

Case No.

1235

Application, Transcript,
Small Exhibits, Etc.

DOCKET: REGULAR HEARING APRIL 17, 1957

Oil Conservation Commission 9 a.m., Mabry Hall, State Capitol, Santa Fe

- ALLOWABLE:**
- (1) Consideration of the oil allowable for May, 1957.
 - (2) Consideration of the allowable production of gas for May, 1957 from the seven prorated pools in Lea County, New Mexico; also consideration of the allowable production of gas from the six prorated pools in San Juan and Rio Arriba Counties, New Mexico, for May 1957.

NEW CASES

CASE 1233: Application of Lillie M. Yates for approval of an oil well drilling location in the potash area of Eddy County, New Mexico, as defined by Commission Order R-111-A. Applicant, in the above-styled cause, seeks authority to drill an oil well in the center of the NW/4 SE/4 Section 4, Township 19 South, Range 30 East, Eddy County, New Mexico. Said location is in the potash area as defined by Order R-111-A and Southwest Potash Corporation has objected to the drilling of said well. The parties to this case have waived the provisions for arbitration set out in Order R-111-A and the matter is hereby set for hearing.

CASE 1234: Application of Carper Drilling Company, Inc. for approval of an oil well drilling location in the potash area of Eddy County, New Mexico, as defined by Commission Order R-111-A. Applicant, in the above-styled cause, seeks authority to drill an oil well in the center of the SE/4 SW/4 Section 4, Township 19 South, Range 30 East, Eddy County, New Mexico. Said location is in the potash area as defined by Order R-111-A and Southwest Potash Corporation has objected to the drilling of said well. The parties to this case have waived the provisions for arbitration set out in Order R-111-A and the matter is hereby set for hearing.

CASE 1235: Application of Continental Oil Company for permission to produce 35 wells in the Skaggs Pool, Lea County, New Mexico, into a common tank battery in exception to Rule 309 of the Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order authorizing the production of 35 oil wells, located in Sections 13, 14, 24 and 25 of Township 20 South, Range 37 East, and in Sections 19 and 30, Township 20 South, Range 38 East, Skaggs Pool, Lea County, New Mexico, into a common tank battery located in Section 19, Township 20 South, Range 38 East. All of said wells are in the Southeast Monument Unit. Applicant proposes to install three test stations to permit individual testing of said wells.

CASE 1236: Application of Continental Oil Company for a non-standard gas proration unit in the Blinebry Gas Pool, Lea County, New Mexico, 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 160-acre non-standard gas proration unit in the Blinebry Gas Pool consisting of Lot 15, N/2 SE/4 and SE/4 SE/4 of Section 3, Township 21 South, Range 37 East, Lea County, New Mexico; said unit to be dedicated to applicant's W. C. Hawk "B-3" Well No. 3 located 1980 feet from the South and East lines of said Section 3.

CASE 1237: Application of Continental Oil Company for approval of a non-standard gas proration unit in the Jalmat Gas Pool, Lea County, New Mexico, in exception to Rule 5 (A) of the Special Rules and Regulations for said pool. Applicant, in the above-styled cause, seeks an order authorizing a 320-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the S/2 Section 8, Township 23 South, Range 36 East, Lea County, New Mexico; said unit to be dedicated to applicant's Danciger "A-8" Well No. 2 located 660 feet from the South and East lines of said Section 8.

CASE 1238: Southeastern New Mexico nomenclature case calling for the creation or abolishment of certain pools and the extension of the horizontal and vertical limits of certain existing pools in Lea, Chaves and Eddy Counties, New Mexico.

(a) Creation of a new oil pool for Pennsylvanian production, designated as the East Anderson Ranch-Pennsylvanian Pool, and described as:

Township 16 South, Range 33 East
Section 3: Lots 7, 8, 9 & 10

(b) Creation of a new oil pool for Drinkard production, designated as the Arrowhead-Drinkard Pool, and described as:

Township 21 South, Range 36 East
Section 36: SW/4

(c) Creation of a new gas pool for Pennsylvanian production, designated as the Red Lake-Pennsylvanian Gas Pool, and described as:

Township 18 South, Range 27 East
Section 5: All

(d) Extension of the Caprock-Queen Pool to include:

Township 12 South, Range 32 East
Section 21: SW/4

Township 14 South, Range 31 East
Section 17: NW/4

- (e) Extension of the Corbin Pool to include:

Township 18 South, Range 33 East
Section 5: W/2 NW/4

- (f) Extension of the Crosby-Devonian Gas Pool to include:

Township 25 South, Range 37 East
Section 32: NE/4

- (g) Extension of the Empire-Wolfcamp Pool to include:

Township 17 South, Range 28 East
Section 29: W/2

- (h) Extension of the Ramont Gas Pool to include:

