

Case No.

928

Application, Transcript,
Small Exhibits, Etc.

FILE 928: Application of Continental Oil
for exception to Rule 303 (commingling oil
from wells on Lockhart B-31 lease)

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
July 14, 1955

IN THE MATTER OF:

CASE NO. 928

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-6691
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
July 14, 1955

IN THE MATTER OF:)
)
)

Application of Continental Oil Company for an)
exception to Rule 303 to permit the commingling)
of oil produced from wells located on its)
Lockhart B-31 lease, Section 31, Township 21)
South, Range 36 East, Lea County, New Mexico,)
into a common tank battery, the wells present-)
ly producing from the Jalmat Gas Pool and the)
South Eunice Oil Pool.)

Case 928

BEFORE:

Mr. E. S. (Johnny) Walker
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 928.

MR. KELLAHIN: We have one witness. This is an application
for approval of commingling of oil into a common tank battery, oil
being produced from the Jalmat Gas Pool and the South Eunice Oil
Pool. The situation, as the Commission knows, resulted from the
reclassification of wells located on Continental Oil Company's
Lockhart B-31 lease.

T. B. BOYNTON, JR.

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

DIRECT EXAMINATION

By MR. KELLAHIN:

Q Would you state your name, please?

A T. B. Boynton, Jr.

Q By whom are you employed?

A Continental Oil Company.

Q In what position?

A Petroleum engineer.

Q You have never testified before this Commission before?

A No.

Q What educational qualifications do you have?

A I graduated from Texas Technological College in February, 1948, with a B.S. degree in petroleum engineering.

Q Following your graduation from school, by whom were you employed?

A I was employed by Continental Oil Company during April, 1948, in the capacity of a petroleum engineer and have had that job since.

Q You have been with Continental ever since 1948?

A That is right.

Q As a petroleum engineer?

A I was employed as a trainee and I spent until August, 1949, on a trainee program; since August, 1949, as a petroleum engineer.

Q What is your present position with Continental?

A District petroleum engineer.

MR. KELLAHIN: Are the witness' qualifications acceptable to the Commission?

MR. MACEY: They are.

Q Mr. Boynton, are you familiar with Continental's Lockhart B-31 lease?

A I am.

Q Have you prepared a plat showing the location of the wells on the lease, on the B-31 lease?

A Yes, sir, I have. I have here a plat of the lease showing the locations of the wells and the tank battery.

(Continental's Exhibit No. 1
marked for identification.)

Q Is that exhibit marked as Exhibit No. 1?

A Yes, Exhibit No. 1.

Q That also shows the location of the tank battery?

A Yes, sir.

Q Do you have more than one tank battery on that lease?

A No, sir.

Q Referring to the wells, can you tell me what they were classified as, what pool they were classified as producing from at the time they were drilled?

A From the South Eunice Pool, with the exception of No. 6. It was drilled last year and was placed in the Jalmat.

Q It was drilled subsequent to the adoption of Commission's Order R-520?

A Yes, sir.

Q Do you know what wells on that plat have been reclassified by the Commission?

A Wells No. 1, 5, and 2 have been reclassified.

Q How were they reclassified?

A They were taken from the South Eunice Pool and placed in the Jalmat as oil wells producing from the gas reservoir.

Q There was no change in the completion of the well, or no workovers involved?

A No, sir.

Q Approximately what date were they reclassified?

4

A Effective April 1st, 1955, I believe.

Q Are all of those wells at the present time producing into the common tank battery?

A They are.

Q By what authority? Did you secure permission from the Commission on a temporary basis?

A We did.

Q Then the present status of the wells, would you just outline to the Commission by number the wells which are Jalmat wells and the wells which are South Eunice wells?

A Wells No. 1, 6, 5 and 2 are Jalmat wells; Wells No. 3 and 4 are South Eunice wells.

(Continental's Exhibit No. 2 marked for identification.)

Q Referring to what has been marked Continental's Exhibit No. 2, Mr. Boynton, would you take Well No. 1 and give us the date of completion and the producing interval in that well?

A It was completed March 21, 1929, the pay was called from 3825 to 3970 feet.

Q Is that measured from the surface?

A That is, yes, sir.

