

Case No.

969

Application, Transcript,
Small Exhibits, Etc.

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. 569
Order No. R-

THE APPLICATION OF *Continental Oil Company.*
FOR AN ORDER GRANTING APPROVAL OF
AN EXCEPTION PURSUANT TO RULE 5 (a) *of the Special Rules & Regulations for the Hearing*
OF ORDER NO. R-520 IN
ESTABLISHMENT OF AN ~~UNORTHODOX~~ GAS
PRORATION UNIT OF *120* CONTIGUOUS ACRES
CONSISTING OF

S/2 SE/4 Section 20 and the SW/4 SW/4 Section 21
T 24S, Range 27 E. N 1/4 PM Lea Canyon New Mexico

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on *October 12* *1955* before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this *day of Oct 1955* the Commission, a quorum being present, having considered the records and testimony *presented*, 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 pursuant to provisions of Rule 5 (a) *of the Special Rules & Regulations for the Hearing* of Order No. R-520, the Commission has power and authority to permit the formation of a gas proration unit consisting of other than a legal section after notice and hearing by the Commission.

(3) That applicant, *Continental Oil Company.* is the owner of an oil and gas lease in New Mexico the land consisting of other than a legal section, and described as follows, to-wit:

Order No. R-

Township 24 South Range 37 East N.M.P.M. Lee County New Mexico
S/2 SE/4 Section 20
SW/4 SW/4 Section 21

containing 120 acres, more or less.

(4) That applicant Continental Oil Company has a producing well on the aforesaid lease known as Leak A-21 No 1 located 660 feet from the South line and 660 feet from the West line of Section 21 Township 24 South Range 37 East.

(5) That the aforesaid well was completed and in production on November 18, 1937 prior to August 12, 1937 the effective date of Order No. R-520, and is located within the horizontal limits of the pool heretofore delineated and designated as the Admet Gas Pool;

(6) That it is impractical to pool applicant's said lease with adjoining acreage in the Admet Gas Pool

and that the owners of adjoining acreage in said area have not objected to the formation of the proposed proration unit of 120 acres.

(7) That unless a proration unit consisting of applicant's aforesaid acreage is permitted, applicant will be deprived of the opportunity to recover its just and equitable share of the natural gas in the Admet Gas Pool.

(8) That creation of a proration unit consisting of the aforesaid acreage will not cause but will prevent waste, and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Continental Oil Company for approval of an unorthodox proration unit consisting of the following described acreage:
Township 24 South Range 37 East N.M.P.M. Lee County New Mexico
S/2 SE/4 Section 20
SW/4 SW/4 Section 21

be and the same is hereby approved, and a proration unit consisting of aforesaid acreage is hereby created.

(2) That applicant's well, Leak A-21 No 1 located in the SW/4 of Section 21 Township 24 South Range 37 East Lee County New Mexico shall be granted an allowable in the proportion that the above described 120 acre unit bears to the standard or orthodox proration unit for said pool, all until further order of the Commission.

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

Memo

10/19/15

From

Worm

Re: Case #1969

To

JWB

OK. to write normal
NSP approval.

CONTINENTAL OIL COMPANY

CASE NO. 969

EXHIBIT NO. 4

TO:

SUBJECT: GAS WELL BACK PRESSURE TEST WELL, Jack A-21 No. 1
POOL Salmon
LOCATION N 21-24-37

A 27 hour back pressure test was conducted on subject well on October 12, 1955 to determine the theoretical open flow capacity of the Vaca gas zone at zero bottom hole pressure and the deliverability characteristics at various rates of flow. Well is producing from 5 1/2" casing at 3000' - 3200'. A calculated open flow potential of 2,200 MCF of gas per day was obtained.

Attached are curves representing the calculated open flow potential and deliverability and a chart tabulating the data obtained by this test.

