

Case No.

1437

Application, Transcript,  
Small Exhibits, Etc.

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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
May 6, 1958

IN THE MATTER OF:

CASE 1437

TRANSCRIPT OF PROCEEDINGS

DEARNLEY - MEIER & ASSOCIATES  
INCORPORATED  
GENERAL LAW REPORTERS  
ALBUQUERQUE, NEW MEXICO  
3-6691 5-9546

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
May 6, 1958

IN THE MATTER OF: CASE 1437

Application of Continental Oil Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 320-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the N/2 of Section 7, Township 23 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the applicant's Stevens B-7 Unit Well No. 1 located 990 feet from the North and West lines of said Section 7.

BEFORE:

MR. DANIEL S. NUTTER

TRANSCRIPT OF PROCEEDINGS

MR. PAYNE: Case 1437, application of Continental Oil Company for a non-standard gas proration unit.

MR. FOX: At this time I would like to move to amend the application. This area is located on range land and it has been ascertained that the accurate acreage is three hundred, fourteen point six-five rather than three hundred twenty acres as stated in the application and I would like to have the application amended to so show.

MR. NUTTER: The application will be amended to show that the unit be comprised of three hundred fourteen point sixty-five acres.

MR. FOX: Correct.

V. T. LYON

a witness, of lawful age, having first been duly sworn, was examined

and testified as follows:

DIRECT EXAMINATION

BY MR. FOX:

Q Are you employed by Continental Oil Company, Mr. Lyon?

A Yes, sir.

Q And what is your position?

A Acting District Engineer.

Q And you have previously testified before the Commission today and other times as an expert petroleum engineer?

A Yes, sir.

MR. FOX: Will the Examiner accept Mr. Lyon's qualifications?

MR. NUTTER: Mr. Lyon is accepted.

Q (By Mr. Fox) You are familiar with the application in this case, Mr. Lyon?

A Yes, sir.

Q Will you describe it briefly?

A This is the application of Continental Oil Company for the enlargement of the gas proration unit assigned to the Stevens B-7 Unit Well Number 1 from the present one hundred sixty acres to a unit of three hundred twenty acres consisting of the north half of Section 7, Township 23, South, Range 37 East, Lea County, New Mexico.

Q Is the Continental Oil Company the operator of the Stevens B-7 unit?

A Yes, sir.

Q Now, with reference to Exhibit Number One, Mr. Lyon, what does that represent?

A Exhibit Number One is a location and ownership plat showing the Continental Oil Company Stevens B-7 unit and the immediately surrounding area and the plat does not show the ownership of the tracts involved in the unit. Actually, the New Mexico Federal Unit, of which Continental is the operator, owns the south half of the north half of Section 7 and the north half of the north half of Section 7 is owned by a variety of other interests and this unit was formed several years ago and the well is presently existing on the unit where it was drilled several years ago. It shows circled in yellow the present unit allocated to Well Number One, which is circled in red. The proposed unit, gas proration unit which comprises the entire unit covered by the communitization agreement and is outlined in red and is shown to consist of the north half of Section 7.

Q Now referring to Exhibit 2, what does it show, Mr. Lyon?

A Exhibit Number Two is a plat showing the same area shown on Exhibit Number One and also has the structural contours of the top of the Yates on twenty-five foot contours. It shows the Number One Well circled in red, and the proposed unit outlined in red, Jalmat gas wells in the unit circled in green and the unit to which they are allocated outlined in green.

Q In your opinion, based on the information in Exhibit One and Two, may it be reasonably presumed that all of the acreage which

is proposed to be dedicated to this unit, Well Number One, is productive of gas?

A Yes, sir.

Q Is the proposed unit within the horizontal limits of the pool as defined by the commission?

A Yes sir, it is.

Q Now, in respect to Exhibit Number Three, what does this exhibit show?