Q What interval is open?

A The well produces from the open hole from 3344 to 3990 feet.

Q Could you give us any information on the production from that well?

A It was completed for initial potention of 250 barrels of oil per day and with 500 MCF of gas and no water. During May the well produced, on May 9th, 1955, it tested with 29 barrels of water;

465 MCF, gas oil ration of 27,353. Its allowable during May was 4 barrels of oil per day.

Q Referring to Well No. 2, would you give us the same information on that well?

A It was completed September 30, 1937. The pay in the open hole was 3788 to 3872. The section opened to production was 3774 to 3872 total depth. It has been recently reclassified as a gas well, May 8, 1955. The test showed it to be making one barrel of oil per day with 2,115 MCF gas, with a trace of water.

Q You say it has been classified as a gas well? It has also been placed in the Jalmat Gas Pool, has it not?

A That is right.

Q Referring to Well No. 3, give us the completion dates and other information.

A It was completed November 17, 1937. It was completed as a shut in gas well. There was difficulty completing the well and it was eventually whipstocked and completed at a total depth of 3967 feet. The pay is from 3790 to 3967 feet.

Q What are the production figures on that well?

A On May the third, 1955, it tested three barrels of oil with 12 barrels of water per day, 58.7 MCF gas, gives a ratio of 1,600 to 1.

Q Referring to Well No. 4, would you give us the same information on that well?

A It was completed November 29, 1938 at total depth of 3874 feet; the open hole from 3796 to 3874. In April, 1953, it was plugged back to 3848 feet and after being acidized with 500 gallons of acid, it was shut in and remains shut in at this time.

Q That well is not now being produced?

A That is correct.

Q Is the well partially completed, then, in the Queen formation?

A Yes.

Q And in the lower feet of the Seven Rivers?

A Yes, sir.

Q Well No. 5, would you give us the information on that well?

A It was completed June 2, 1949, plugged back depth of 3868 feet, through perforation from 3814 to 3864 feet. On May 4, 1955, the test showed it to be making 17 barrels of oil per day and one barrel of water, with 136 MCF per day. The May production was 15 barrels of oil per day and one barrel of water.

Q Referring now to Well No. 6, give us the information on that?

A It was completed the second of February, 1954, total depth of 3780 for an initial potention of 76,000 MCF of gas per day. The pay is in the Seven Rivers, from 3595 to 3780 feet. The May allowable was 6,739 MCF. It produced during May 2,929 MCF gas.

Q With reference to the producing horizon, Mr. Boynton, on these wells, can you say which of the wells are producing from both the Jalmat, or at least are open in both the Jalmat and South Eunice Pools as defined by the Commission?

A Well No. 3 is opened in both Pools.

Q It is open in both Pools?

A Yes.

Q Is that the only one?

A That is the only one.

Q Have you prepared a contour map of this area?

A I have prepared a contour map showing the Lockhart B-31 lease

and offset operators ownership plat.

(Continental's Exhibit No. 3
marked for identification.)

Q Is that contoured to the top of the Yates?

A It is.

Q In your opinion, does the top of the Yates accurately reflect the underlying formations as to the contour intervals?

A The shallow formations, very closely.

Q Your contour interval shown on Exhibit 3 is adjusted to subsea datum?

A It is.

Q In contrast to the figures given on Exhibit 2, which are from the surface?

A That is correct.

Q By reference to Exhibit 3, using the figures in Exhibit No. 2 and adjusting them accordingly, you could determine the subsea depth of the individual completions?

A That is true.

Q Have you figured any costs in connection with the setting of an additional tank battery, Mr. Boynton?

(Continental's Exhibit No. 4
marked for identification.)

A I have. It is labelled Exhibit No. 4, which represents the minimum cost of material to install the tank battery for producing.

Q What would the total cost of another tank battery amount to?

A Approximately \$4300.

Q Considering the production from these wells which you have given, and the cost of setting an additional tank battery, in your

opinion would it be economical for Continental to set another tank battery to take care of the production from the two different Pools?

A No, sir, it would not.

Q The present tank battery has been in use for how long, do you know?

A To the best of my knowledge, since No. 1 well was drilled in 1929, March of 1929.