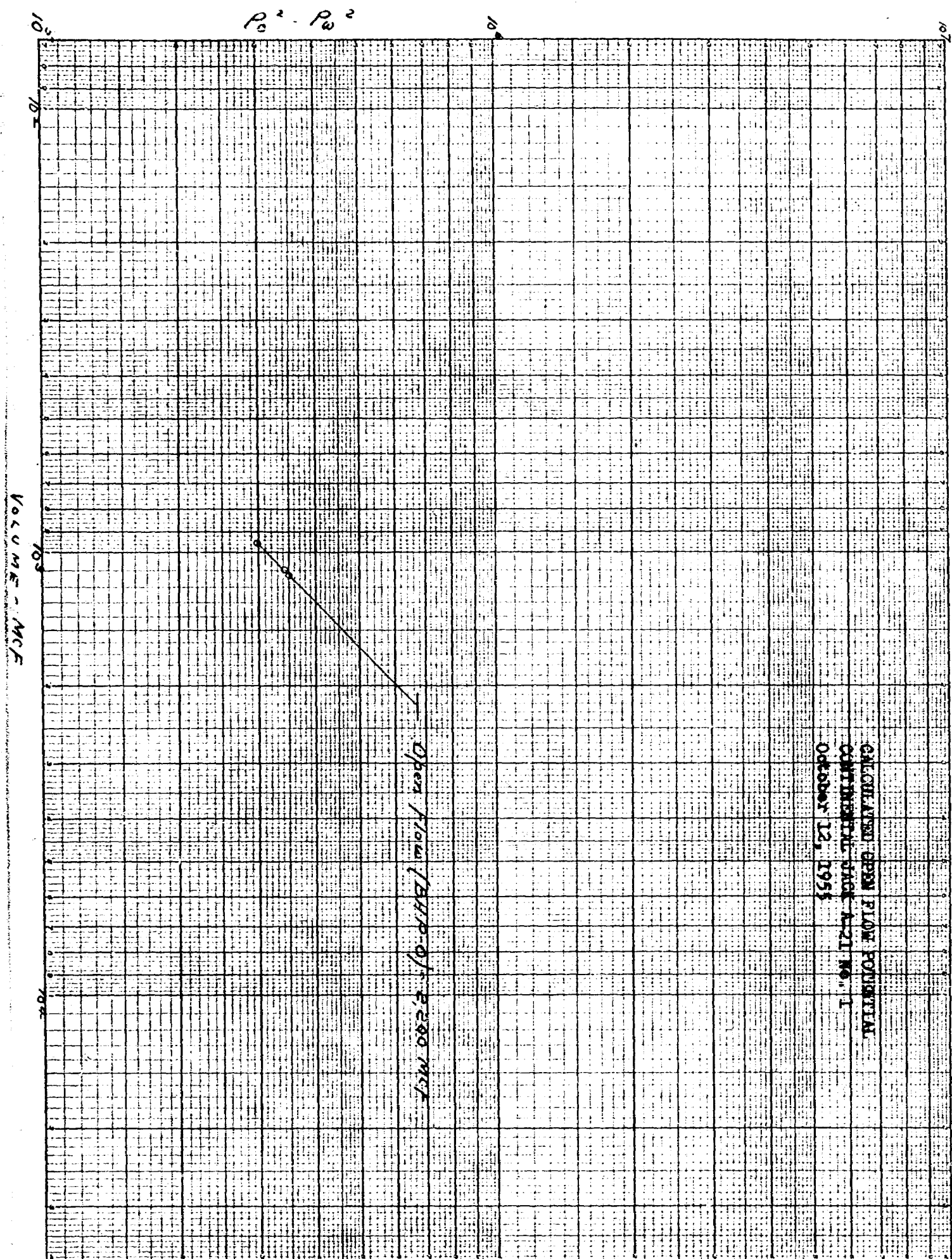
Calculated open flow potential: 2,200 MCFGPD
Deliverability at 600 lbs. psi: 985 MCFGPD
Deliverability at 150 lbs. psi: 2,130 MCFGPD
Shut in pressure: 819.2 lbs. psia