A Exhibit Number Three is a copy of the radioactivity log run on this well. It is a rather old log and the present production was not very good. I have made notations in red pencil showing the top of the Yates and the top of the Seven Rivers formations.

Q Are the perforations in the pool shown on this log?

A Actually, there are no perforations. The five and a half inch casing was sealed above the top of the casing and the well is bled open hold.

Q This is not a dual completion well here, is it?

A No sir, it is not.

Q Is the well as presently completed located within the vertical limits of the pool as defined by the Commission?

A Yes sir, it is.

Q Now, as to Exhibit Number Four, if this application should be approved, in your opinion, is Well Number One of the Stevens B-7 Unit capable of producing the acreage allowable from the pool?

A It would probably have difficulty producing the allowable

during high demand seasons but it should be able to make up this underproduction during low demand seasons and it possibly will be necessary to stimulate the well in order to put it on top producing conditions.

Q And have you made a calculation of the deliverability of the well?

A Yes sir, I have.

Q What does it show as to the well's deliverability?

A It shows the deliverability against six hundred pounds of five hundred fifteen M. C. F. per day and the deliverability against a hundred and fifty pounds of one thousand and five M. C. F. per day and it is calculated on that for a potential of one thousand, two hundred twenty-five M. C. F. per day.

Q Were the exhibits presented in this case prepared by you or under your direct supervision?

A Yes sir, they were.

MR. FOX: I would like to move the introduction of the exhibits presented at this time. I believe that's one through four?

A Yes, sir.

MR. NUTTER: Is there any objection to the introduction of Continental's exhibits one through four?

(No response).

MR. NUTTER: If not, they will be received.

Q (By Mr. Fox) Mr. Lyon, in your opinion, is the approval



of the application in the interests of preventing waste and protection correlative rights?

A Yes sir, I believe it is.

MR. FOX: I think that's all I have at this time.

A May I add a few comments on this? I would like to point out that the unit is contained within a Governmental Section and consists of continuous quarter quarter sections and that it does not exceed five thousand, two hundred and eighty feet in length or width and in my opinion, is reasonably presumed to be productive of gas throughout.

I should also like to point out that Well Number Two is shown in Unit C on Exhibit One and Two. This well has been classified for several years as a Langlie-Mattix gas well and I believe that initially when the gas proration was started that the northeast quarter of Section 7 was allocated to this well but in the very early days it was re-classified to a Langlie-Mattix well.

Q Is the Well Number Two completed for gas production from Langlie-Mattix pool?

A Yes sir, the interval extended the Langlie-Mattix and it has been classified as producing from that pool.

MR. FOX: That's all.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Lyon, what formation is the Number Two Well completed in?

A It is open from the top of the Yates into the Queen.

Q So it is open to the Jalmat system and the Langlie-Mattix

Pool?

A Yes sir, but as the Langlie-Mattix is not a gas pool, it does not have the opportunity to be assigned a Jalmat gas pool allowable. It is given forty acres as an oil well, that is all the rule Langlie-Mattix provides. And it is also in poor condition. It has a bridge or fill material and its productivity is extremely limited.

Q And there is an open hole completion from the top of the Yates down into the Queen?

A Into the Queen, yes sir.

Q Mr. Lyon, who is the purchaser of gas from your Number One Well, your present --

A El Paso Natural Gas.

Q What is the present status of that well as far as under-production or over-production is concerned?

A I am sorry, I don't have that information with me. I can check it in short time.

Q Do you have any idea as to whether the general status would be one of underproduction or overproduction?

A All I could give you is my impression and I am afraid that wouldn't be an accurate idea. I would rather check the production schedule.

MR. NUTTER: Does anyone have any questions of Mr. Lyon?

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Lyon, do you have any idea of how much Jalmat gas is being produced from the Number Two unit?

A No, I don't. I couldn't say where that gas is coming from.

Q You don't have any survey of any kind that would show where the producing zones are in the open hole?

A None to my knowledge.