Q The production into the common tank battery has been in complete conformance with the rules and regulations of this Commission until such time as the Commission reclassified the wells involved here, is that true?

A Yes.

Q Do you have anything further you want to add?

A I believe not.

MR. KELLAHIN: That is all. At this time, I would like to offer Exhibits No. 1 through 4 inclusive.

MR. MACEY: Without objection they will be received.

Any questions of the witness? No questions of the witness, the witness may be excused.

(Witness excused.)

MR. MACEY: If nothing further, we will take the case under advisement.

* * * * *

STATE OF NEW MEXICO)
 : ss.
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF, I have affixed my hand and notarial seal this 25th day of July, 1955.


Notary Public, Court Reporter

My Commission Expires:

June 19, 1959.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 928
Order No. R-679

THE APPLICATION OF CONTINENTAL OIL
COMPANY FOR AN EXCEPTION TO STATEWIDE
RULE 303 FOR PRODUCTION INTO A COMMON
TANK BATTERY FOR ITS WELLS LOCATED ON
ITS LOCKHART B-31 LEASE IN SECTION 31,
TOWNSHIP 21 SOUTH, RANGE 36 EAST, N.M.P.M.
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on July 14, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 11th day of August, 1955, the Commission, a quorum being present, having considered the testimony adduced, and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That applicant is the co-owner and is the operator of the Lockhart B-31 lease consisting of the NW/4, E/2 SW/4 and the SE/4 Section 31, Township 21 South, Range 36 East, N.M.P.M., Lea County, New Mexico, containing 400 acres, more or less.

(3) That applicant has five oil wells now producing on said lease; Wells No. 1 and No. 5 having been classified by Commission Order No. R-520 as producing from the Jalmat Gas Pool, whereas Wells No. 2, 3 and 4 are classified as South Eunice Oil Wells.

(4) That under the provisions of Statewide Rule No. 303, Wells No. 1 and 5 should be produced into a separate battery from that into which the South Eunice Oil Wells are producing.

(5) That the Commission has the authority to grant an exception to said Rule 303 after notice and hearing.

(6) That said wells heretofore have produced into common tankage for several years in compliance with the Commission's Rules and Regulations.

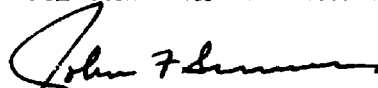
(7) That the erection of a separate battery to receive oil production from the recently created Jalmat Gas Pool would result in unnecessary expense to the applicant.

IT IS THEREFORE ORDERED:

That the application of the Continental Oil Company for approval of an exception to Rule No. 303 of the Statewide Rules and Regulations, to permit the production of oil from the Jalmat Gas Pool from applicant's Lockhart B-31 Wells Nos. 1 and 5 to be commingled with the oil produced from applicant's Lockhart B-31 Wells No. 2, 3, and 4 in the South Eunice Oil Pool into a common tank battery, be and the same is hereby approved.

