been downhole commingled
12 at this time, although we plan to do this in the fairly near
13 future, but we do not expect to bring the production from that
14 well into the central battery. There are presently two
15 connections to this well and two meters installed by El Paso
16 Natural Gas Company. We expect to downhole commingle the
17 production, to abandon the Dakota meter and deliver the gas
18 into the Gallup system at that well.

19 Q Now is there any difference in the ownership of
20 this unit?

21 A No.

22 Q It is common throughout as to all zones?

23 A Yes, sir.

24 Q And you have already had approval of the commingling,
25 is this correct?

sid morrison reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

1 A. Yes, sir.

2 Q Will your proposal cause any problem in accounting
3 for the production?

4 A No, we have been requested to describe how we will
5 account for the full production from the Dakota and we have
6 been using and propose to continue to use a basis of determining
7 the gas used for fuel by the compressor engine and for the
8 treaters and the heated separators for use on the property.

9 We have been using and propose to continue to use a
10 factor of fifteen cubic feet per horsepower hour for the
11 compressor which is a two hundred horsepower engine, or powered
12 by a two hundred horsepower engine, and fifty cubic feet per
13 barrel of fluid for the treaters and heated separators and,
14 of course, this will be commingled gas production. It will be
15 allocated on the same basis that the production is allocated
16 under the previous order.

17 Q So there will be no change in allocation?

18 A. Correct.

19 Q Was Exhibit One prepared by you or under your
20 supervision?

21 A. Yes, it was.

22 MR. KELLAHIN: We offer in evidence Exhibit One.

23 MR. NUTTER: Continental Exhibit One will be admitted
24 into evidence.

25

(THEREUPON, Continental Exhibit One was admitted into evidence.)

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Lyon, the Gallup formation here is considered as an oil zone, correct?

A Yes, sir.

Q The Dakota completion of these wells is a Basin Dakota gas pool completion, is that correct?

A Correct.

Q All right, now, that is a prorated gas pool. Now, the Commission in determining its gas allowable schedules and so forth uses the gas purchaser's C-111 figure as the production for the previous month. Now, how will El Paso, the purchaser here, know how much each of these Dakota completions has made as far as the Basin Dakota Gas Pool is concerned?

A Well, as I understand the situation, Continental oil Company is now the gatherer of this gas and we will prepare and file with the Commission the C-111 each month showing the allocation.

Q Okay, you are going to be filing the C-111 that the Commission will use in preparation of the gas allocation schedules?

A This is my understanding.

sid morrison reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

1 Q How will you know how much gas is produced from
2 the wells?

3 A We propose to test these wells on a quarterly basis
4 and to allocate the production to the wells on the basis of
5 those well tests.

6 Q How will you know what the production is, though?
7 You don't meter the gas prior to the time it goes through the
8 sales meter, do you?

9 A No.

10 Q So you will be getting a figure from El Paso as to
11 the gas that passed through the meter, is that correct?

12 A Correct.

13 Q And then you will add these figures that you gave,
14 the fifteen cubic feet per horsepower hour and the so much per
15 barrel of liquids that is treated and you will add that to
16 El Paso's figure and then report gross production to us?

17 A Correct.

18 Q And El Paso will be showing on its C-111 no purchase
19 from wells, is that correct? Babe?

20 MR. KENDRICH: That is correct.

21 Q You will be showing that this will be a purchase from
22 another source on your C-111?

23 MR. KENDRICH: Yes, sir.

24 MR. NUTTER: Okay, Mr. Kendrick.

25

CROSS EXAMINATION

1
2 BY MR. KENDRICK:

3 Q Mr. Lyon, is it your intention to put one well in a
4 test circuit periodically and thereby determine its percent of
5 the total production of the entire lease so that you can
6 attribute production to each well on a percentage basis?