Township 19 South, Range 37 East
Section 15: SW/4
Section 22: E/2 SW/4
Section 27: NE/4

- (i) Extension of the North Gladiola-Devonian Pool to include:

Township 12 South, Range 38 East
Section 6: SE/4
Section 7: NE/4

- (j) Extension of the West Henshaw-Grayburg Pool to include:

Township 18 South, Range 30 East
Section 4: SW/4
Section 8: SE/4
Section 9: W/2
Section 17: W/2 NW/4

- (k) Extension of the Jalmat Gas Pool to include:

Township 22 South, Range 35 East
Section 23: SE/4

- (l) Extension of the Langlie-Mattix Pool to include:

Township 26 South, Range 38 East
Section 8: NW/4

- (m) Extension of the Lea Pool to include:

Township 20 South, Range 34 East
Section 15: SE/4

- (n) Extension of the North Shoe-Bar Devonian Pool to include:

Township 16 South, Range 35 East
Section 15: S/2 NE/4

- (o) Abolish the Shugart-Grayburg Pool in Eddy County, New Mexico.
- (p) Redefine the vertical limits of the Shugart pool in Eddy County, New Mexico, to include the Yates, Seven Rivers, Queen and Grayburg formations.

- (q) Extension of the Square Lake pool to include:

Township 16 South, Range 29 East
Section 35: W/2 NE/4

- (r) Extension of the Warren-McKee Pool to include.

Township 20 South, Range 38 East
Section 20: S/2 NW/4

- (s) Extension of the Young Pool to include:

Township 18 South, Range 32 East
Section 16: SW/4 & S/2 NW/4

CASE 1239:

Northwestern New Mexico nomenclature case calling for the creation of new pools and the extension of existing pools in Sandoval, San Juan and Rio Arriba Counties, New Mexico.

- (a) Creation of a new oil pool for Point Lookout production, designated as the Otero-Point Lookout Oil Pool, and described as:

Township 23 North, Range 4 West
Section 32: NE/4

- (b) Creation of a new gas pool for Chacra production, designated as the Otero-Chacra Pool, and described as:

Township 25 North, Range 5 West
Section 16: S/2
All of Sections 17 & 21
Section 22: W/2 & SE/4
Section 23: SW/4
All of Sections 26, 27 & 28

- (c) Creation of a new oil pool for Paradox production, designated as the Four Corners-Paradox Oil Pool, and described as:

Township 32 North, Range 20 West
Section 29: SW/4 & S/2 NW/4
Section 30: E/2 SE/4 & SE/4 NE/4

- (d) Extension of the Blanco Mesaverde Pool to include:

Township 31 North, Range 5 West
All of Sections 19, 20, 29, 30 & 32

- (e) Extension of the Ballard-Pictured Cliffs pool to include:

Township 25 North, Range 7 West
All of Sections 16, 17 & 18
Section 19: N/2

Township 25 North, Range 8 West
Section 24: NW/4

- (f) Extension of the Canyon Large-Pictured Cliffs Pool to include:

Township 24 North, Range 6 West
Section 2: NW/4
Section 3: N/2

Township 25 North, Range 6 West
Section 33: S/2
Section 34: S/2

Township 26 North, Range 7 West
Section 29: N/2

- (g) Extension of the Gavilan-Pictured Cliffs Pool to include:

Township 25 North, Range 1 West
Section 30: NW/4

Township 25 North, Range 2 West
Section 11: N/2
Section 22: NW/4
Section 23: SE/4
Section 25: N/2
Section 26: E/2

- (h) Extension of the Otero-Pictured Cliffs Pool to include:

Township 24 North, Range 6 West
Section 10: S/2
Section 14: NW/4
Section 15: N/2
Section 16: All

- (i) Extension of the Otero-Sanastee Oil Pool to include:

Township 22 North, Range 4 West
Section 5: NW/4 & S/2
Section 6: N/2
Section 8: NE/4

OK to
approve for
35 wells only
w/ Skaggs pool.
(WPM) 5/3/57

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

CASE

1235

Hearing Date

Date 5/3/57

Reg. Div.
Commission

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

Enter an order approving applicant's request for permission to produce in excess of 8 wells into a tank battery.

Although applicant has requested permission to produce ~~all~~ ~~any~~ ~~these~~ presently drilled 35 wells into an automatic tank battery, plus any wells drilled in the future on this Southeast Monument Unit, I believe there should be some limitation as to the number of wells. Further the advertisement was for 35 wells and there was ~~positive~~ mention in it of this fact at the hearing.

I don't believe any ~~more~~ need be made of the fact that this is an automatic tank battery, as all production will be measured in tanks before leaving the lease (SEMU participating area) although wells on this unit will have their production measured by meters.