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

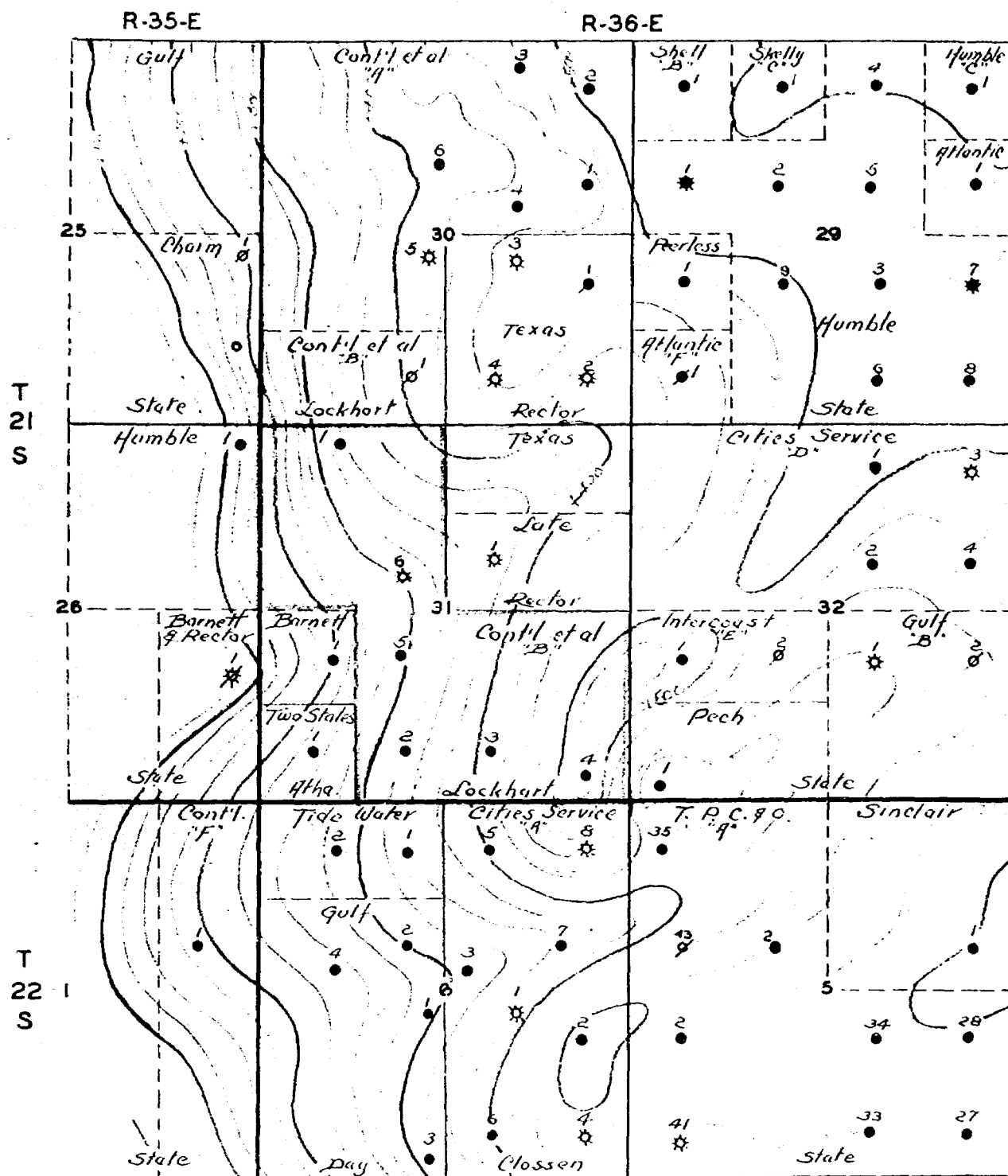
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JOHN F. SIMMS, Chairman


E. S. WALKER, Member


W. B. MACEY, Member and Secretary





Continental Oil Co.
 Exhibit No. 3
 Case No. 928

CONTINENTAL OIL COMPANY
 EUNICE & SOUTH EUNICE AREA

CONTOURED ON TOP OF YATES
 Contour Int: 25' Scale: 1"-2000'

SCALE: 1" = 2000'

N.M. DIST. OFFICE

JUNE 10, 1953.

OIL CONSERVATION COMMISSION

P. O. BOX 571

SANTA FE, NEW MEXICO

August 12, 1955

**Mr. Jason W. Kellahin
P.O. Box 597
Santa Fe, New Mexico**

Dear Mr. Kellahin:

In behalf of your clients we enclose two copies of each of the following orders of the Oil Conservation Commission:

**Order No. R-673 in Case 923
Order No. R-679 in Case 928**

These were signed August 11, 1955.

