

CASE 1113: Continental Oil Co. application
for 480 acre NS gas proration unit, E/2 E/2,
Sec. 14 & W/2 Sec. 13-21S-36E.

Case No.

1113

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. 1113
Order No. R-872

THE APPLICATION OF CONTINENTAL
OIL COMPANY FOR AN ORDER GRANTING
APPROVAL OF AN EXCEPTION TO RULE
5 (a) OF THE SPECIAL RULES AND
REGULATIONS FOR THE EUMONT GAS
POOL AS SET FORTH IN ORDER NO. R-520
IN ESTABLISHMENT OF A NON-STANDARD
GAS PRORATION UNIT OF 480 CONTIGUOUS
ACRES CONSISTING OF THE W/2 OF SECTION
13 AND THE E/2 OF THE E/2 OF SECTION 14,
TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM,
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 25, 1956,
at Hobbs, New Mexico, before Daniel S. Nutter, Examiner duly appointed by
the New Mexico Oil Conservation Commission, hereinafter referred to as the
"Commission", in accordance with Rule 1214 of the Commission Rules and
Regulations.

NOW, on this 30th day of August, 1956, the Commission,
a quorum being present, having considered the application, the evidence
adduced, the recommendations of the Examiner, Daniel S. Nutter, 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, 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 21 South, Range 36 East, NMPM
W/2 of Section 13
E/2 of the E/2 of Section 14

containing 480 acres, more or less.

(3) That applicant, Continental Oil Company has a producing well on the aforesaid lease known as the Lockhart "B-14" No. 4 Well located 1980 feet from the North line and 660 feet from the East line of said Section 14.

(4) That the applicant's aforesaid Lockhart "B-14" No. 4 Well is at present a marginal well producing oil from the Grayburg formation of the Eunice Pool, and that applicant will recomplete said well to produce gas from the Eumont Gas Pool either by plugging back and perforating within the vertical limits of the Eumont Gas Pool or by dually completing the well to produce oil from the Eunice Pool and gas from the Eumont Gas Pool.

(5) That it is impractical to pool applicant's said lease with adjoining acreage in the Eumont Gas Pool and that the owners of adjoining acreage in said area have not objected to the formation of the proposed proration unit of 480 acres.

(6) 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 Eumont Gas Pool.

(7) 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 gas proration unit in the Eumont Gas Pool consisting of the following described acreage:

Township 21 South, Range 36 East, NMPM
W/2 of Section 13
E/2 of the E/2 of Section 14

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

(2) That applicant's Lockhart "B-14" No. 4 Well, located in the SE $\frac{1}{4}$ of the NE $\frac{1}{4}$ of said Section 14, shall be granted an allowable in the proportion that the above described 480-acre unit bears to the standard proration unit for said pool, all until further order of the Commission.

IT IS FURTHER ORDERED:

That approval of the above-described 480-acre gas proration unit shall be contingent upon the successful recompletion of the applicant's Lockhart "B-14" No. 4 Well in accordance with the applicable Rules and Regulation of the Oil Conservation 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

A. L. Porter, Jr.
A. L. PORTER, JR., Member & Secretary

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

September 10, 1956

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:

Order R-864 issued in Case 1110
Order R-865 issued in Case 1114
Order R-866 issued in Case 1115
Order R-872 issued in Case 1113
Order R-876 issued in Case 1111

All of these orders are dated August 30, 1956.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

brp

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
July 25, 1956

IN THE MATTER OF:

CASE NO. 1113

TRANSCRIPT OF PROCEEDINGS

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

NEW MEXICO
OIL CONSERVATION COMMISSION
ALBUQUERQUE, NEW MEXICO
JULY 25, 1950

IN THE MATTER OF:

CASE 1113: Application of Continental Oil Company for approval of a nonstandard gas proration unit in the Eumont Gas Pool in exception to Rule 5 (a) of the Special Rules and Regulations for the Eumont Gas Pool as set forth in Order R-520. Applicant, in the above-styled cause, seeks an order authorizing a 480 acre non-standard gas proration unit in the Eumont Gas Pool consisting of the E/2 of the E/2 of Section 14 and W/2 of Section 13, Township 21 South, Range 36 East, Lea County, New Mexico; said unit to be dedicated to applicant's Lockhart "B-14" No. 4 Well located 1980 feet from the North line and 660 feet from the East line of said Section 14.