Staff member

Don Titter

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 17, 1957

IN THE MATTER OF:

Case No. 1235

TRANSCRIPT OF HEARING

DEARNLEY, SIER & ASSOCIATES
INCORPORATED
GENERAL LAW & SPORTS
ALBUQUERQUE - SANTA FE
3-1691 2-2211

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 17, 1957

IN THE MATTER OF:

Application of Continental Oil Company for
permission to produce 35 wells in the
Skaggs Pool, Lea County, New Mexico, into a
common tank battery in exception to Rule
369 of the Commission Rules and Regulations.
Applicant, in the above-styled cause, seeks
an order authorizing the production of 35
oil wells, located in Sections 13, 14, 24
and 25 of Township 20 South, Range 37 East
and in Sections 19 and 30, Township 20
South, Range 38 East, Skaggs Pool, Lea
County, New Mexico, into a common tank
battery located in Section 19, Township 20
South, Range 38 East. All of said wells
are in the Southeast Monument Unit. Appli-
cant proposes to install three test stations
to permit individual testing of said wells.

Case No. 1235

BEFORE:

Mr. A. L. Porter
Mr. Murray Morgan

TRANSCRIPT OF HEARING

MR. PORTER: The next case on the docket is Case 1235.

MR. KELLAHIN: Jason Kellahin, appearing for the applicant.

We have one witness, E. V. Boynton.

MR. PORTER: Mr. Kellahin, you go ahead with your questions.

E. V. BOYNTON,

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

follows:

DEARNLEY-MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE - SANTA FE
3-6691 2-1865

DIRECT EXAMINATION

By MR. KELLAHIN:

Q Will you state your name, please?

A E. V. Beynton.

By whom are you employed, Mr. Beynton?

A Continental Oil Company.

Q What is your position in the company at the present time?

A District Petroleum Engineer.

Q Have you testified before this Commission and had your qualifications as an expert engineer accepted by the Commission?

A I have.

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

MR. PORTER: They are.

Q Mr. Beynton, in your position as District Engineer, are you familiar with the application in the case now before the Commission?

A I am.

Q Will you state briefly what the nature of this application is?

A It is a request for exception to Rule 309, for permission to promote more than 35 wells into a single tank battery.

Q Before you get into your testimony in regard to the application itself, would you describe briefly to the Commission the area involved?

A This area involves Township 20, Range 37 East and 38 East, and includes approximately 2,283 acres.

Q Is that included in the Skaggs Pool?

A It is.

Q What is the producing formation?

A The Grayburg Formation.

Q At about what depth?

A At an average depth of about 3,950 feet.

Q Are you familiar with the allowables on the wells in that area?

A Yes, sir.

Q What have they been on a current basis?

A Do you mean top allowable?

Q The current allowables and production from the unit involved here?

A The current allowables from the 35 wells in question have been approximately 400 barrels per day, a little more than that.

Q Is this in a unit agreement?

A It is, yes, sir.

Q What is that unit?

A It's the Southeast Monument Unit.

Q I notice that you propose to have three thousand barrel tanks provided. What storage would that afford?

A With present production that will afford approximately seven days' storage.

MR. PORTER: Mr. Kellahin, a point of clarification. You mean three 1,000 barrel tanks?

MR. KELLAHIN: Yes. We will go into that in a little more detail later. (Marked Exhibit No. 1, for identification.)

Q Now, referring to what has been marked as Exhibit Number 1.

Mr. Boynton, what is that designed to show?

A Exhibit Number 1 is an ownership plat that shows the area in question, the lands operated by Continental Oil Company are cross-hatched in yellow; the boundary of the Southeast Monument Unit is shown by heavy dashed lines in the boundary of the participating: Permian participating area is shown by a lighter dashed line.

Q I notice there is a dotted line running down through the middle of the cross-hatched area. What is the significance of that?

A That is the boundary of the Permian participating area.

Q That is the area affected by this application?

A That is true, yes.

Q This participating area, is that Federal or State acreage?

A It is Federal.

Q Is it in one lease or more than one lease?

A It is, yes.

Q It is what?

A One lease.

Q One lease. Approximately what acreage would be included in the participating area?

A 2,283 acres, approximately.

Q The production from that area then, is it assigned to common beneficiaries throughout?

A It is. (Marked Exhibit Number 2, for identification.)

Q Referring to what has been marked as Exhibit Number 2, Mr. Boynton, what does that show?

A Exhibit Number 2 is a plat showing the location of the wells

involved and the flow lines leading to the three test stations.

Q Does that indicate then that you propose to have three test stations?

A Yes, that is correct.

Q Referring to the exhibit, will you outline how many wells each of these -- their location and how many wells they would serve?

A What is designated as Station Number 1 will have eight wells, it will serve eight wells; Station Number 2, located at the main battery, will serve 17 wells, and Station Number 3 ten wells.