7 A Yes, sir.

8 Q And then the allocation between Gallup and Dakota
9 has already been established in the order you referred to?

10 A Correct.

11 Q So that the amount for each Dakota well will be
12 allocated based on your periodic test of the individual wells?

13 A Yes, sir, it becomes a double allocation.

14 MR. NUTTER: After you get the figure from El Paso?

15 A Right.

16 MR. NUTTER: Are there any further questions of

17 Mr. Lyon? He may be excused.

18 (THEREUPON, the witness was excused.)

19 MR. NUTTER: Do you have anything further, Mr. Kellahin?

20 MR. KELLAHIN: That's all, Mr. Nutter.

21 MR. NUTTER: Does anyone have anything they wish to
22 offer in Case 5795? Mr. Kendrick.

23 MR. KENDRICH: H. L. Kendrick of El Paso Natural
24 Gas Company. We concur in this application, however, we would
25 like to point out to the Examiner that El Paso does not wish the

1 responsibility of allocating to the individual wells the
2 production from the wells. We will meter the gas into our
3 system as a purchase. We can give a reported figure of how
4 much of that according to the present order is Dakota gas and
5 how much is Gallup gas but beyond that point we would like the
6 responsibility to be on the operator as to how much came from
7 each individual well.

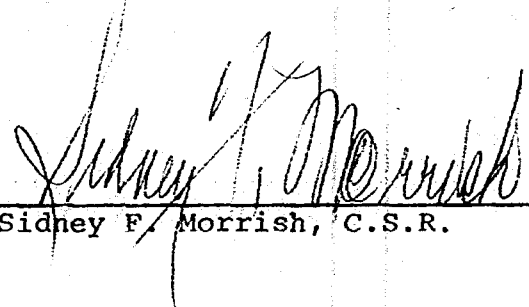
8 MR. NUTTER: Thank you, Mr. Kendrick.

9 Does anyone have anything further to offer in Case
10 Number 5795? We will take the case under advisement.
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, 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.


Sidney F. Morrish, C.S.R.

sid morrish reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner Hearing of Case No. 5796
heard by me on 10/27, 1976.

, Examiner
New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

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

DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO



STATE GEOLOGIST
EMERY C. ARNOLD

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

Re: CASE NO. 5795
ORDER NO. R-5205-A

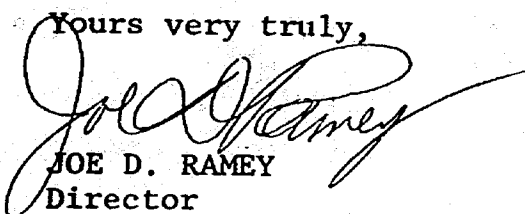
Applicant:

Continental Oil Company

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC	<u>X</u>
Artesia OCC	<u>X</u>
Aztec OCC	<u>X</u>

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. 5795
Order No. R-5205-A

APPLICATION OF CONTINENTAL OIL
COMPANY FOR AN EXCEPTION TO THE
PROVISIONS OF ORDER NO. R-1670,
RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 27, 1976,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 4th day of November, 1976, 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 certain wells on its Northeast Haynes Lease which
comprises the S/2 of Section 9, S/2 of Section 10, all of
Sections 15 and 16, N/2 of Section 21, and N/2 of Section 22,
Township 24 North, Range 5 West, NMPM, Rio Arriba County, New
Mexico.

(3) That by Commission Order No. R-5205, dated April 27,
1976, applicant was authorized to commingle Otero-Gallup and
Basin-Dakota production in the wellbores of its Wells Nos. 1
through 8, located in Unit L of Section 9, Units D and P of
Section 16, Unit E of Section 21, Unit E of Section 22, Unit D
of Section 15, Unit L of Section 10, and Unit P of Section 15,
respectively, on said Northeast Haynes Lease, allocating produc-
tion to each of the respective commingled zones in each well in
accordance with a percentage formula prescribed by said order.

(4) That the applicant now seeks an exception to the provision
of Rule 21(A) of the General Rules and Regulations for the pro-
rated gas pools of Northwestern New Mexico which requires

-2-

Case No. 5795

Order No. R-5205-A

separate measurement for all gas wells in order to commingle the combined Gallup-Dakota production from all of the aforesaid wells in a common tank battery and to allocate production to each of the wells on the basis of periodic well tests.