BEFORE:

Mr. Daniel S. Nutter, Examiner.

P R O C E E D I N G S

MR. NUTTER: The next case is Case 1113.

MR. GURLEY: Application of Continental Oil Company for approval of a non-standard gas proration unit in the Eumont Gas Pool in exception to Rule 5 (a) of the Special Rules and Regulations for the Eumont Gas Pool as set forth in Order R-520.

E. V. BOYNTON,

a witness on behalf of the applicant, having been first duly sworn on oath, testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Please state your name, please.

A E. V. Roynton.

Q Now, did you know Mr. Roynton that testified in the last case?

A Yes, sir.

Q Now, Roynton: Are the witness' qualifications acceptable?

Mr. Roynton: They are.

Q Mr. Roynton, are you familiar with the application which has been filed in behalf of Continental Oil Company in Case 1113?

A Yes, sir.

Q What is proposed to be done in this application?

A To form a 480 acre gas proration unit consisting of the E/2 of the E/2 of Section 14 and the W/2 of Section 13 of T21S, R36E.

Q Now, what well would that acreage then be attributed to?

A It would be assigned to Well No. 4.

Q What type well is that at the present time?

A It's an oil well.

Q And what formation does it produce from?

A Grayburg.

Q And is that in the Eunice Pool? A Yes, sir.

Q What do you propose to do with the well in the event this application is approved?

A Right now we don't know just exactly how we will complete our gas well; we recently fracked this No. 4 Well in the Grayburg Formation, and after the fracture treatment, the well went from shut-in status to 15 barrels of oil and 98 barrels of water per day; at present, nine barrels of oil and 88 barrels of water, and with addi-

tional testing, we can determine whether it will be advisable to plug it back, or drill complete it.

Q Have you prepared an exhibit showing the proposed unit and the offsetting ownership?

A I have an offset structure plat.

Q Is that marked as Exhibit No. 1, Case 1113?

A Yes, sir.

Q What does that show, Mr. Boynton?

A It shows the structure contoured on top of the Yates Formation, also the proposed unit outlined in red with the well in question encircled in red, and also shows offsetting and nearby gas wells encircled in green, with the unit assigned to those wells outlined in green.

Q Now, referring to the offsetting wells, where do they stand in regard to the structure as compared to the Locust "B-14" well No. 4?

A Well, some are higher and some are lower in structure.

Q Which ones are lower in structure?

A The Gulf State No. 3 is considerably lower structure than this.

Q And is the productivity of gas from the Locust Gas Pool?

A It is, yes.

Q Along that basis, is it reasonable to assume that the acreage you want to dedicate to this well is productive of gas from the Locust Gas Pool?

A It is.

Q In the event you find the Gray well to be productive as a result of your fracture treatment, do understand, then, that you propose to dual, or make application to dual? A Yes.

Q Otherwise, what would you do?

A Plug the well back to the Eumont.

Q Is there a log available on this well?

A No, sir.

Q Do you have any data available on the deliverability?

A No, sir, I do not.

Q In your opinion, will there be adequate deliverability to produce a 480 acre allowable if it is completed in the Eumont?

A I believe so.

Q On what do you base that?

A On modern completion methods and offset production.

Q Are the offsetting wells of such high deliverability to indicate that this well will make a 480 acre allowable?

A Yes, sir.

Q Was Exhibit 1 prepared under your direction and supervision?

A It was.

MR. KELLANIN: We offer in evidence Exhibit No. 1.

MR. NUTTER: If there is no objection, it will be received.

MR. KELLANIN: That is all the questions we have.

BY MR. NUTTER:

Q Now, Mr. Boynton, Gulch well to the southwest of your proposed well, what is the name and number of that well where we find

It on the proration schedule?

A I don't know. I have a schedule here.