Q Do you know of any other wells that are completed in the Jalmat gas pool as well as any other pools that are overlying or underlying?

A I believe there are a good many.

Q There are?

A Yes, sir. There is a rather old well that was drilled and completed several years before these pools were set up and the Commission established a policy early in gas proration when these pools were set up that would classify a well according to the lowest pool that was open. That's because of the fact that so many were completed within the vertical limits of more than one pool.

Q Do you know what the average monthly allowable was in Jalmat over the last six months?

Q Yes.

A I am not sure of the last six months. My recollection is that for the past year, it has been in the neighborhood of five hundred seventy-five M. C. F. per day per hundred and sixty acre units.

Q Per hundred and sixty acres?

A Yes, sir.

Q What is the line pressure in this area?

A I am not sure. I believe that it runs in the neighborhood of six hundred pounds.

Q Then your well at six hundred pounds would be hardly making the hundred and sixty acre allowable?

A Not at six hundred pounds, no sir. However, our contract for the El Paso Natural Gas requires that if the well is not capable of delivering the allowable, they are required to immediately lower the line pressure. They have been unduly lax about doing this.

Q Do you know whether or not this well is a marginal well at the present time?

A I don't believe that it is.

Q Is it a marginal well with three hundred and twenty-acres?

A It is a very likely. However, if the unit is enlarged, I feel certain that the well will be stimulated in the near future.

Q Can you state whether or not whether or not all the log entries on the entire three twenty was common or not?

A It is not common. I don't believe--I am not certain as to the royalty ownership in the north half of the north half but the unit has been in operation for about nine years, at least.

Q Is there verification of the ownership of the northeast quarter of Section 7?

A No, sir.

Q And the northwest quarter of Section 7?

A No, the diversity lies along the east and west line. The north half of the north half is one less and the south half of

the north half is another less.

Q So it would average out to be about the same whether it was a marginal well or not?

A Yes sir, the ownership within the enlarged unit would be exactly the same as the present unit.

Q So it wouldn't really matter as far as the income of the royalty interest is concerned whether or not the unit well was producing the full allowable or not?

A That's true.

MR. UTZ: That's all I have.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Lyon, could you tell me what this Number Two Well which is completed in the Jalmat pool is a Langlie-Mattix oil field producer?

A It produces gas.

Q It doesn't produce any substantial amount of liquids?

A Not to my knowledge.

Q So it is presently producing the normal unit allowable times the ten thousand to one ration which is --

A I don't think it produces that much.

Q It is not producing the allowable of gas?

A No sir, I am quite sure of that. I am not positive but I feel quite sure because it is a well that we have been giving considerable attention to because of the low productivity and just what it has been producing, I am not sure. I could furnish you with a list of this production by months if you would like.

Q Well, if this Number Two Well is open throughout the entire interval with the exception of the Townsend formation, and the well won't make the Langlie-Mattix gas allowable, is it reasonable to presume that this acreage is productive of gas?

A I think it is.

Q From the Jalmat pool?

A I think it is because most of Number Two's difficulty is mechanical. We ran a bottomhole pressure in it several months ago and encountered fill material or bridges which considerably impede the flow of gas.

Q Were they encountered above the Jalmat formation?

A Encountered in the casing which is set above the Yates. There is a portion of the Townsend open in the well.

Q The well doesn't have any tubing on it?

A I don't believe so. Very few of our gas wells do.

MR. NUTTER: Are there any further questions of Mr. Lyon?

(No response).

MR. NUTTER: If not, he may be excused.

(Witness excused).

MR. NUTTER: Does anyone have anything further with reference to Case 1437?

MR. COOLEY: We have a letter from the Aztec Oil & Gas Company and one from Albert Gackle.  
reads as follows:

"Gentlemen:

It is our understanding that the above case has been set for hearing on May 6, 1958. We will be unable to attend this hearing.