Very truly yours,

**W. B. Macey
Secretary - Director**

WBM:brp

**C
O
P
Y**

Memo

From Miller

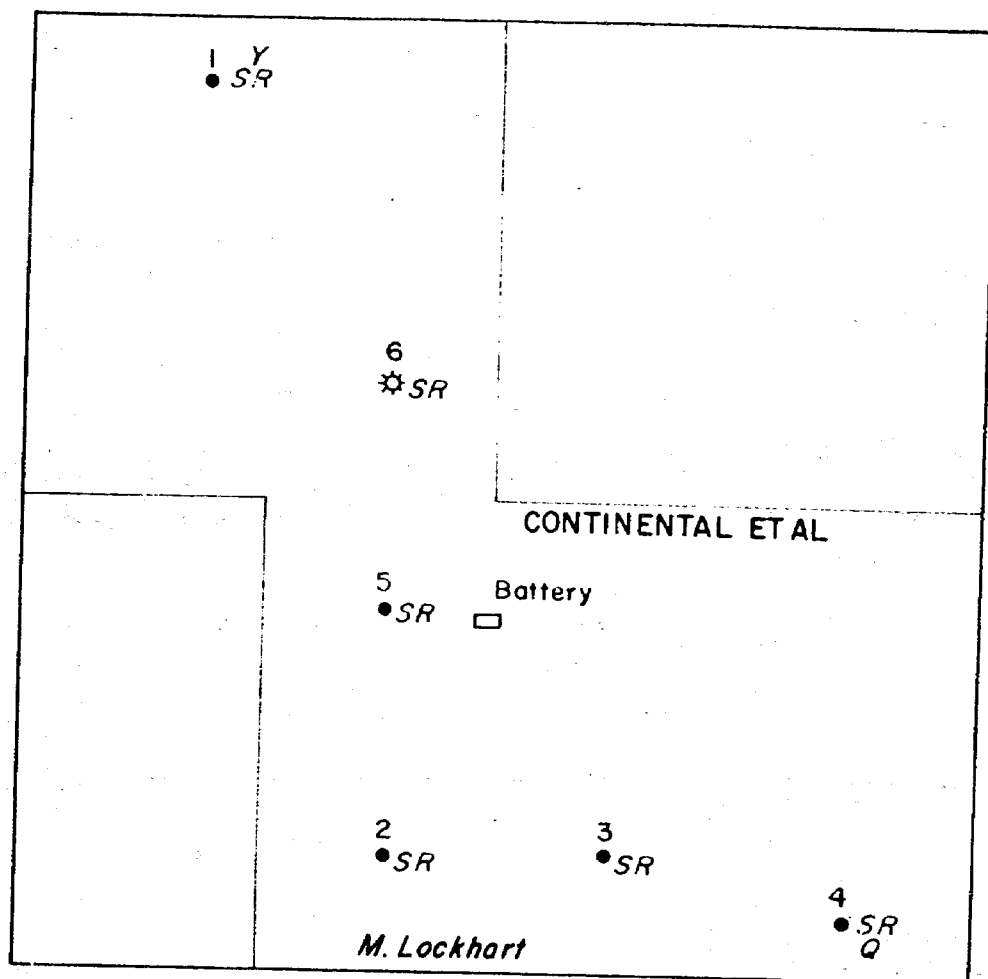
To Gurler

Re case 928

Cont'l communicating

Approve without transcript.

1. Wees have been producing into common tankage for years
2. OCC reclassification has determined that the producing interval of the Wees is such that they should be produced into separate tankage.
3. Construction of separate facilities to receive and store the oil would result in hardship and economic waste.



SECTION 31-21-36

SCALE: 1" = 1000'

CONTINENTAL OIL COMPANY
M. Lockhart B-31 Lease
Lea County, N. M.

Continental Oil Company

Exhibit No 1

Continental Oil Company

LOCKHART D-31 LEASE, SEC. 31-23-36
LEA COUNTY, NEW MEXICO
WELL COMPLETION AND PRODUCTION DATA

Well No. 1

Elevation: 3628'

JALMAT

Completed, 3-21-29, @ TD 3990' for IP of 250 BOPD, 1/500 MCF gas. 7" csg @ 3344' w/60 sec.

Pay: 3825' to 3970'

Open Hole: 3344' to 3990'. Yates & Seven Rivers.

On 5-7-55, tested: 17 BO, 29 BW, 465 MCF in 24 hours
GOR 27,353

May Allowable: 4 BOPD. May Production: 4 BOPD, 29 BWPD.

Well No. 2

Elevation: 3622'

JALMAT

Completed, 9-30-37, @ TD 3872' for an IP of 93 BOPD
flowing thru 25/64" choke w/1200 MCF gas.
5 1/2" csg @ 3775' w/150 sec.