Q I believe this is connected to the Permian Basin Pipeline Company, isn't it? Do you know the initial potential on that Gulf well?

A No, sir, I don't.

Q What are these three wells that are located on your proposed 480 acre proration unit? What are those wells completed in?

A Grayburg.

Q They are all Grayburg wells? A Yes, sir.

MR. NUTTER: Does anyone else have any questions of the witness?

BY MR. GURLEY:

Q Did you notify all of the offset operators on this?

A Yes, sir.

Q Did you have any objections at all from them, or receive any?

A No, sir.

MR. NUTTER: Does anyone else have any statements they wish to make in connection with this case?

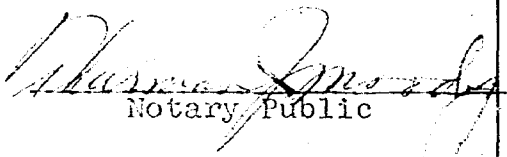
If not, we will take the case under advisement.

* * * * *

STATE OF NEW MEXICO)
: ss
COUNTY OF BERNALILLO)

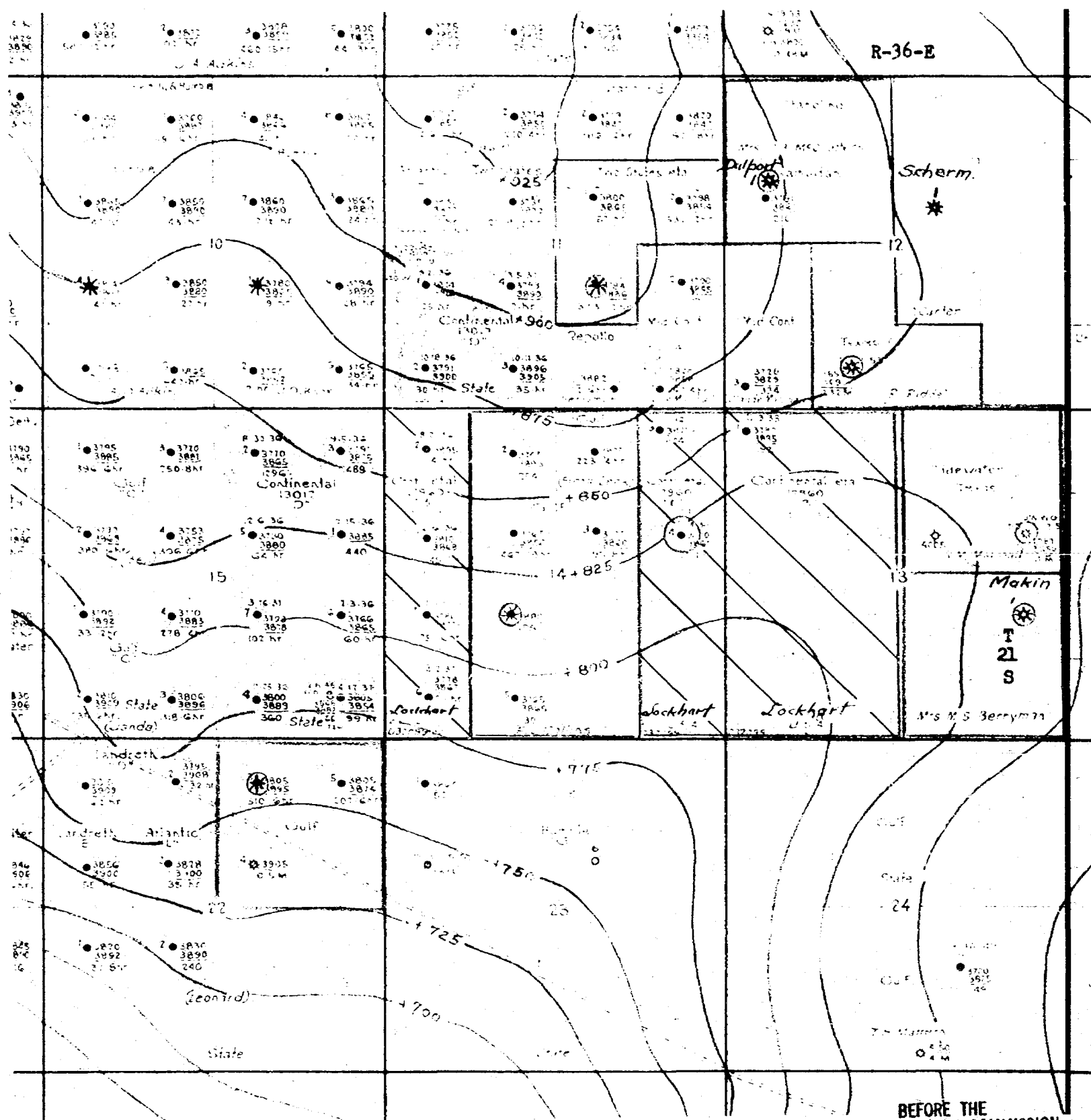
I, THURMAN J. MOOLY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached transcript of proceedings before the Oil Conservation Commission for the State of New Mexico was reported by me in stenotype and reduced to typewritten transcript by me and/or under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS MY HAND AND SEAL, this, the 7th day of August, 1956, in the City of Albuquerque, County of Bernalillo, State of New Mexico.