(5) That all of the aforesaid wells are of marginal nature in both the Gallup and Dakota zones.

(6) That the ownership of all of said wells is common throughout.

(7) That approval of the proposed commingling of production will permit compression of the produced gas at the common tank battery and better enable it to enter the pipe line, will extend the life of the wells thereby preventing waste, and will not impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, is hereby authorized to commingle the production from the following wells in Township 24 North, Range 5 West, NMPM, Rio Arriba County, New Mexico:

Northeast Haynes Well No.	Unit	Section
1	L	9
2	D	16
3	P	16
4	E	21
5	E	22
6	D	15
7	L	10
8	P	15

and to allocate production to each of said wells on the basis of well tests conducted at least quarterly on each of said wells, total metered gas sold, and gas consumed on the lease.

(2) That upon determination of the total production from each well, applicant shall determine the production from each zone in said well in accordance with the provisions of Commission Order No. R-5205.

(3) That applicant shall file Commission Form C-111 each month showing thereon the total takes from each zone of each of the aforesaid wells during the preceding month.

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

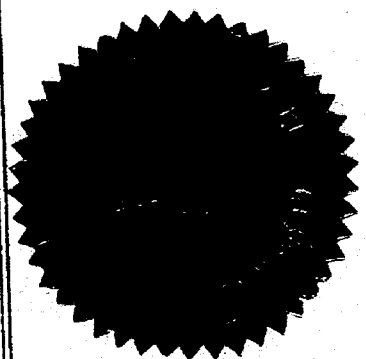
-3-

Case No. 5795

Order No. R-5205-A

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



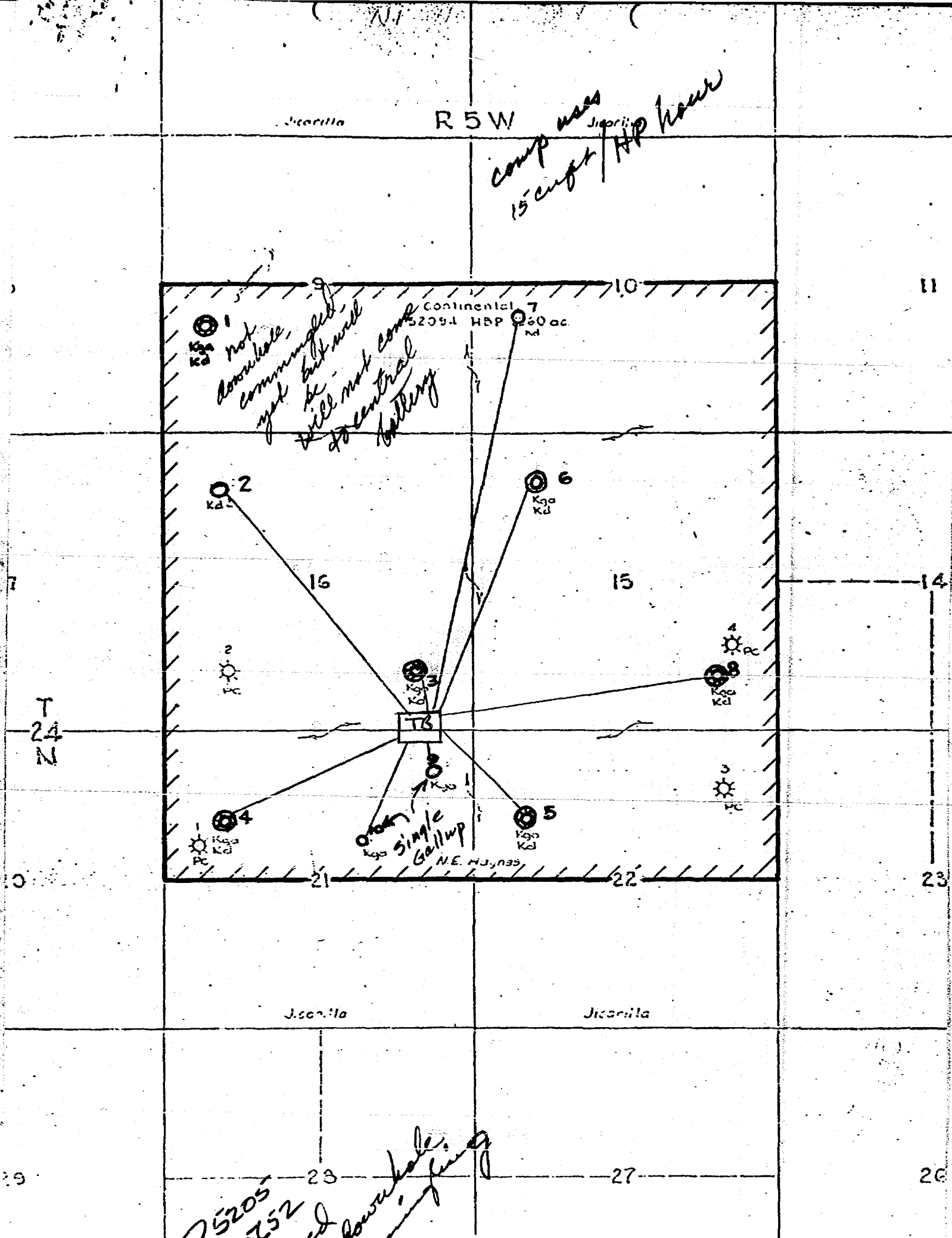
PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