Q So the largest number of wells served by any testing station will be 17, is that correct?

A That is true.

Q Do you know of other tank batteries which are similarly situated as that?

A Yes, I do.

Q Do you operate one such tank battery?

A That is right.

Q Do you know which one that is?

A It is the Myers "B-4 Lease in the South Eunice Pool.

Q That has been approved by this Commission?

A Yes, it has been.

Q Under the system which you propose to have, will there be adequate provision for measuring oil, gas and water or sediment on each well?

A Yes, sir, there will be. We can test three wells each day

with our present test facilities, which will enable us to test each well on the lease in a period of 12 days.

Q Do you mean by that you can test three wells at each test station, or three wells for the entire system?

A No, three wells for the entire system, one at each station.

Q Is there a provision for taking the test automatically?

A There is, yes.

Q Will you describe that briefly for the Commission?

A On Exhibit Number 3, near the center of the drawing is Test Station Number 2. It is composed essentially of two separators and a volume meter, and in addition to this it will have, these exhibits are tied together, a common orifice meter on the gas vent line of the test separator. In addition to measurement of liquids, the fluids through the volume meter, we have made provision to flow the fluids into a test tank and measure it by ordinary means with gauge line, if it is so desired.

Q Is that for the purpose of protecting your test equipment?

A That is true.

Q Go ahead.

A In the measurement of gas, we propose to calculate gas volumes automatically; however, for checking purposes we have provided in addition to our automatic integrator, an ordinary orifice meter so that a chart can be taken at the same time or: automatic integrator is in operation, to check gas volumes.

Q Referring back to your Exhibit Number 2, is there provision made in each test station to measure fluids and gas by ordinary methods?

A That is true. This is representative of each test station.

Q The Test Station Number 2 represents the same system that you will have at the other two stations?

A That is correct. (Marked Exhibit 4 for identification.)

Q Referring to what has been marked as Exhibit Number 4, would you state what that shows?

A This is the one that I have just gone over. It represents a separator with the gas vent line coming off the top and an ordinary orifice plate holder in the vertical riser of the vent line. On one side is illustrated the Barton libroscope automatic integrating device, and on the left is an ordinary orifice meter, with a differential two pounds and a quarter. By this common orifice meter we expect to check our automatic integrator to our own satisfaction, and to the Commission's.

Q Just what is a Barton libroscope meter?

A A Barton libroscope meter is a device that measures, calculates and records any volume of gas passing through an orifice plate.

Q Does it calculate the volumes?

A Yes.

Q Rather than just pressures?

A Volumes, I beg your pardon, yes, sir.

Q That will give you a permanent record of gas production, will it?

A It will.

Q Would you describe the operation of your metering devices for this arrangement?

A You mean the fluid meters?

A The fluid meters, yes, sir.

A The volume meter is a vessel that accumulates, isolates and discharges equal volumes of fluid in each cycle being recorded and sampled.

Q Does it make provision for taking samples throughout the filling of the tank?

A That is true. This particular vessel we have here takes a number of samples from the line leading from the vessel to the treater, during the dump portion of the cycle.

Q On the basis of those samples you could determine the water content and basic sediment in each load?

A That is true.

Q Is that correct?

A Yes.

Q Will you describe your provision for testing these wells automatically? As I understand, you say you can test three wells at a time. How does that operate?

A Well, there will be a test pump at each test station, so that you can set each well flowing into each station up, to be tested consecutively, automatically, when one is through being tested for any determined period, you can go on and test the next one. In these both the fluid and the gas will be recorded on a strip of chart, and a sample of the fluid that was produced during the test will be directed to a sample container; one will be provided for each well to determine the gas and water content of the oil it would be necessary for the pumper, or someone to grind out the

fluid sample?

Q Will the system that the Continental proposes to use here enable you to keep an accurate record of production from each individual well which is connected to this common tank battery?

A It will.

Q And accurately report the production from each of these wells?

A That is true, it will.

Q Will such a system result in waste?

A No.

Q Is there any danger of over producing any individual well as a result of the use of this system?

A Well, actually this system has many fail safe features that provide for, if something goes wrong, that the well will be shut in there by avoiding waste.

Q Is that an automatic arrangement?

A It is.

Q My question though, is, is this system practical in your opinion, for the purpose of producing these wells without over-producing any of the wells within their allowable?

A Well, with our test facilities that we have now, compared to what we will have when these automatic testers are installed, we will be able to keep a much more accurate record of each well's production.

Q Can the production be controlled automatically?

A Yes. We also have a production programmer that will flow any well for any length of time during the 24-hour period.

Q Then will automatically shut the well off?

A Yes, it automatically opens and closes the well to production.

