
CASE 1182: Application of Continental
Oil Company for a 320-acre non-
standard unit in Eumont.

Case No.

1182

Application, Transcript,
Small Exhibits, Etc.

OIL CONSERVATION COMMISSION

P. O. BOX 571

SANTA FE, NEW MEXICO

January 16, 1957

C
O
P
Y

Mr. V. T. Lyon
Continental Oil Company
Petroleum Building
Roswell, New Mexico

Dear Sir:

We enclose a copy of Order R-541 issued January 16, 1957,
by the Oil Conservation Commission in Case 1182, which was heard
on November 28th at Hobbs.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

bp
Encl.

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. 1182
Order No. R-941

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 320
CONTIGUOUS ACRES CONSISTING OF S/2 SECTION
1, 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 10 o'clock a.m. on
November 28, 1956, at Hobbs, New Mexico, before Daniel S. Nutter,
Examiner duly appointed by the New Mexico Oil Conservation Com-
mission, hereinafter referred to as the "Commission," in accordance
with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 16th day of January, 1957, the Commission,
a quorum being present, having considered the application, the
evidence adduced and the recommendations of the Examiner, Daniel
S. Nutter, 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 case and the subject
matter thereof.

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

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 1: S/2

containing 320 acres, more or less.

(3) That applicant, Continental Oil Company, has a
producing well on the aforesaid lease known as its State "F-1"
No. 1, located 660 feet from the South line and 660 feet from the
West line of Section 1, Township 21 South, Range 36 East.

-2-

Case No. 1182
Order No. R-941

(4) That the aforesaid well was recompleted 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 Eumont Gas Pool; and further that said well has presently assigned to it a 160-acre gas proration unit.

(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 320 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 consisting of the following described acreage in the Eumont Gas Pool, Lea County, New Mexico,

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 1: S/2

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

(2) That applicant's well, State "F-1" No. 1, located 660 feet from the South line and 660 feet from the West line of said Section 1, shall be granted an allowable in the proportion that the above-described 320-acre unit bears to the standard proration unit in accordance with Rule 8 of the Special Rules and Regulations for the Eumont Gas 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

E. L. Mechem
EDWIN L. MECHEM, Chairman

Murray E. Morgan
MURRAY E. MORGAN, Member

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



ir/

OK to
approve &
allow me
Rule 8 per
post rules
WJM
12/17/56

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date December 15, 1956

CASE 1182

Hearing Date November 28, 1956

My recommendations for an order in the above numbered cases are as follows:

I recommend that the Commission enter an order in the subject case approving the 320 acre unit applied for by Contrl in the subject case, said unit to consist of the S/2 (southern most 320 acres) of Sec 1 T21S R36E and be dedicated to Contrl's State F-1 well No 1 located 660' FSL + 660' FWL of said Sec 1.

Applicant presently has dedicated to said well 160 acres, being the SW 1/4 of said Sec 1.

There are no other known wells on the subject acreage and the entire acreage may be reasonably presumed to be productive of gas.

Karl Kutter
Staff Member

BEFORE THE OIL CONSERVATION COMMISSION
OF THE
STATE OF NEW MEXICO

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
320 ACRES CONSISTING OF THE S/2
SECTION 1, T 21S, R 36E, NMPM,
LEA COUNTY, NEW MEXICO, TO BE
ALLOCATED TO ITS STATE F-1 WELL
NO. 1.

Case #1182
sent copy?
directed
to Pot chairman
on 1/14/10

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 S/2 Section 1, T 21S, R 36E, NMPM, Eumont gas pool, Lea County, New Mexico, to be allocated to its State F-1 No. 1 well located 660 feet from the south line and 660 feet from the west line of said Section 1 and in support thereof would show:

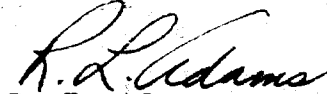
1. That applicant is owner and operator of a lease designated as the State F-1 lease consisting of, in addition to other lands, the S/2 Section 1, T 21S, R 36E, NMPM, Lea County, New Mexico.
2. That applicant drilled the State F-1 No. 1 at a location 660 feet from the south line and 660 feet from the west line of said Section 1 and completed it in 1938 in the Grayburg formation. Said well was plugged back and completed as a Eumont gas well on January 14, 1954.
3. That SW/4 of said Section 1 is presently allocated to the said well, but that no other portion of the S/2 of said Section 1 is allocated to any gas well, and that all of 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.
4. That the most practical and economical method of allocating said acreage for Eumont Pool gas production is to establish a 320-acre non-standard gas proration unit for

assignment to the State F-1 well No. 1.