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

S E A L

dr/



*R5205
as 5252
approved
Gallup-Dak commingled*

CONTINENTAL OIL COMPANY		
PRODUCTION DEPARTMENT		
DRAWN _____	SCALE _____	FILE NO. _____
CHECKED _____	DATE _____	
APPROVED _____	SHEET _____ OF _____	
NE. HAYNES Commingled Gallup-Dakota P.O. ARRIBA CO., NEW MEXICO		

CASE 5776: (Continued & Readvertised)

Application of Continental Oil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its James Ranch Unit Well No. 8 to be drilled at a point 1980 feet from the North line and 660 feet from the West line of Section 31, Township 22 South, Range 31 East, Los Medanos-Morrow Gas Pool, Eddy County, New Mexico, the N/2 of said Section 31 to be dedicated to the well.

CASE 5794:

Application of Continental Oil 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 W/2 of Section 31, Township 22 South, Range 31 East, Los Medanos Field, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location in Unit L of said Section 31. 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 5795:

Application of Continental Oil Company for an exception to the provisions of Order No. R-1670, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 21(A) of the General Rules and Regulations for the prorated gas pools of Northwestern New Mexico contained in Order No. R-1670, to permit the reporting of Basin Dakota production from wells on its Northeast Haynes Lease in Township 24 North, Range 5 West, Rio Arriba County, New Mexico, without the necessity of separately measuring the production from each well.

CASE 5777: (Continued & Readvertised)

Application of Gifford & Mitchell and M. B. Wisenbaker for pool creation, pool rules, and a non-standard gas spacing unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new gas pool for Pennsylvanian production for its Horse Back Well No. 1 located 1000 feet from the South line and 1980 feet from the East line of Section 33, Township 26 South, Range 36 East, Lea County, New Mexico, the promulgation of pool rules therefor, including a provision for 640-acre spacing and approval for a 589.52-acre non-standard gas spacing unit comprising all of partial Sections 33 and 34 of the aforesaid township.

Docket No. 30-76

Dockets Nos. 31-76 and 32-76 are tentatively set for hearing on November 10 and November 23, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - THURSDAY - NOVEMBER 4, 1976

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

CASE 5743:

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit John W. Adams, Executor of Estates of R. W. and June Adams; and Ruth McGahey, Fred McGahey and David McGahey dba Adams & McGahey, American Employers' Insurance Company, and all other interested parties to appear and show cause why the following wells located in Township 21 North, Range 30 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program:

Gonzales Well No. 2, located in Unit P of Section 9; Adams & McGahey Well No. 1, located in Unit B of Section 16; and Gonzales "A" Well No. 1, located in Unit H of Section 32.