It has been called to our attention that the proposed unit, ie, North half, Section 7, Township 23 South, Range 37 East contains only approximately 314.65 acres instead of 320 acres.

We concur with the operator in the above case and agree that the unit be based on the actual number of acres in the North half of section.

Very truly yours,

Paul S. Johnston.

The Aztec Oil and Gas Company letter reads as follows:

Gentlemen:

We have been notified of the application of Continental Oil Company for the approval of the non-standard gas proration unit in the Jalmat Gas Pool to be heard as Case No. 1437 before Daniel S. Nutter, as examiner, on May 6, 1958. Aztec Oil & Gas Company has unitized its interest in the North half of Section 7, Township 23 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico in the Continental Oil Company's Stevens B-7 Unit well No.1 Aztec Oil & Gas Company has one quarter interest in this unit and desires to request that the New Mexico Oil Conservation Committee approves the increase in acreage from the North West quarter to the North half of said Section 7 to be heard under Case No. 1437. Please consider this letter our appearance in Case No. 1437.

Very truly yours,

Aztec Oil & Gas Company

Waren W. Mankin, Chief Engineer.

MR. NUTTER: If there is nothing further in Case 1437, we will take the case under advisement.

C E R T I F I C A T E

STATE OF NEW MEXICO )  
                                   : ss  
 COUNTY OF BERNALILLO )

I, JERRY MARTINEZ, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript or 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 8th day of May, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico

*Jerry Martinez*  
 Notary Public

My commission expires:  
 January 24, 1962

I do hereby certify that the foregoing is  
 a complete record of the proceedings in  
 the Executive Hearing of Case No. 1437,  
 heard by me on 5-6, 1958.

*W. J. ...*  
 New Mexico Oil Conservation Commission



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

June 11, 1958

Mr. Robert Fox  
Kellahin & Fox  
Box 1713  
Santa Fe, New Mexico

Dear Mr. Fox:

On behalf of your client, Continental Oil Company, we enclose two copies of Order R-1192 issued June 10, 1958, by the Oil Conservation Commission in Case 1437, which was heard on May 6th at Santa Fe before an examiner.

Very truly yours,

A. L. Porter, Jr.  
Secretary - Director

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Encis.

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Y

*Handwritten:*  
Typed, dated 7-2-58  
Laid out for exhibit  
in case 1437  
A. L. Porter, Jr.

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. 1437  
Order No. R-1192

APPLICATION OF CONTINENTAL OIL  
COMPANY FOR A 320-ACRE NON-STANDARD  
GAS PRODUCTION UNIT IN THE JALMAT GAS  
POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 6, 1958, at Santa Fe, New Mexico, before Daniel S. Matter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 10<sup>th</sup> day of June 1958, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Matter, 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, Continental Oil Company, is the operator and co-owner of the N/2 of Section 7, Township 23 South, Range 37 East, NMPN, Lea County, New Mexico.

(3) That the applicant is the operator and co-owner of the Stevens B-7 Unit Well No. 1, located 990 feet from the North line and 930 feet from the West line of said Section 7, which well is presently assigned a non-standard gas production unit in the Jalmat Gas Pool comprising the NW/4 of said Section 7.

(4) That the applicant proposes to enlarge the existing 160-acre unit to a 320-acre unit by including the NE/4 of said Section 7 in the acreage dedicated to the above-described well.

(5) That the applicant has failed to prove that the NE/4 of said Section 7 can reasonably be expected to be productive of gas from the Jalmat Gas Pool and that the application should therefore be denied.