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3-6691 2-1869

MR. KELLAHIN: That is all the questions I have, unless you have something you want to add, Mr. Boynton.

A I don't think of anything right now.

MR. PORTER: Does anyone have a question of Mr. Boynton?

MR. KELLAHIN: I would like to offer this in evidence, our Exhibits 1 through 4, inclusive.

MR. PORTER: Without objection they will be received. Mr. Cooley?

CROSS EXAMINATION

By MR. COOLEY:

Q In your tests you said that every well in the unit, each of the 35 will be tested in a period of 12 days?

A Yes.

Q Is that allowing a 24-hour test period?

A That is allowing a 24-hour test period.

Q How would it be possible to test Station Number 2 when there are 17 wells connected?

A You have trapped me. It wouldn't be. It would be three times 17 days. I mean, it would be a period of 17 days.

Q It would take 17 days to test all wells in Station 2?

A That is right. There are 17 wells going into Test Station 2 for a 24-hour period; it would be 17 days.

MR. COOLEY: That is all.

MR. PORTER: Mr. Nutter?

By MR. NUTTER:

Q Mr. Boynton, I believe you stated that the ownership of all the leases is by Continental, is that correct?

A This is actually one lease, Mr. Nutter.

Q Beg pardon?

A This is one lease. All the royalties are dedicated to a common beneficiary.

Q The Skaggs and Berger are both the same lease?

A Within the boundaries of the Southeast Monument Unit all the Permian production is considered to be one lease.

Q This entire participating area shares equally in all the wells that are drilled in that participating area?

A That is true.

MR. KELLAHIN: I would like to answer that. The area had been unitized, Mr. Nutter.

MR. NUTTER: That is what I wanted to make clear. There is one working interest owner, and the royalty owners share equally?

MR. KELLAHIN: There is more than one working interest.

MR. COOLEY: This is not one basic lease?

MR. KELLAHIN: For practical purposes, having been unitized.

MR. COOLEY: But there is still more than one basic lease?

MR. KELLAHIN: Yes.

MR. NUTTER: But one participating area.

Q Mr. Boynton, I can't follow the flow completely on this Exhibit Number 3. You had two separators at Test Station Number 2, is that correct?

A That is correct.

Q One will be a production separator?

A That is true.

Q Yet there is only one gas meter; how do you measure the gas

that is being produced when you are taking a test? You will use the meter, the gas meter when you are testing the well that is on test, won't you?

A That is true.

Q Will you be able to measure the gas that is being produced from the other well?

A The Warren Petco will do that, will measure all the gas. They maintain their own meters. We make no effort to do that.

Q So, the only meter you need will be a test meter to establish GOR and such?

A That is right.

Q Will the flow of oil from the production separator go directly into the tanks, or will it go to the treater first?

A It will go to the treater.

Q How about the flow of oil that is from the well that is on test, will it go to the treater?

A It will go to the treater unless it is directed to a test tank.

Q In which case it would have to be treated after it had been measured in the tank?

A Yes, it would be necessary to circulate it back to the treater.

MR. NUTTER: Those are the points I could not understand. I believe that is all, thank you.

MR. PORTER: Mr. Mankin?

By MR. MANKIN:

Q Mr. Boynton, did you indicate that there was three 1,000

barrels of storage, is that the figure that you gave, a total of 3,000?

A A total storage of 3,000 barrels, less, of course, the distance from the pipeline outlet to the floor of the tank, and also the fill line.

Q How many days' storage would you anticipate that would hold?

A Right now?

Q Right now.

A Approximately seven days.

Q You have, what, over 400 barrels per day production?

A It's a little more than that, some six to seven days.

MR. MANKIN: That is all.

MR. PORTER: Mr. Kellahin?

RE-DIRECT EXAMINATION

By MR. KELLAHIN:

Q Mr. Boynton, I overlooked asking you, there is at the present time a total of 35 wells in the participating area, is that correct?

A That is true.

Q Do you contemplate drilling any other wells?

A No, sir.

Q In your application you asked for a provision for administrative approval of the adding of additional wells. Why do you feel that is necessary?

A Well, right now we do not anticipate the drilling of additional wells, but in the event that additional wells were drilled it would ease the problem of getting these orders enlarged.

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Q Both for the Commission and for Continental?

A That is right.

Q And are the facilities which you propose to install adequate to take care of any additional wells?

A They are, yes, sir.

MR. KELLAHIN: That is all.

MR. PORTER: Mr. Boynton, do you know about how many wells of the 35, are capable of producing top allowable?

A There are several of them capable Mr. Porter. I don't know just exactly how many, but most of them are penalized, due to high ratios, at present.

MR. PORTER: How many tank batteries are you using now for the 35 wells?

A I think at present there are seven.