Upon application of John W. Adams, this case will be heard De Novo pursuant to the provisions of Rule 1220.

Dockets Nos. 31-76 and 32-76 are tentatively set for hearing on November 10 and November 23, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 27, 1976

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:

CASE 5768: (Continued from September 29, 1976, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Service Drilling Company, The Travelers Indemnity Company, and all other interested parties to appear and show cause why the Gonzales-Pittman Well No. 1, located in Unit M of Section 24, Township 21 North, Range 21 East, Mora County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5785: (Continued from October 13, 1976, Examiner Hearing)

Application of Doyle Hartman for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Seven Rivers-Queen formation underlying the NE/4 NE/4, NW/4 NE/4, SW/4 NE/4, and SE/4 NE/4 of Section 19, Township 24 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico, to form four 40-acre proration units to be dedicated to four oil wells to be drilled at standard locations on said tracts. Also to be considered will be the cost of drilling and completing said wells 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 wells and a charge for risk involved in drilling said wells.

CASE 5574: (Reopened) (Continued from October 13, 1976, Examiner Hearing)

In the matter of Case 5574 being reopened pursuant to the provisions of Order No. R-5118 which order established a temporary special depth bracket allowable of 750 barrels of oil per day for the Eagle Mesa-Entrada Oil Pool, Sandoval County, New Mexico. All interested parties may appear and show cause why said special depth bracket allowable should not be rescinded.

CASE 5789: Application of Amoco Production Company for salt water disposal well, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Fusselman formation through the perforated interval from 8313 feet to 8538 feet in its Swearingen "C" Well No. 2 located in Unit M of Section 18, Township 5 South, Range 33 East, Petersen-Fusselman Pool, Roosevelt County, New Mexico.

CASE 5790: Application of Dome Petroleum Corporation for pool creation and assignment of a discovery allowable, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Entrada production and the assignment of approximately 58,770 barrels of oil discovery allowable to the discovery well, being the Federal 21 Well No. 1 located in Unit K of Section 21, Township 20 North, Range 5 West, McKinley County, New Mexico.

CASE 5791: Application of Texaco Inc. for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard Eumont gas proration unit comprising the E/2 SE/4, SW/4 SE/4, and SE/4 SW/4 of Section 23; the W/2 NW/4 of Section 25; and the E/2 NE/4 of Section 26, all in Township 19 South, Range 36 East, Lea County, New Mexico, to be simultaneously dedicated to applicant's William Weir Wells Nos. 1 and 2 at unorthodox locations in Unit E of said Section 25 and Unit N of said Section 23, respectively.

CASE 5792: Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Angels Peak-Gallup and Basin-Dakota production in the wellbore of its McAdams Well No. 3 located in Unit H of Section 34, Township 27 North, Range 10 West, San Juan County, New Mexico.

CASE 5793: Application of Dugan Production Corporation for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Sherman Edward Well No. 2A, to be drilled at a point 2500 feet from the North line and 510 feet from the West line of Section 3, Township 29 North, Range 5 West, Blanco Mesaverde Gas Pool, Rio Arriba County, New Mexico, the N/2 of said Section 3 to be dedicated to the well.



Case 5795

L. P. Thompson
Division Manager
Production Department
Hobbs Division

Continental Oil Company
P.O. Box 460
1001 North Turner
Hobbs, New Mexico 88240
(505) 393-4141
OCT - 5 1976
CONSERVATION COMM.

September 29, 1976

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

Attention: Mr. J. D. Ramey, Secretary, Director

Gentlemen:

Application for Exception to Rule 21(A), Order R-1670 Northwest New Mexico

Enclosed in triplicate is our application for exception to subject rule as it applies to our Northeast Haynes lease in Rio Arriba County, New Mexico. Please set this matter for hearing on your October 27, 1976 examiner docket.