In April, 1940, Exner-Dodge set @ 3788' with side-door
choke approximately 40' higher. Tested 79 BO/18 hours
and GOR 2171.

Pay: Open hole, 3788' to 3872'. Seven Rivers

Gas Well

On 5-8-55, tested 2115 MCF gas, 1 BO, Trace Water.

GOR 2,115,400. May Allowable: 1 BOPD. May Production
1 BOPD, no water, 1369 MCF gas.

Well No. 3

Elevation: 3635'

Completed, 11-17-37, @ TD 3924' for IP of 108 BOPD
thru 60/64" choke with est. 25,000 MCF gas.
7" csg @ 3773'.

Completed as shut-in gas well.

In attempt to block off gas, tools dropped in hole and
new hole whipstaked @ 3667' to new TD 3967'. 5 1/2" liner
@ 3803'. Prod. thru open hole and perforations, 3790-3805'.
Recompleted for IP of 53 BOPD thru 3/4" choke by gas lift,
2-26-39. Pay: 3790' to 3967'. Seven Rivers.

On 5-3-55, tested: 3 BO, 12 BW, 58.7 MCF gas in 24 hours,
flowing. May Allowable: 5 BOPD. May Production: 3.5 BOPD
11.5 BWPD.

*Continental Oil Company
Exhibit No 2
Case No 928*

Lockhart B-31 Lease, Sec. 31-22-36
 Lea County, New Mexico
 Well Completion and Production Data
 Page 2

Well No. 4 Elevation: 3629' SOUTH HUNTER

Completed, 11-29-38 @ TD 3874' for IP of 1680 BOPD,
 no water, thru 3/4" choke with GOR 320.
 5 1/2" csg @ 3796' w/200 ex.
 Open Hole: 3796' to 3874'. Seven Rivers and Queen.

In April, 1953, plugged back to 3848'. On 6-5-53
 production was no oil, no water, small amount of gas.
 After 500 gallons acid, failed to recover load and
 remained dry. Shut-in 7-3-53. Pay: Open Hole: 3796'
 to 3848'. Seven Rivers & Queen.

Well No. 5 Elevation: 3637' DF JALMAT

Completed, 6-2-49, @ FB 3868' (TD 3960'), for IP of
 144 BOPD, no water, flowing by gas lift.
 5 1/2" csg @ 3958'. Perforations open: 3814' to 3864'.

In October, 1951, drilled out to new FB 3891' and
 perforated csg: 3878' to 3886'. Oil increased from
 22 to 240 BOPD thru 32/64" choke and GOR 229.
 Pay: from 3814' to 3886'. Seven Rivers.

On 5-4-55, tested: 17 BO, 1 B4, 136 MCF gas in 24
 hour, flowing. May Allowable: 15 BOPD.
 May Production: 15 BOPD. 1 BWPD.

Well No. 6 Elevation: 3644' JALMAT

Completed 2-2-54 @ TD 3780' for IP of 76,000 MCF gas
 daily. SIP: 596. 7" @ 3595' w/400 ex.
 Pay: Seven Rivers, from 3595' to 3780'.
 (Open hole)

May Allowable: 6739 MCF. May Production: 2929 MCF,
 no water. May Net Allowable: -30,795 MCF.

	DAILY
<u>MAY</u>	<u>AVE.</u>

Total Lease Production, Lockhart B-31:	727 BO	23.5 BOPD
	1,287 BW	41.5 BWPD
	89,665 MCF	2,592 MCF PD

CONTINENTAL OIL COMPANY
LOCKHART B-31 LEASE SECTION 31-22-36
LEA COUNTY, NEW MEXICO

ESTIMATED COST OF NEW BATTERY

<u>ITEM</u>	<u>COST</u>
2 - 210 barrel welded steel tanks	2,273
1500' - 2" flow line	458
Foundations	175
Labor	200
Connections	200
Miscellaneous	150
Separator	800
	<hr/>
Total	\$ 4,300

Continental Oil Company
Exhibit No 4
Case No 928

Case 727

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

June 22, 1955

C
O
P
Y

Continental Oil Company
Fair Building
Fort Worth 2, Texas

Attention: Mr. H. L. Johnston

Gentlemen:

Reference is made to your letter of June 14, 1955, in which you requested either administrative relief or hearing for an exception to Rule 303 for your Lockhart B-31 lease in Section 31, Township 21 South, Range 36 East, Lea County, New Mexico.