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

DOCKET: EXAMINER HEARING NOVEMBER 28, 1956

New Mexico Oil Conservation Commission 10:00 a.m., Hobbs, New Mexico.

Oil Conservation Commission Office, 1000 W. Broadway, Hobbs, New Mexico.

The following cases will be heard before Daniel S. Nutter, Examiner:

- CASE 1177: Application of Stanolind Oil and Gas Company for approval of a non-standard gas proration unit in the Jalmat Gas Pool in exception to Rule 5 (a) of the Special Rules and Regulations for the Jalmat Gas Pool as set forth in Order R-520. Applicant, in the above-styled cause, seeks an order authorizing a 481-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the E/2 E/2 of Section 13, Township 26 South, Range 36 East, and Lots 1, 2, 3, and 4, and the E/2 W/2 of Section 18, Township 26 South, Range 37 East, Lea County, New Mexico; said unit to be dedicated to applicant's Farnsworth "A" Well No. 4, located 1980 feet from the North line and 660 feet from the West line of said Section 18.
- CASE 1178: Application of Gulf Oil Corporation 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. Applicant, in the above-styled cause, seeks an order authorizing a 320-acre non-standard gas proration unit in the Eumont Gas Pool comprising the E/2 of Section 22, Township 21 South, Range 36 East, Lea County, New Mexico; said unit to be dedicated to applicant's Leonard "A" Well No. 3, located 360 feet from the North line and 1980 feet from the East line of said Section 22.
- CASE 1179: Application of Gulf Oil Corporation for approval of a non-standard gas proration unit in the Jalmat Gas Pool in exception to Rule 5 (a) of the Special Rules and Regulations for the Jalmat Gas Pool as set forth in Order R-520. Applicant, in the above-styled cause, seeks an order authorizing a 227-acre non-standard gas proration unit in the Jalmat Gas Pool comprising Lots 5, 6, and 7, and the SE/4 NW/4, and the E/2 SW/4 of Section 6, Township 22 South, Range 36 East, Lea County, New Mexico; said unit to be dedicated to applicant's J. H. Day Well No. 3, located 330 feet from the South line and 2310 feet from the West line of said Section 6.
- CASE 1180: Application of John M. Kelly 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. Applicant, in the above-styled cause, seeks an order authorizing a 200-acre non-standard gas proration unit in the Eumont Gas Pool comprising the E/2 SW/4, NW/4 SE/4, and W/2 NE/4 of Section 16, Township 19 South, Range 37 East, Lea County, New Mexico; said unit to be dedicated to applicant's Humble State Well No. 1, located 1980 feet from the South and West lines of said Section 16.

CASE 1181: Application of Continental Oil Company for a non-standard gas proration unit in the Eumont Gas Pool in exception to Rule 5 (a) of the Special Rules and Regulations for said pool. Applicant, in the above-styled cause, seeks an order establishing a 360-acre non-standard gas proration unit in the Eumont Gas Pool consisting of Lots 2, 7, 10, 11, 12, 13, 14, 15, and 16 of Section 1, Township 21 South, Range 36 East, Lea County, New Mexico; said unit to be dedicated to applicant's State F-1 Well No. 5, located 2300 feet from the North line and 1980 feet from the West line of said Section 1.

CASE 1182: *Smith*
Application of Continental Oil Company for a non-standard gas proration unit in the Eumont Gas Pool in exception to Rule 5 (a) of the Special Rules and Regulations for said pool. Applicant, in the above-styled cause, seeks an order establishing a 320-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the S/2 of Section 1, Township 21 South, Range 36 East, Lea County, New Mexico; said unit to be dedicated to applicant's State F-1 Well No. 1, located 660 feet from the South and West lines of said Section 1.