-2-

Case No. 1437  
Order No. R-1192

**IT IS THEREFORE ORDERED:**

That the application of Continental Oil Company for the establishment of a 330-acre non-standard gas protraction unit in the Jalmat Gas Pool comprising the N/2 of Section 7, Township 23 South, Range 37 East, NEPM, Lea County, New Mexico, to be dedicated to the applicant's Stevens B-7 Unit Well No. 1 located 880 feet from the North line and 880 feet from the West line of said Section 7, be and the same is hereby denied.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*E. L. Mechem*

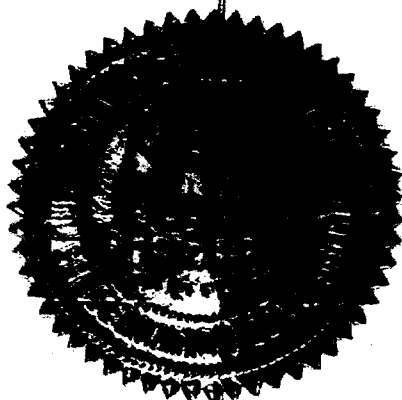
EDWIN L. MECHEM, Chairman

*Murray E. Morgan*

MURRAY E. MORGAN, Member

*A. L. Porter, Jr.*

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



ir/

DOCKET: EXAMINER HEARING MAY 6, 1958

OIL CONSERVATION COMMISSION 9 a.m., MABRY HALL, STATE CAPITOL, SANTA FE, NM

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

- CASE 1425: Application of Continental Oil Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 160-acre non-standard gas proration unit in the Tubb Gas Pool consisting of the E/2 E/2 of Section 14, Township 21 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the applicant's Lockhart B-14 "A" Well No. 2, located 660 feet from the South and East lines of said Section 14.
- CASE 1426: Application of Neville G. Penrose for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 120-acre non-standard gas proration unit in the Blinebry Gas Pool consisting of the S/2 SE/4 and SE/4 SW/4 of Section 17, Township 21 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the applicant's Percy Hardy No. 1 Well, located 660 feet from the South line and 1980 feet from the West line of said Section 17.
- CASE 1427: Application of Pan American Petroleum Corporation for approval of a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 480-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the N/2 and SE/4 of Section 24, Township 20 South, Range 36 East, Lea County, New Mexico, said unit to be dedicated to the applicant's O. J. Gillully "A" No. 4 Well, located 660 feet from the North line and 1980 feet from the East line of said Section 24.
- CASE 1428: Application of E. G. Rodman for the approval of a communitization agreement and for a forced pooling order. Applicant, in the above-styled cause, seeks an order approving a communitization agreement embracing the NW/4 and the W/2 NE/4 of Section 20, Township 21 South, Range 37 East, Lea County, New Mexico, as to dry gas and associated liquid hydrocarbons produced from said tract from the Eumont Gas Pool; and further, for an order force pooling the interests of all persons in the above-described tract who have not voluntarily subscribed to above-referenced communitization agreement.
- CASE 1429: Application of Standard Oil Company of Texas for a dual completion and for permission to commingle the production from two common sources of supply. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its V. L. Leavitt No. 2 Well, located 1650 feet from the North line and 2310 feet from the West line of Section 13, Township 18 South, Range 26 East, Eddy County, New Mexico, in such a manner as to permit the production of oil from the Atoka-Grayburg Pool and oil from the Atoka (San Andres Pool through parallel strings of tubing; and further, for permission to commingle the production from the said V. L. Leavitt No. 2 Well from both of the above-described pools in common tankage

CASE 1429  
Continued

after separately measuring the oil from each of said pools by means of volume type meters.

CASE 1430:

Application of El Paso Natural Gas Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 331-acre non-standard gas proration unit in the Blanco Mesaverde Gas Pool consisting of the W/2 of Partial Section 6 and the NW/4 of Partial Section 7, Township 30 North, Range 8 West, San Juan County, New Mexico, said unit to be dedicated to the applicant's Howell No. 2-G Well located 990 feet from the South and West lines of said Section 6.

CASE 1431:

Application of Skelly Oil Company for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its P. L. Davis Well No. 1, located 990 feet from the North and East lines of Section 26, Township 26 North, Range 11 West, San Juan County, New Mexico, in such a manner as to permit the production of gas from an undesignated Gallup gas pool and gas from an undesignated Dakota gas pool underlying the above-described area.