Yours very truly,

L. P. Thompson
Division Manager

VTL:dlh

CC: C. F. Ellis, F. O. Hull, J. W. Kellahin

Case 5795

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

RECEIVED NOV 15 1975
OCT - 5 1975

IN THE MATTER OF THE APPLICATION
OF CONTINENTAL OIL COMPANY FOR
EXCEPTION TO RULE 21(A) OF THE
GENERAL RULES AND REGULATIONS
COVERING GAS POOLS IN NORTHWEST
NEW MEXICO CONTAINED IN ORDER
R-1670 AS IT APPLIES TO THE BASIN
DAKOTA GAS WELLS ON APPLICANT'S
NORTHEAST HAYNES LEASE IN SECTIONS
9, 10, 15, 16, 21 AND 22, T-24N,
R-5W, RIO ARriba COUNTY, NEW MEXICO.

A P P L I C A T I O N

Applicant, Continental Oil Company, requests exception to rule 21(A) of the general rules and regulations for Northwestern New Mexico contained in Order No. R-1670 for the Basin Dakota wells on its Northeast Haynes lease in Sections 9, 10, 15, 16, 21 and 22, T-24N, R-5W, NMPM, Rio Arriba County New Mexico and in support thereof would show:

1. Applicant is owner of the Northeast Haynes lease consisting of south half section 9, south half section 10, sections 15 and 16 north half section 21 and north half section 22, T-24N, R-5W, Rio Arriba County, New Mexico.
2. Applicant has heretofore drilled and dually completed in Basin Dakota and Otero Gallup pools eight wells on said lease.
3. Order No. R-5205 authorized the downhole commingling in said wells and established the allocation of oil and gas to the two pools.
4. Applicant, in order to increase producing rates and extend the producing life of the wells, operates a compression facility on said lease.
5. In furtherance of these objectives applicant desires to gather the commingled stream from each well to a central point for testing, separation of gas from liquids and compression of gas for sale to the purchaser of gas from the lease.
6. Applicant proposes to allocate production to each individual well on the basis of well test data, and to reallocate the production to the respective pools as provided in order No. R-5205.

7. That the granting of this application will prevent waste and will not impair 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 granting exception to rule 21(A) of the general rules for gas wells in Northwestern New Mexico containing Order R-1670, as described above.

Respectfully submitted,

CONTINENTAL OIL COMPANY



L. P. Thompson
Division Manager

Case
5795

600-3073

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF CONTINENTAL OIL COMPANY FOR
EXCEPTION TO RULE 21(A) OF THE
GENERAL RULES AND REGULATIONS
COVERING GAS POOLS IN NORTHWEST
NEW MEXICO CONTAINED IN ORDER
R-1670 AS IT APPLIES TO THE BASIN
DAKOTA GAS WELLS ON APPLICANT'S
NORTHEAST HAYNES LEASE IN SECTIONS
9, 10, 15, 16, 21 AND 22, T-24N,
R-5W, RIO ARriba COUNTY, NEW MEXICO.

A P P L I C A T I O N

Applicant, Continental Oil Company, requests exception to rule 21(A) of the general rules and regulations for Northwestern New Mexico contained in Order No. R-1670 for the Basin Dakota wells on its Northeast Haynes lease in Sections 9, 10, 15, 16, 21 and 22, T-24N, R-5W, NMPM, Rio Arriba County New Mexico and in support thereof would show:

1. Applicant is owner of the Northeast Haynes lease consisting of south half section 9, south half section 10, sections 15 and 16 north half section 21 and north half section 22, T-24N, R-5W, Rio Arriba County, New Mexico.
2. Applicant has heretofore drilled and dually completed in Basin Dakota and Otero Gallup pools eight wells on said lease.
3. Order No. R-5205 authorized the downhole commingling in said wells and established the allocation of oil and gas to the two pools.
4. Applicant, in order to increase producing rates and extend the producing life of the wells, operates a compression facility on said lease.
5. In furtherance of these objectives applicant desires to gather the commingled stream from each well to a central point for testing, separation of gas from liquids and compression of gas for sale to the purchaser of gas from the lease.
6. Applicant proposes to allocate production to each individual well on the basis of well test data, and to reallocate the production to the respective pools as provided in order No. R-5205.