MR. PORTER: Seven tank batteries. Go off the record just a moment.

(Off the record.)

MR. PORTER: Back on the record, please. Does anyone else have a question of Mr. Boynton?

(Witness excused.)

MR. PORTER: Does anyone have a statement to make?

MR. KELLAHIN: If the Commission please, as a result of my conversation with Mr. Cooley, I find that in the advertising of this case there was no advertising on that portion of our application which asked for administrative approval, the system of administrative approval for additional wells to this system, and certainly if the

Commission feels that cannot properly be considered at this time, we would waive or withdraw that portion of our application, in order that you can go ahead with this other.

MR. PORTER: Thank you. Then you amend your application to that extent?

MR. KELLAMIN: If the Commission feels that it is necessary, yes, sir, and I think the Commission does.

MR. PORTER: We will review the application then in that light. Anything further in this case? We will take the case under advisement.

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) SS.

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 30th day of April, 1957.

Ada Dearnley
Notary Public - Court Reporter

My Commission Expires:
June 19, 1959

DEARNLEY-MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE - SANTA FE
3-6691 2-1869

RECEIVED

New Mexico Division

MAR 20 1957

ELA JAM VTL
LBN LP

Case 1235

IN THE MATTER OF THE APPLICATION OF
CONTINENTAL OIL COMPANY FOR AN EXCEPTION
TO RULE 309(a) OF THE RULES AND REGULA-
TIONS OF THE NEW MEXICO OIL CONSERVATION
COMMISSION, AUTHORIZING THE PRODUCTION
INTO A COMMON AUTOMATIC TANK BATTERY OF
ALL WELLS IN THE SKAGGS POOL WITHIN THE
BOUNDARIES OF THE SOUTHEAST MONUMENT
UNIT LOCATED IN SECTIONS 13, 14, 15, 22,
23, 24, 25, 26, AND 27, T-20-S, R-37-E,
AND SECTIONS 19, 20, 29, AND 30, T-20-S,
R-38-E, N.M.P.M., LEA COUNTY, NEW MEXICO

BEFORE THE
OIL CONSERVATION
COMMISSION
OF THE
STATE OF
NEW MEXICO

APPLICATION

Comes now CONTINENTAL OIL COMPANY, a Delaware cor-
poration, hereinafter referred to as "Applicant," and would
respectfully show unto the Commission as follows:

1.

That Applicant is the operator of the Southeast
Monument Unit covering lands located in Sections 13, 14, 15, 22,
23, 24, 25, 26, and 27, T-20-S, R-37-E, and Sections 19, 20,
29, and 30, T-20-S, R-38-E, N.M.P.M., Lea County, New Mexico.

2.

That up to the time of the filing of this application
Applicant has drilled and completed within the boundaries of
said Southeast Monument Unit a total of 35 wells which are pro-
ducing from the Skaggs Pool, said wells being located in Sections
13, 14, 24, and 25, T-20-S, R-37-E, and in Sections 19 and 30,
T-20-S, R-38-E, all as shown on Exhibit "A" attached hereto.

3.

No additional Skaggs Pool wells are currently being
drilled within the boundaries of the Southeast Monument Unit and
the drilling of no such wells is currently being contemplated,
although an additional such well or wells may be drilled in the
future.

4.

That Applicant proposes to install an automatic tank
battery to receive the production from the 35 wells currently

producing from the Skaggs Pool in said unit and from such additional well or wells, if any, as may hereafter be drilled and completed in the Skaggs Pool in said unit, such automatic tank battery to be located on Section 19, T-20-S, R-38-E, as shown on the attached aforesaid Exhibit "A"; that such installation is feasible and practical and will result in more efficient production, testing, and operation of said wells.

5.

That Applicant proposes to install equipment in such manner as will permit each well to be tested individually and that in this connection three test stations are proposed to be installed on Section 13, T-20-S, R-37-E, and on Sections 19 and 30, T-20-S, R-38-E, respectively, as shown on the attached aforesaid Exhibit "A."

6.

That the production of said wells into a common automatic tank battery will result neither in waste nor the impairment of correlative rights.

7.

That there is attached hereto and made a part hereof a plat, marked Exhibit "A," showing the boundary lines of the Southeast Monument Unit; the location of the 35 wells currently producing from the Skaggs Pool within the boundaries of said unit; the location of the proposed common automatic tank battery; the location of the proposed three test stations; and the manner in which said wells are to be connected to the respective test stations and to the common automatic tank battery.

8.

That in the event Applicant should drill and complete any additional well or wells in said Skaggs Pool within the boundaries of said Southeast Monument Unit, Applicant be authorized to produce such well or wells into the aforesaid common automatic tank battery by administrative order of the

Commission upon Applicant's filing with the Commission an application therefor accompanied by a plat showing the location of such additional well or wells and showing the test station or test stations to which said well or wells are to be connected.