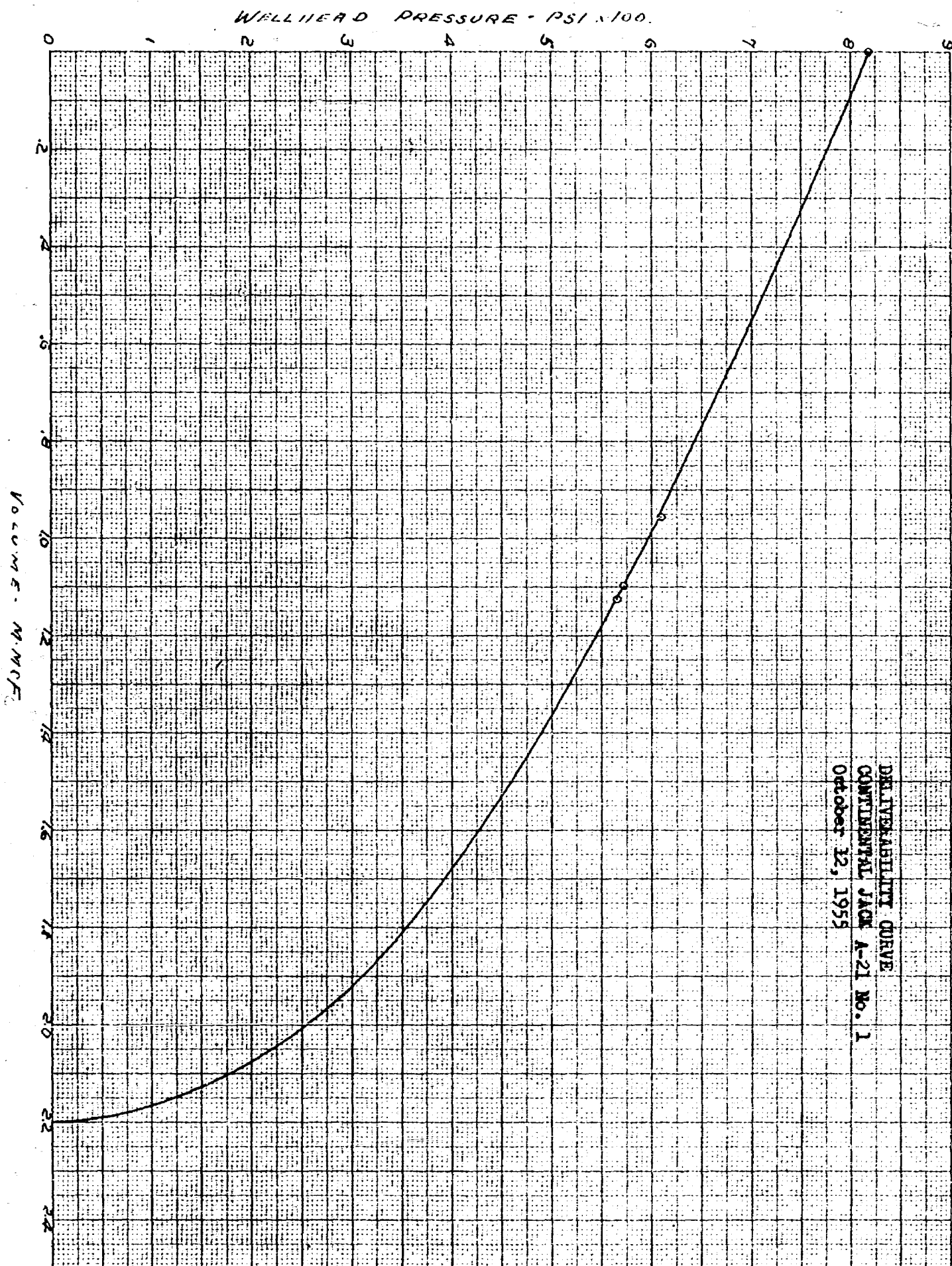
H. Howard

Gas Tester

CC:

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
Conoco EXHIBIT No. 4
CASE 769





OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

November 15, 1955

C
O
P
Y

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

Dear Sir:

In behalf of your client, Continental Oil Company, we enclose two copies of each of the following orders issued November 10, 1955, by the Oil Conservation Commission:

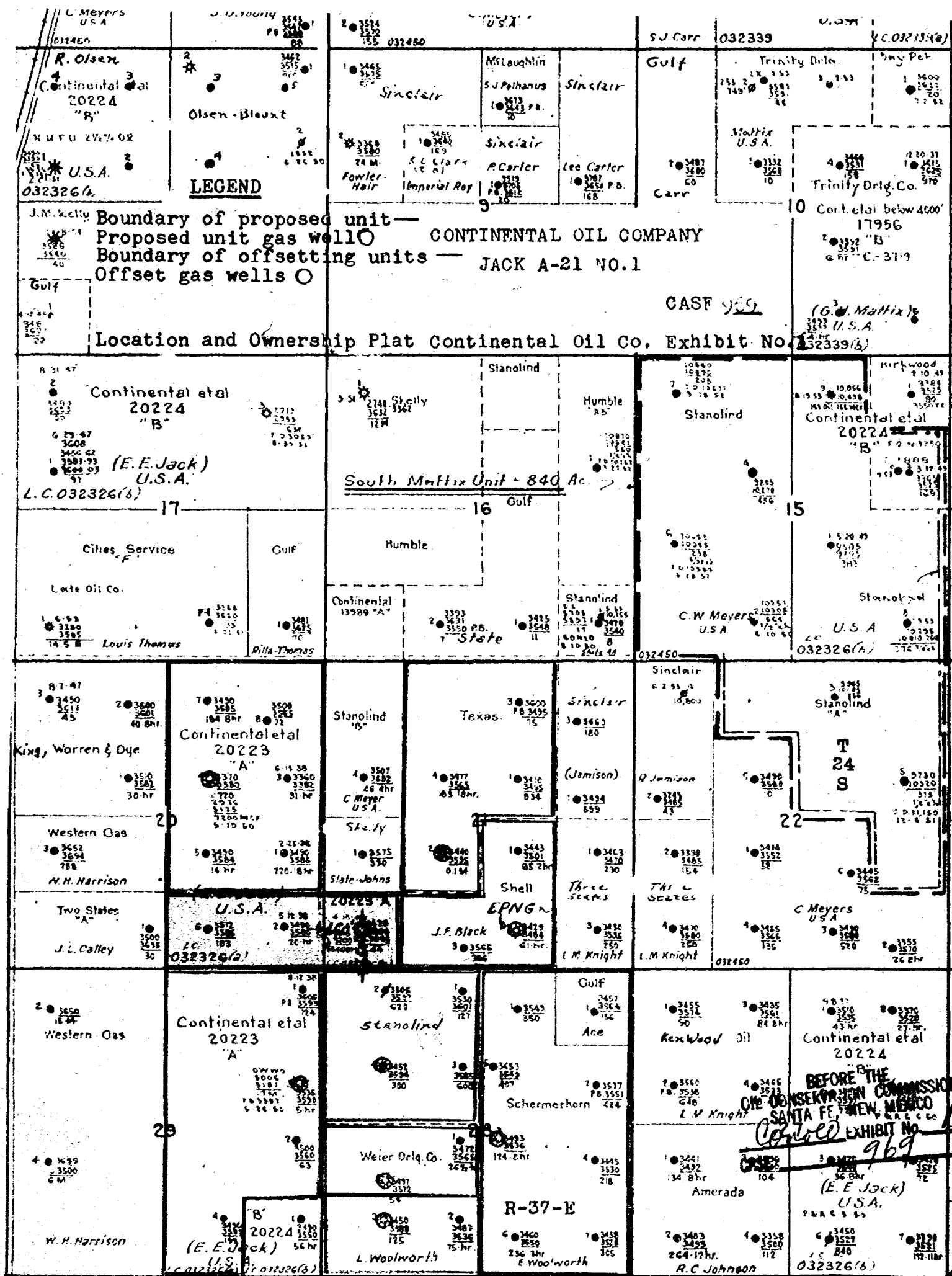
Order R-714, Case 967
Order R-715, Case 968
Order R-716, Case 969