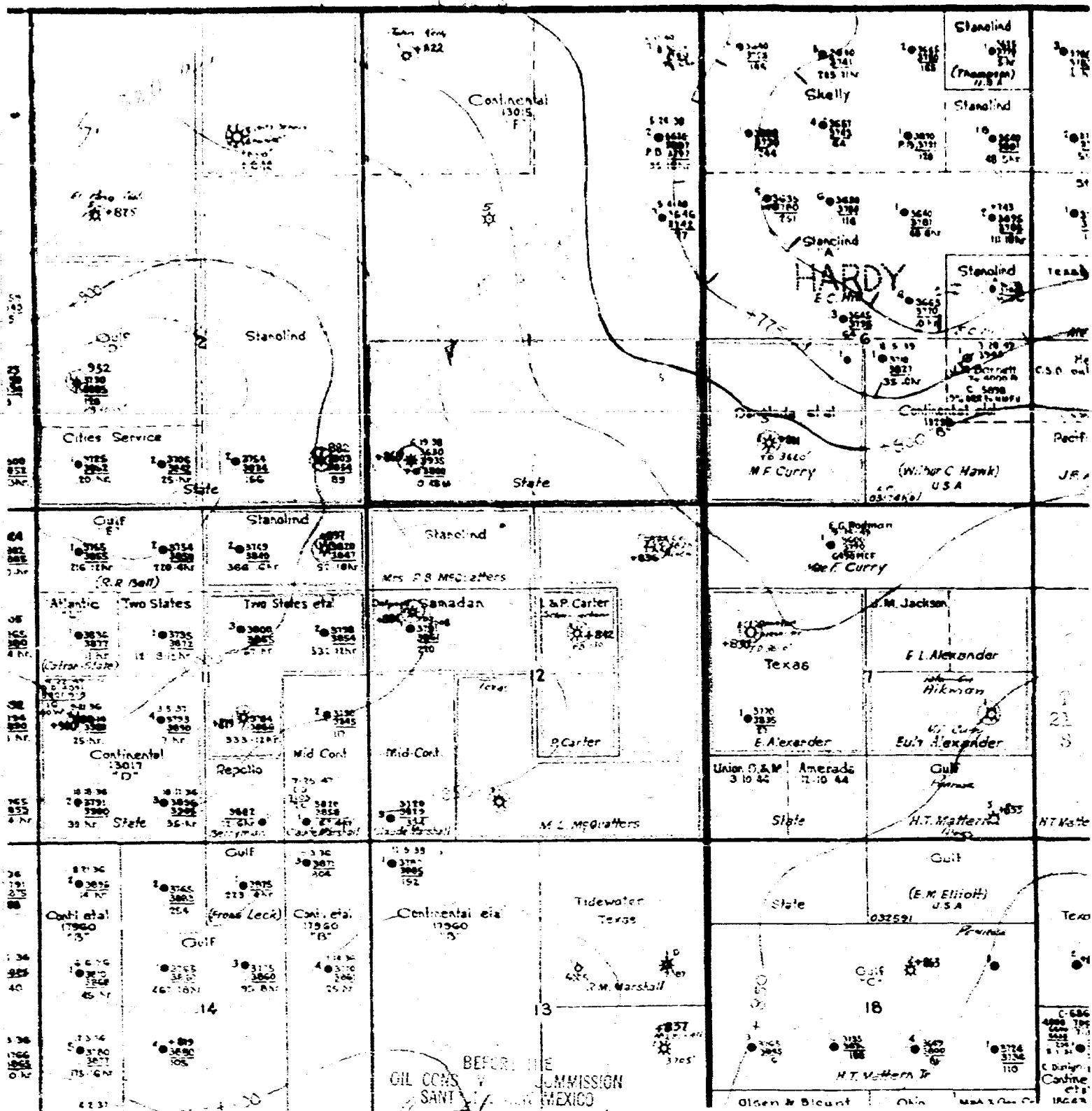
CASE 1183: Application of Amerada Petroleum Corporation for an order authorizing a salt water disposal well in the Bagley-Pennsylvanian Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing the conversion to a salt water disposal well of its Amerada State BT "D" Well No. 4, located in the SE/4 SW/4 of Section 2, Township 12 South, Range 33 East, Lea County, New Mexico; the proposed zone of injection is from 9,045 to 9,230 in the Bagley-Pennsylvanian Pool.

CASE 1184: Application of Harold Kersey, dba Kersey and Company, for approval of the proposed Red Lake Premier Sand Unit in Eddy County, New Mexico, in accordance with Rule 507 of the New Mexico Oil Conservation Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order approving the proposed Red Lake Premier Sand Unit comprising the following acreage in Eddy County, New Mexico:

<u>Township 17 South, Range 28 East</u>	
Section 19:	SE/4
Section 20:	NE/4 NW/4, S/2 NW/4, NE/4, S/2
Section 21:	SW/4 NW/4, SW/4, W/2 SE/4
Section 28:	NW/4, NW/4 NE/4, NW/4 SW/4
Section 29:	N/2
Section 30:	NE/4

said unit consists of State and Federal Acreage.