I regret that as yet no decision has been reached with regard to Case 902. Therefore in the interest of expediency, I am placing your application on the docket for the July 14, 1955, hearing.

You are hereby granted a temporary exception to Rule 303 of the statewide Rules and Regulations until such time as your case can be heard and a decision rendered.

Very truly yours,

By:

CMR:jh



CONTINENTAL OIL COMPANY

FAIR BUILDING
FORT WORTH 2, TEXAS

H. L. JOHNSTON
REGIONAL MANAGER OF PRODUCTION
SOUTHWESTERN REGION

June 14, 1955

New Mexico Oil Conservation Commission
Post Office Box 871
Santa Fe, New Mexico

Attention of Mr. W. B. Macey

Gentlemen:

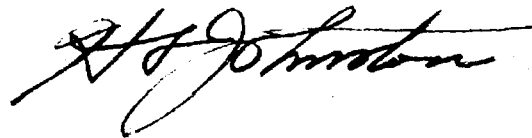
We are forwarding herewith an application for exception to Statewide rule 303 for our Lockhart B-31 lease. This application is necessitated by the reclassification of part of the wells from South Eunice to Jalmat resulting in production from two pools where previously there was only one pool involved. We have seen no decision in case 902 in regard to administrative approval. In the event the Commission allows administrative approval of such cases, please disregard the attached application and consider this a request for administrative approval.

In view of the fact that the present lease storage is in violation of rule 303 it is of greatest importance that this request be acted on as soon as possible. If a

New Mexico Oil Conservation Commission
Page 2

hearing is necessary and the Commission for some reason
is unable to hear this matter on June 28th, it is re-
spectfully requested that a temporary exception be
granted until a hearing can be held.

Yours very truly,

A handwritten signature in cursive script, appearing to read "H. J. Johnston", written in dark ink.

HLJ-MD
Carbon copy to: J. W. Kellahin

Case 922

IN THE MATTER OF THE APPLICATION OF
CONTINENTAL OIL COMPANY FOR AN EX-
CEPTION TO STATEWIDE RULE NO. 303
FOR ITS LOCKHART B-31 LEASE IN SEC.
31-T21S-R36E, NMPM, LEA COUNTY, N.M.

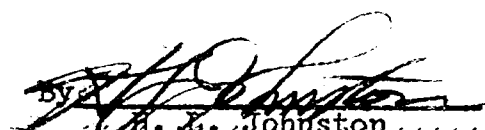
A P P L I C A T I O N

Comes now Continental Oil Company and respectfully
shows the following:

1. Applicant is co-owner and is the operator of the Lockhart B-31 lease consisting of the NW/4, E/2 SW/4 and SE/4 Sec. 31-T21S-R36E, NMPM Lea County, N. M., containing 400 acres, more or less.
2. Applicant has drilled six wells on said lease, of which one is a gas well, four are producing oil wells and one well is a shut in oil well. Said oil wells, numbered 1 through 5, until recently were classified as producing from the South Eunice oil pool.
3. Under the provisions of the Commission's order No. R-520 wells No. 1 and No. 5 were re-classified as oil wells producing from the Jalmat gas pool, whereas wells Nos. 2, 3 and 4 remain classified as South Eunice oil wells. All five wells currently are producing into a common tank battery.
4. Said wells have produced into common tankage for several years in full compliance with the Commission's rules and regulations.
5. Under the provisions of Statewide Rule No. 303 wells No. 1 and No. 5 should be produced into a separate battery from that into which the South Eunice oil wells are producing.
6. The erection of a separate battery to receive the oil production from the recently-created Jalmat gas pool would result in an unnecessary expense to the applicant.

Therefore, applicant respectfully requests that this application be set for hearing at the regularly scheduled hearing in June, that proper notice be issued and that after such hearing an order be entered granting applicant an exception to rule 303 for its Lockhart B-31 lease as outlined above.

CONTINENTAL OIL COMPANY


H. L. Johnston
Regional Manager
of Production
Southwestern Region