9.

That Applicant desires a hearing before an examiner at the Commission's District Office in the City of Hobbs, New Mexico, at the earliest practical date.

10.

That the names and addresses of all interested parties known to Applicant are:

The Atlantic Refining Company
Attn: Mr. S.L. Smith
P.O. Box 871
Midland, Texas

Pan American Petroleum Corporation
Attn: Mr. C.L. Kelley
P.O. Box 899
Roswell, New Mexico

Standard Oil Company of Texas
Attn: Mr. H.W. Mathews
P.O. Box 1249
Houston, Texas

WHEREFORE, Applicant prays that this application be set for hearing upon due notice and that upon hearing an order be entered granting Applicant an exception to Rule 309(a) authorizing Applicant to produce into a common automatic tank battery the 35 wells now producing from the Skaggs Pool within the boundaries of the Southeast Monument Unit, as aforesaid, and authorizing administrative approval of the production of any additional well or wells which may be drilled and completed in said pool in said unit by Applicant upon application by Applicant showing the location of such additional well or wells and the location of the test station or test stations to which such additional well or wells may be connected.

Respectfully submitted,

CONTINENTAL OIL COMPANY

BY R. L. Adams

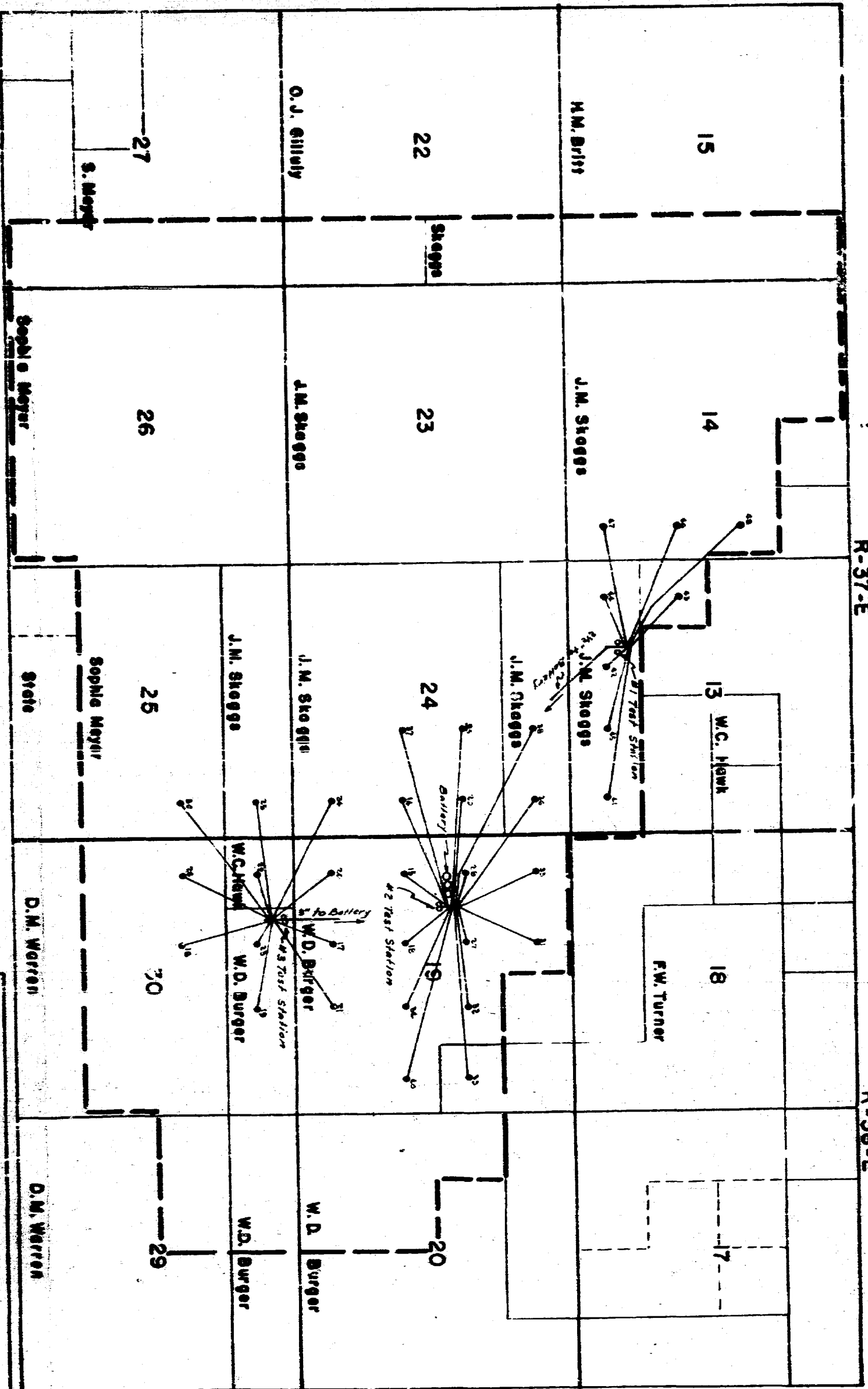


EXHIBIT "A"