Notary Public

My Commission Expires:

April 3, 1960.



CONTINENTAL OIL COMPANY

scale: 1"=2000' 25' contours on top of Yates CASE

Proposed Recompletion Acreage Proposed for Recompletion
Offset Gas Well Acreage Assigned to Offset Gas Well

July, 1956

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
EXHIBIT No. 1

CASE: 1113
EXHIBIT 7/1

NSP

MAIN OFFICE CCC

Examiner

BEFORE THE OIL CONSERVATION COMMISSION
1936 JUN 13 11:00 AM OF THE
STATE OF NEW MEXICO

EXC & Full Sta. ad. 250

Ny
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Hobbs

Case # 1113

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 EUMONT GAS POOL CONTAINED IN
ORDER NO. R-520 IN ESTABLISHMENT OF
A NON-STANDARD GAS PRORATION UNIT
OF 480 ACRES CONSISTING OF THE
E/2 E/2 SECTION 14 AND THE W/2
SECTION 13, T21S, R36E, NMPM, LEA
COUNTY, NEW MEXICO TO BE ALLOCATED
TO ITS LOCKHART B-14 WELL NO. 4

A P P L I C A T I O N

Comes now applicant, Continental Oil Company and petitions
the Commission for an order approving a non-standard gas proration
unit consisting of the E/2 E/2 Section 14 and W/2 Section 13 both
in T21S, R36E, NMPM, Eumont Gas pool, Lea County, New Mexico, to
be allocated to its Lockhart B-14 No. 4 well located 1980 feet
from the North line and 660 feet from the East line of said section
14 and in support thereof would show:

1. That applicant is co-owner and is the operator of a
lease designated the Lockhart "B" lease containing, among other
lands, the E/2 E/2 Section 14 and the W/2 Section 13, T21S, R36E,
NMPM, Lea County, New Mexico.
2. That applicant drilled the Lockhart B-14 well No. 4 at
a location 1980 feet from the North line and 660 feet from the East
line of said Section 14 and completed it November 14, 1936 as an
oil well.
3. That said well is now an oil well producing from the
Eunice Pool and will be dually completed to produce oil from the
Eunice Pool and gas from the Eumont Pool.
4. That no part of the acreage comprising the E/2 E/2 of
Section 14 and the W/2 of Section 13 is allocated to a gas well and
that all said acreage may reasonably be presumed to be productive
of gas from the Eumont Pool and should be allocated to a gas well
in the interests of the prevention of waste and the protection of
correlative rights.

5. That the most practical and economical method of allocating said acreage for Eumont Pool gas production is to establish a 480-acre non-standard gas proration unit for assignment to the Lockhart B-14 well No. 4.

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

Respectfully submitted,
CONTINENTAL OIL COMPANY



R. L. ADAMS
Division Superintendent
of Production
New Mexico Division