ir/



LEGEND CASE

- Continental Oil Co. - State F-1 Lease
- Continental Oil Co. - State F-1 No. 1 Well
- Proposed Gas Unit
- Fumont Pool Gas Well
- Fumont Pool Gas Unit

Scale: 1" = 2000'
 Contour Interval: 25'
 Contour on Top of Yates

CASE NO. 1182

EXHIBIT NO. 1

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
NOVEMBER 28, 1956

TRANSCRIPT OF HEARING

Case No. 1182

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

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
NOVEMBER 28, 1956

IN THE MATTER OF:

Application of Continental Oil Company for a non-
standard gas proration unit in the Eumont Gas Pool
in exception to Rule 5 (a) of the Special Rules
and Regulations for said pool. Applicant, in the
above-styled cause, seeks an order establishing a : Case
320-acre non-standard gas proration unit in the : No.
Eumont Gas Pool consisting of the S/2 of Section : 1182
1, Township 21 South, Range 36 East, Lea County,
New Mexico; said unit to be dedicated to appli-
cant's State F-1 Well No. 1, located 660 feet from
the South and West lines of said Section 1. :

BEFORE:

Mr. Daniel S. Nutter

TRANSCRIPT OF HEARING

MR. NUTTER: We will next take Case No. 1182. Appearing for
Continental, V. T. Lyon and C. R. Smith.

(Witness sworn.)

CHARLES R. SMITH

a witness, of lawful age, having first been duly sworn on oath,
testified as follows:

DIRECT EXAMINATION

By MR. LYONS:

Q State your name, please. A Charles R. Smith.
Q How do you spell that?

A S-m-i-t-h. Just plain old Smith.

MR. LYONS: By way of clarification, perhaps I better mention that the description of the proposed unit being sought, half of Section 1, Township 21 South, Range 36 East, refers to the southernmost 320 acres of that section, consisting of the regular quarter sections in the southern part of that section.

MR. NUTTER: Better get this on the record, that this Case No. 1182 is the application of Continental Oil Company for approval of a non-standard unit in the Eumont Gas Pool, said unit to consist of the South 320 acres of Section 1, Township 21 South, Range 36 East, Lea County, New Mexico.

Q Would you state your name, please?

A Charles R. Smith.

Q By whom are you employed, Mr. Smith?

A Continental Oil Company.

Q In what capacity?

A Production Engineer, Eunice, New Mexico.

Q As Production Engineer in Eunice, New Mexico, does the State F-1 which is the subject of this hearing, State F-1 lease, fall under your jurisdiction as an engineer?

A It does.

Q And you are familiar with the application which has been filed in this case?

A Yes, sir, I am.

Q Have you previously testified before the Commission as an expert?

A Yes, sir, I have.

MR. LYONS: Are the witness' qualifications acceptable?

MR. NUTTER: They are.

Q Mr. Smith, would you, please, give briefly the completion data on the State F-1, Well No. 1?

A The State F-1 No. 1 was originally projected to a total depth of 3935 in the Grayburg formation, and was completed at a plug back depth of 3900 feet on May the 2nd, 1938 as a shutin gas well. The well tested 480 MCF's per day flowing through five and a half inches casing, and the well showed no oil, five and a half casing was set at 3608, and a pay was called Grayburg from 3630 to 3800. The well was not produced until January of 1952, and from January of 1952 until July the 1st of 1953 it produced 52,619 MCF's of gas, and as of July the 1st of 1953 it was shutin as non-commercially productive.

On January the 14th of 1954 the well was recompleted as a Dumont Pool gas well; perforations were from 3225 to 3505, and the well is presently opened in those intervals.

Q Mr. Smith, have you prepared a plat showing the area surrounding this particular well?

A Yes, I have.

MR. LYONS: We would like to have that marked as Exhibit 1.

(Marked Continental's Exhibit No. 1,
for identification.)

Q Would you please describe the information that is presented on this exhibit?

A Exhibit No. 1 is a location contour plat marked in yellow, or cross-hatched in yellow, is Continental's State F-1 lease which is located on Section 1, Township 21 South, Range 36 East. Encircled in red is the Continental State F-1 No. 1 Well, and outlined in red is the proposed 320 acre unit on which this case was based shown in, outlined in green or offset Eumont Gas Pool unit with which the wells to which those units are assigned encircled in green.

Q What are the wiggles on the plat?

A Also shown are contours on top of the Yates formation which have been contoured on 25 foot intervals.

Q Mr. Smith, if this application is granted, do you feel that the State F-1 No. 1 is capable of producing 320 acre allowable?

A I do.

Q On what information do you base that?