SOUTHEAST MONUMENT AREA UNIT
LEA COUNTY, NEW MEXICO

SCALE 1"=1000'

LEGEND

SOUTHEAST MONUMENT UNIT BOUNDARY ---
CONTINENTAL OPERATED SEMU PERMIAN
SKAGGS POOL WELLS ON MARCH 15, 1957--●

Case 1235



MAIL OFFICE 000

1937 1121

CONTINENTAL OIL COMPANY

PETROLEUM BUILDING
ROSWELL, NEW MEXICO

R. L. ADAMS
DIVISION SUPERINTENDENT
OF PRODUCTION
NEW MEXICO DIVISION

March 22, 1957

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.

Re: Continental Oil Company's
Application for permission
to install an automatic
tank battery on the South-
east Monument Unit in T20S,
R37 and 38E, Lea County,
New Mexico

*at hearing
Find out if all
wells are in a
Participating Area.*

Gentlemen:

We forward herewith application in triplicate for permission to install an automatic tank battery as described in the caption above. Please set this matter for hearing by an examiner in Hobbs, New Mexico, at the earliest convenient date.

Yours very truly,

R. L. Adams

RLA-BC

Enc

CC: HLJ, JWK, FTE

*Docket sent to Adams
4-5-57 BP*

OIL CONSERVATION COMMISSION
P. O. BOX 671
SANTA FE, NEW MEXICO

May 31, 1957

C
O
P
Y

Mr. James Hollahan
Box 577
Santa Fe, New Mexico

Dear Sir:

On behalf of your client, Continental Oil Company, we enclose
two copies of Order R-1882 issued May 29, 1957, by the Oil Conser-
vation Commission in Case 1235, which was heard on April 17th.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

lp
Encs.

**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. 1238
Order No. 2-1602**

**APPLICATION OF CONTINENTAL OIL
COMPANY FOR AN ORDER GRANTING
AUTHORITY TO PRODUCE 35 WELLS IN
THE SLAGGS POOL, LEA COUNTY, NEW
MEXICO INTO A COMMON TANK BATTERY.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 17, 1937, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NEW, on this 29th day of May, 1937, the Commission, a quorum being present, having considered the application and the evidence adduced, 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, as the operator of the Southeast Monument Unit, has drilled 35 oil wells within the limits of said unit in Sections 13, 14, 24, and 25, Township 20 South, Range 27 East, NMPN, and Sections 19 and 20, Township 20 South, Range 28 East, NMPN, which wells are presently producing from the SLAGGS POOL, Lea County, New Mexico.

(3) That the applicant proposes to produce all of the ~~above mentioned~~ wells into a common tank battery located in the NW/4 of Section 19, Township 20 South, Range 28 East, NMPN, Lea County, New Mexico.

(4) That the applicant's proposed installation will afford adequate testing facilities for all of the wells involved in the system.

(5) That approval of the subject application will not cause waste or impair correlative rights.

IT IS THEREFORE ORDERED:

That the applicant, Continental Oil Company, be and the same is hereby authorized to produce a maximum of 35 oil wells in

the Southwest Monument Unit into a common tank battery, which wells are located in Sections 13, 14, 24, and 25, Township 25 South, Range 27 East, NMPH, and in Sections 19 and 20, Township 26 South, Range 28 East, NMPH, and producing from the Shaggs Pool, Lea County, New Mexico.

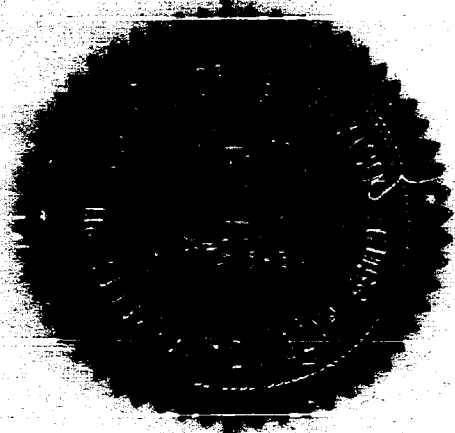
Done at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E. L. McGinnis
EDWIN L. MCGINNIS, Chairman

W. E. Morgan
WILLIAM E. MORGAN, Member

A. L. Fortner, Jr.
A. L. FORTNER, Jr., Member & Secretary



Ar/