7. That the granting of this application will prevent waste and will not impair 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 granting exception to rule 21(A) of the general rules for gas wells in Northwestern New Mexico containing Order R-1670, as described above.

Respectfully submitted,

CONTINENTAL OIL COMPANY



L. P. Thompson
Division Manager

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

OCT - 5 1978
OIL CONSERVATION COMMISSION
Sandoz

Case
5795

IN THE MATTER OF THE APPLICATION
OF CONTINENTAL OIL COMPANY FOR
EXCEPTION TO RULE 21(A) OF THE
GENERAL RULES AND REGULATIONS
COVERING GAS POOLS IN NORTHWEST
NEW MEXICO CONTAINED IN ORDER
R-1670 AS IT APPLIES TO THE BASIN
DAKOTA GAS WELLS ON APPLICANT'S
NORTHEAST HAYNES LEASE IN SECTIONS
9, 10, 15, 16, 21 AND 22, T-24N,
R-5W, RIO ARriba COUNTY, NEW MEXICO.

A P P L I C A T I O N

Applicant, Continental Oil Company, requests exception to rule 21(A) of the general rules and regulations for Northwestern New Mexico contained in Order No. R-1670 for the Basin Dakota wells on its Northeast Haynes lease in Sections 9, 10, 15, 16, 21 and 22, T-24N, R-5W, NMPM, Rio Arriba County New Mexico and in support thereof would show:

1. Applicant is owner of the Northeast Haynes lease consisting of south half section 9, south half section 10, sections 15 and 16 north half section 21 and north half section 22, T-24N, R-5W, Rio Arriba County, New Mexico.
2. Applicant has heretofore drilled and dually completed in Basin Dakota and Otero Gallup pools eight wells on said lease.
3. Order No. R-5205 authorized the downhole commingling in said wells and established the allocation of oil and gas to the two pools.
4. Applicant, in order to increase producing rates and extend the producing life of the wells, operates a compression facility on said lease.
5. In furtherance of these objectives applicant desires to gather the commingled stream from each well to a central point for testing, separation of gas from liquids and compression of gas for sale to the purchaser of gas from the lease.
6. Applicant proposes to allocate production to each individual well on the basis of well test data, and to reallocate the production to the respective pools as provided in order No. R-5205.

7. That the granting of this application will prevent waste and will not impair 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 granting exception to rule 21(A) of the general rules for gas wells in Northwestern New Mexico containing Order R-1670, as described above.

Respectfully submitted,

CONTINENTAL OIL COMPANY



L. P. Thompson
Division Manager

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:

CASE NO. 5795

Order No. R- R-5205-A

APPLICATION OF CONTINENTAL OIL
COMPANY FOR AN EXCEPTION TO THE
PROVISIONS OF ORDER NO. R-1670,
RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 27,
19 76, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of November, 19 76, 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 certain wells on its Northeast Haynes Lease which
comprises the S/2 of Section 9, S/2 of Section 10, all of Sections
15 and 16, N/2 of Section 21, and N/2 of Section 22, Township 24
North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

(6) That the ownership of ^{all of} said wells is common throughout.

-3-

Case No. 5795

Order No. R-

and to allocate production to each of said wells on the basis of well tests conducted at least quarterly on each of said wells, total metered gas sold, and gas consumed on the lease.

(2) That upon determination of the total production from each well, applicant shall determine the production from each zone in said well in accordance with the provisions of Commission Order No. R-5205.

(3) That applicant shall file Commission Form C-111 each month showing thereon the total ~~production~~ ^{takes} from each zone of each of the aforesaid wells during the preceding month.

(4) 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.