A I should like to make reference to the well's production during the past year. As of January the 1st of 1956 this well was

underproduced, 168,060 MCF's as of October the 1st of 1956, the well was overproduced 10,945 MCF's.

Now, tubing was installed in this well early in 1956 which has helped the ability of the well to produce during the months of February through July inclusive. This well has produced in excess of the 320 acre allowable.

Q This well has produced then from the past, for the previous portion of this year, in excess of the regular assigned allowable of 380 acres of gas wells in this pool?

A Over the same period of time.

Q Did you give the location of the well?

A No, I didn't.

Q What is the location of the well?

A The well is located 660 from South and 660 from West of Section 1, Township 21 South, Range 36 East, Lea County, New Mexico.

Q Now, referring to Exhibit 1, does that exhibit show that all of the proposed unit is located within the developmental section?

A Yes, sir, it does.

Q Does it show that the length or width is not in excess of 5,280 feet?

A That's right, it is not in excess of it.

Q In your opinion, is the entire acreage which is to be allocated to this well, or proposed to be allocated to the well,

reasonably presumed to be productive of gas?

A I believe so, because the acreage is surrounded by producing Eumont Gas Pool.

Q Is it structurally located with relation to these wells that you can reasonably presume that it is productive in its entirety?

A Yes, sir.

MR. LYONS: Mr. Commissioner, we have a log of this well which we can offer in evidence if you would like. However, we have checked the Commission's files and they do have a copy, unless you particularly desire one with the record, we will not offer it. If you do desire it, we will offer it in evidence.

MR. NUTTER: I think for the time being we can get along without it. If we need one we will let you know.

Q Mr. Smith, does this well have allocated to it at the present time, any acreage?

A At the present time this well is assigned a 160 acre unit.

Q Consisting of what acreage?

A Of what would be the Southwest most 160 acres.

Q The Southwest quarter of Section 1?

A Of Section 1, yes.

Q And it is sought by this application to enlarge the unit from the presently assigned 160 acres to the 320 acres previously

described?

A That's correct.

MR. LYONS: I believe that's all the evidence we have.

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

By MR. NUTTER:

Q Mr. Smith, was the 160 acres that is presently assigned to the well, assigned by an NSP order do you know?

A To my knowledge it was not an NSP.

Q It was a result --

MR. LYONS: I believe not. I believe this unit was formed when the standard unit for this pool was 160 acres and before it was enlarged to 440 acres.

Q When was the well first assigned its allowable as a Eumont well?

A I don't have the exact date.

MR. LYONS: When was it recompleted?

A It was recompleted January 14th of 1954.

Q Which was prior to the effective date of Order R-520, wasn't it?

MR. LYONS: Right. I believe it was made effective in August of '54.

Q It is one of the original Eumont wells?

MR. LYONS: Yes.

Q Did I understand you to say that it was originally completed a Grayburg gas well?

A Yes, on original completion in 1938.

Q Now, what is the present plug back depth of the well?

A It is 3505. The present plug back depth of the well is 3505.

Q And it is presently opened from 3225 to 3505?

A Yes, sir, that's correct.

Q Now, what zone is that?

A From 3225 to 3291 is Seven Rivers.

Q Just a minute, let me write those down. 3225 to 3291?

A Yes, sir.

Q There are three sets of perforation?

A All right, 3225 to 3235, 3259 to 3265, 3283 to 3291, which is Seven Rivers, and from 3426 and from 3466 to 3505, which is Queen.

Q So it is open in the lower Seven Rivers and Queen?

A That's correct. Our records reflect that it is producing from the Queen from 3466 to 3505. But from the record which we have, we cannot definitely say that the Seven Rivers is a producing zone.

MR. NUTTER: I think that's about all I can think of.

Does anyone have any statement they wish to make in this case?

Any further questions of the witness? Do you want to offer these as exhibits?

MR. LYONS: We would like to offer Exhibit 1.

MR. NUTTER: That's all you had, just Exhibit 1?

MR. LYONS: Yes.

MR. NUTTER: Without objection Exhibit 1 in Case No. 1182 will be received in evidence. We will take the case under advisement and the hearing is adjourned.

C E R T I F I C A T E

STATE OF NEW MEXICO)
: ss
COUNTY OF BERNALILLO)

I, AMADO TRUJILLO, 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 New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript 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 21st day of December, 1956, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

J. A. Trujillo
Notary Public

My Commission expires:

Oct 5, 1960

DEARNLEY - MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE - SANTE FE
3-6691 2-2211