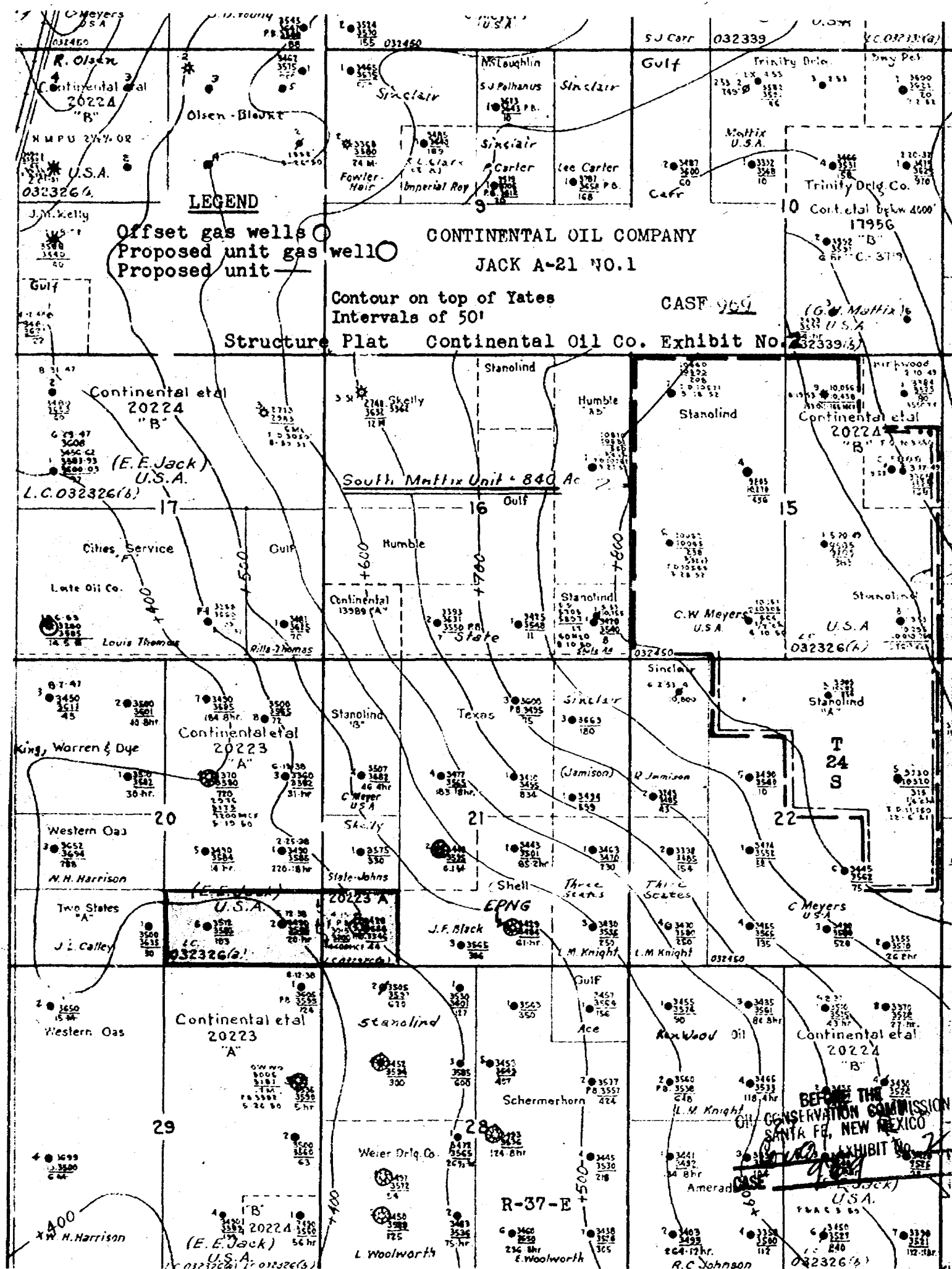
All of these cases were heard on October 17th.

Very truly yours,

W. B. Macey
Secretary - Director

WBM:brp
Encls.





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. 969
Order No. R-716

THE APPLICATION OF CONTINENTAL
OIL COMPANY FOR AN ORDER GRANTING
APPROVAL OF AN EXCEPTION PURSUANT
TO RULE 5 (a) OF THE SPECIAL RULES
AND REGULATIONS FOR THE JALMAT GAS
POOL OF ORDER NO. R-520 IN ESTABLISHMENT
OF A NON-STANDARD GAS PRORATION UNIT OF
120 CONTIGUOUS ACRES CONSISTING OF S/2 SE/4
SECTION 20 AND THE SW/4 SW/4 SECTION 21,
TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 1:30 p.m., on October 17, 1955 at Hobbs, New Mexico, before Warren W. Mankin, Examiner duly appointed by the Oil Conservation Commission of New Mexico, in accordance with Rule 1214 of Order R-681.

NOW, on this 16th day of *November*, 1955, the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission", a quorum being present, having considered said application and the recommendations of the Examiner, Warren W. Mankin, 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 pursuant to provisions of Rule 5 (a) of the Special Rules and Regulations of the Jalmat Gas Pool of Order No. R-520, the Commission has power and authority to permit the formation of a gas proration unit consisting of other than a legal section after notice and hearing by the Commission.

(3) That applicant, Continental Oil Company is the owner of a federal oil and gas lease in Lea County, New Mexico, the land consisting of other than a legal section, and described as follows, to-wit:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM
S/2 SE/4 Section 20
SW/4 SW/4 Section 21

containing 120 acres, more or less.

(4) That applicant, Continental Oil Company has a producing well on the aforesaid lease known as Jack "A-2P" No. 1, located 660 feet from the South line and 660 feet from the West line of Section 21, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico.

(5) That the aforesaid well was completed and in production prior to the effective date of Order No. R-520, and is located within the horizontal limits of the pool heretofore delineated and designated as the Jalmat Gas Pool.

(6) That it is impractical to pool applicant's said lease with adjoining acreage in the Jalmat Gas Pool and that the owners of adjoining acreage in said area have not objected to the formation of the proposed proration unit of 120 acres.

(7) That unless a proration unit consisting of applicant's aforesaid acreage is permitted, applicant will be deprived of the opportunity to recover its just and equitable share of the natural gas in the Jalmat Gas Pool.

(8) That creation of a proration unit consisting of the aforesaid acreage will not cause but will prevent waste, and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Continental Oil Company for approval of a non-standard proration unit in the Jalmat Gas Pool of Lea County, New Mexico, consisting of the following described acreage

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM
S/2 SE/4 Section 20
SW/4 SW/4 Section 21

be and the same is hereby approved, and a proration unit consisting of aforesaid acreage is hereby created.

(2) That applicant's well, Jack "A-2P" No. 1, located in the SW/4 SW/4 of Section 21, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico, be and the same is hereby granted an allowable in the proportion that the above described 120 acre unit bears to the standard or orthodox proration unit for said pool, all until further order of the Commission.

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John F. Simms
John F. Simms, Chairman

E. S. Walker
E. S. Walker, Member

W. B. Macey
W. B. Macey, Member and Secretary

BEFORE THE
Oil Conservation Commission
~~SANTA FE DISTRICT COURT~~
Hobbs, New Mexico
October 17, 1955
Examiner Hearing

IN THE MATTER OF:

CASE NO. 969

TRANSCRIPT OF PROCEEDINGS

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

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
October 17, 1955

IN THE MATTER OF:

Application of Continental Oil Company for approval of a 120-acre non-standard gas proration unit in the Jalmat Gas Pool, to consist of S/2 SE/4 of Section 20, SW/4 SW/4 of Section 21, Township 24 South, Range 37 East, Lea County, New Mexico, and to be dedicated to applicant's Jack A-21 Well No. 1, located 660' from the South and West lines of said Section 21. Case No. 969

BEFORE:

Warren W. Mankin, Examiner

TRANSCRIPT OF HEARING

HEARING EXAMINER MANKIN: Proceed with Case 969.

MR. KELLAHIN: Mr. Examiner, I would like to call Mr. Lannen as a witness in Case 969.

HEARING EXAMINER MANKIN: These gentlemen were all sworn in previously, were they not?

MR. KELLAHIN: Yes, sir.

R. C. L A N N E N ,

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

DIRECT EXAMINATION

By MR. KELLAHIN:

Q Will you state your name, please?

A Richard Lannen.

Q Will you spell that for the record?

A L-A-N-N-E-N.

Q Were you sworn in this case, Mr. Lannen?

A Yes.

Q By whom are you employed?

A Continental Oil Company.

Q And what is your position?

A District Engineer, Eunice District.

Q Have you ever testified before this Oil Conservation Commission of New Mexico?

A No, sir.

Q What education do you have as an engineer, Mr. Lannen?

A I am graduated from New Mexico School of Mines in 1951 as petroleum engineer and have been employed by Continental Oil Company for the past four and a half years.

Q What degree did you secure from School of Mines?

A Petroleum Engineer.

Q BA?

A Bachelor of Science in Petroleum Engineering.

Q When did you go to work for Continental?

A June, 1951.

Q In what capacity have you worked for Continental?

A Production engineer, field engineer and at present, district engineer.

Q And where are you located at the present time, Mr. Lannen?

A Eunice, New Mexico.

Q And how long have you been in that position?

A Three months.

MR. KELLAHIN: Are the witness's qualifications acceptable?

HEARING EXAMINER MANKIN: They are.

Q Are you familiar with Continental's application in Case 969?

A Yes, sir.

Q Will you state what that covers?

A It covers an application to the New Mexico Oil Conservation Commission by Continental Oil Company for enlargement of a present non-standard 40-acre gas unit to a non-standard 120 acre unit in the Jalmat Gas Pool to consist of the southwest quarter of the southwest quarter of Section 21, Township 24 South, Range 37 East, and the south half of the southeast quarter of Section 20, Township 24 South, Range 37 East.

Q Have you prepared an exhibit showing that location, Mr. Lannen?

A Yes, sir.

(Marked Continental Oil Company Exhibits
Nos. 1 through 4, for identification.)

Q Referring to Exhibit Number 1, will you state what that is?

A Exhibit Number 1 is the location and ownership plat, with the boundaries of the proposed unit enclosed in red, and the proposed unit gas well encircled in red. The location printed on the map and the boundary of the offset unit encircled in green and the offset gas wells in green.

Q Now, referring to the offset gas wells, Mr. Lannen, is there gas production in the vicinity of the proposed unit?

A Yes, sir, the proposed unit is practically surrounded by gas wells.

Q Is there production to the north?

A Yes, sir, there is production to the north of the proposed

unit on Jack A-20 Lease No. 4; there is production to the northeast of the Texas Black Number 2; and on the east from the El Paso Natural Gas Company Shell-Blake No. 2; to the south on the Stanolind's Woolworth No. 4 and on the south by the Continental Jack A-29 No. 3.

Q Now, I notice you didn't mention west. Referring to Exhibit Number 2, would you state to the Commission what that shows?

A Exhibit Number 2 is a structure plat with all the surrounding gas wells encircled in green; the proposed unit encircled in red and colored in yellow. Based on these surrounding gas wells, this acreage is assumed to be reasonably productive of gas. The Loite Oil Company Louis Thomas No. 1, located to the northwest of the proposed acreage is located below contour, plus 400, which is -- which runs across the proposed acreage, and to the south, the Continental Jack A-29 Number 3 is located structurally lower than the proposed acreage in the unit.

Q And on that basis, would you say that the acreage which you seek to assign to this well may be reasonably presumed to be productive of gas?

A Yes, sir.

Q Now, referring to Exhibit Number 3, Mr. Lannen, will you state what that is?

A Exhibit Number 3 is a radio-activity log of the Jack A-21, No. 1, which is a proposed unit gas well.

Q What does it show in regard to that well?

A It shows the zone in which the well is producing, which is in the Yates, in the Jalmat Gas Pool.

Q And would you state what portion of the hole is open?

A The zone from 3,000 to 3,200.

Q Is that open-flow or perforated?

A It is perforated in five and a half inch casing.

Q Does that area that is open lie wholly within the vertical limits of the Jalmat Gas Pool?

A Yes, sir.

Q Does the surface area which you propose to dedicate to that well lie wholly within the Jalmat Gas Pool?

A Yes, sir.

Q Now, referring to Exhibit Number 4, will you state what that shows?

A Exhibit Number 4 is a back pressure test on the Jack A-21, No. 1, and shows a calculated complete openflow potential of 2200 MCF per day, and deliverability at 600 pounds at 985 MCF per day. A deliverability at 150 pounds of 2130 MCF per day, with the four hours shut-in pressure of 819.2 pounds per square inch absolute.

Q Attached to Exhibit Number 4, you have the manner in which these figures have been calculated?

A Yes, sir, we have deliverability curve, and calculated open-flow potential.

Q Does this well produce any liquids?

A No, sir.

MR. KELLAHIN: I move for the introduction of Exhibits No. 1 through 4, inclusive.

HEARING EXAMINER MANKIN: Is there any objection to the entering of Exhibits 1 through 4 inclusive, in this case? If not, they will be so entered.

Q Now, referring back to your Exhibit No. 2, Mr. Lannen,

there appears to be two wells, Number 6 and your Number 2 on that plat. Will you state what the present situation is as to Well No. 6?

A Yes, sir. Well Number 6 is presently shut in and not producing. It has been shut in for the past several years.

Q And in what formation was it completed?

A The Well Number 6 is open in the Queen and the Seven Rivers. Casing is set on the top of the Seven Rivers, leaving part of the vertical limits of the Jalmat Gas Pool open.

Q You say a part of the vertical limits of the Jalmat?

A Yes, sir.

Q Is open in the Number 6 Well?

A Yes, which is not producing, is a shut-in.

Q And what part of it is open?

A The Seven Rivers.

Q Now, referring to Well Number 2. Would you state what the present situation is as to that well?

A The Number 2 is completed in a similar manner. The casing is set at the top of the Seven Rivers; and the Seven Rivers which is within the vertical limits of the Jalmat Gas Pool is open to production.

Q Is the well producing at the present time?

A Yes, the well is producing four barrels of oil per day, and twenty-two -- an average of 22.8 gas per day. For the gas-oil ratio information, 5714, producing by gas-lift.

Q Is that high pressure gas?

A No, sir.

Q Will you state what the pressure on that well is?

A The flowing tubing pressure is 25 pounds, and the shut-in

casing pressure is approximately 100 pounds.

Q Now, what portion of the Jalmat Gas Pool is open in that area -- in that well?

A The upper part of the Seven Rivers.

Q Are you familiar with the characteristics of the upper part of the Seven Rivers in that area?

A Yes, sir.

Q And what are they?

A It is a rather dense dominant lime which is not considered productive in that locality.

Q Have you made a study of this particular well.

A Yes, sir.

Q In your opinion, is it productive of oil from vertical limits of the Jalmat Pool?

A No, sir.

Q Is it productive of gas from the vertical limits of the Jalmat Pool?

A In the Number 2 Well?

Q Yes.

A No, sir.

Q Now, based upon your study of the potentials, and openflow characteristics of the Jack A No. 21 Well, in your opinion, would it make allowables to be assigned to 120 acres in the Jalmat Pool, in the event this application is approved?

A Definitely, yes, sir.

MR. KELLAHIN: That is all. Do you have anything you want to add, Mr. Lannen?

A No, sir.

HEARING EXAMINER MANKIN: Mr. Lannen, on the Well No. 2, the Jack A-21 Well No. 2, you indicated it was not productive of gas or gas production from the vertical limits of the Jalmat Pool, but you did indicate it was oil productive. From what zone do you --

A The Queen Formation is open.

HEARING EXAMINER MANKIN: Which is it, which pool?

A That is the Langlie-Mattix Oil Pool.

HEARING EXAMINER MANKIN: How is that well presently classified?

A It is a Langlie-Mattix Oil Pool Well.

HEARING EXAMINER MANKIN: Are there any questions of the witness? If not the witness may be excused.

(Witness excused.)

HEARING EXAMINER MANKIN: Are there any statements in this Case 969?

MR. KELLAHIN: If the Commission Examiner please, that completes the presentation of the three cases. I don't believe it is necessary to add anything to it, particularly in view of the lateness of the hour.

HEARING EXAMINER MANKIN: We will take the case under advisement.

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) SS

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

DATED at Albuquerque, New Mexico, this 31st day of October, 1955.

Amado Trujillo
ADA DEARNLEY & ASSOCIATES Court Reporter
STENOGRAPHIC REPORTERS
ALBUQUERQUE, NEW MEXICO
TELEPHONE 3-6691

IN THE MATTER OF THE APPLICATION OF
CONTINENTAL OIL COMPANY FOR AN EXCEPTION
TO RULE 5 (a) OF THE SPECIAL RULES AND
REGULATIONS FOR THE JALMAT GAS POOL CON-
TAINED IN ORDER NO. R-520, IN ESTABLISH-
MENT OF A NON-STANDARD GAS PRORATION UNIT
OF 120 ACRES CONSISTING OF S/2 SE/4 SECTION
20 AND THE SW/4 SW/4 SECTION 21, T24S, R-37
E, NMPM, LEA COUNTY, N. M. TO BE ALLOCATED
TO ITS JACK A-21 WELL NO. 1

CASE 969

Comes now Continental Oil Company, hereinafter called "applicant", and would respectfully show unto the Commission:

1. That applicant is the co-owner and is the operator of a lesase designated the Jack "A" lease containing, among other lands, the E/2 Section 20 and the SW/4 SW/4 Section 21, T24S, R37E, NMPM, Lea County, New Mexico.
2. That applicant drilled and completed on November 18, 1937 an oil well on said lease located 660 feet from the south and west lines of said Section 21.
3. That said well was plugged back and recompleted on April 24, 1949 as a gas well producing from the presently defined vertical limits of the Jalmat gas pool.
4. That the NE/4 and N/2 SE/4 of said Section 20 is presently allocated to the Jack "A" No. 4 well, but that the S/2 SE/4 is not allocated to any producing well.
5. That in the interests of the prevention of waste and the protection of correlative rights the S/2 SE/4 should be allocated to a producing gas well and that the proposed gas proration unit is the most practical method of allocating said acreage to a producing gas well.
6. That the offset operators are as follows:

Stanolind Oil & Gas Co., P. O. Box 68, Hobbs, New Mexico
Texas Co., Continental Life Bldg., Fort Worth, Texas
Shell Oil Co., Box 845, Roswell, New Mexico
Skelly Oil Co., Box 1135, Eunice, New Mexico
Western Natural Gas Co., 823 Midland Tower, Midland, Texas
Two States Drlg., Co., 528 Wilson Bldg., Dallas, Texas

Wherefore applicant prays that this application be set for hearing before the Commission's duly appointed examiner, that appropriate notice thereof be given and that upon hearing an order be issued granting applicant an exception to rule 5 (a) of the special rules and regulations for the Jalmat gas pool contained in order no. R-520 for the non-standard gas proration unit described above.

Respectfully submitted,

CONTINENTAL OIL COMPANY
H. L. Johnston
Regional Manager of Production
Southwestern Region

NEW MEXICO OIL & GAS ENGINEERING COMMITTEE
HOBBS, NEW MEXICO
October 10, 1955