CASE 1432:

Application of King Oil Company for approval of three unorthodox gas well locations. Applicant, in the above-styled cause, seeks an order authorizing the unorthodox gas well locations for the following described wells:

Navajo A-1 Well, located 2310 feet from the South line and 2310 feet from the West line of Section 4, Township 30 North, Range 17 West;

Navajo A-2 Well, located 1650 feet from the North line and 330 feet from the East line of Section 4, Township 30 North, Range 17 West;

Navajo B-2 Well, located 660 feet from the South line and 660 feet from the East line of Section 34, Township 31 North, Range 17 West,

all in San Juan County, New Mexico.

- CASE 1433: Application of Graridge Corporation to expand a pilot water flood project in the Caprock Queen Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order permitting the expansion of the pilot water flood project authorized by Order No. R-972 in the North Caprock Queen Unit in the Caprock-Queen Pool, Lea County, New Mexico, to include eight additional water injection wells in Sections 30, 31, and 32 of Township 12 South, Range 32 East, Lea County, New Mexico.
- CASE 1434: Application of Tidewater Oil Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Coates "C" Well No. 11, located 1980 feet from the North line and 1650 feet from the West line of Section 24, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Drinkard formation adjacent to the Justis-Drinkard Pool and oil from the Justis-Fusselman Pool through parallel strings of tubing.
- CASE 1435: Application of Continental Oil Company for a non-standard gas proration unit. 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 SE/4 of Section 5 and the NE/4 of Section 8, all in Township 21 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the applicant's Hawk A-8 No. 2 Well located 660 feet from the North line and 1980 feet from the East line of said Section 8.
- CASE 1436: Application of Amerada Petroleum Corporation for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 320-acre non-standard gas proration unit in the Bagley-Upper Pennsylvanian Gas Pool consisting of the SE/4 of Section 3 and the NE/4 of Section 10, all in Township 12 South, Range 33 East, Lea County, New Mexico, said unit to be dedicated to the applicant's Amerada Mathers No. 2 Well located in the SE/4 SE/4 of said Section 3.
- CASE 1437: Application of Continental Oil Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 320-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the N/2 of Section 7, Township 23 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the applicant's Stevens B-7 Unit Well No. 1 located 990 feet from the North and West lines of said Section 7.
- CASE 1438: Application of Monsanto Chemical Company for an unorthodox gas well location. Applicant, in the above-styled cause, seeks an order authorizing an unorthodox gas well location for its Viersen Well No. 1 at a point 660 feet from the North and East lines of Section 19, Township 30 North, Range 13 West, San Juan County, New Mexico.

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Date 5-19-58

CASE NO. 1437

HEARING DATE DSN 9am SF 5/6/58

My recommendations for an order in the above numbered case(s) are as follows:

Enter an order in the subject case denying Continental's request for the establishment of ~~the same~~ a 320-acre NSP in the Galumet gas Pool.

Operator presently has a 160-acre unit (NW 1/4 of Sec 7-T23S-R37E) and seeks to expand same to include the NE 1/4 within the boundaries of the NSP dedicated to its Skewon B-7 Unit well No 1 located 990' from the north-west line of said Section 7.

In my opinion applicant has failed to prove ~~that the~~ proposed extension ~~is~~ is production of gas. Furthermore applicant already has most of the Galumet producing formations open in another gas well on the proposed extension, and although this other well is classified as a Roughie Matting well, it nevertheless is <sup>Staff Member</sup> producing from an interval which does include the Galumet.

*Sam Miller*  
Examiner

NEW MEXICO  
OIL CONSERVATION COMMISSION  
P. O. Box 871  
Santa Fe, New Mexico

Case 1437  
Date April 18, 1958

Continental Oil Company  
825 Petroleum Bldg.  
Roswell, New Mexico

ATTENTION: R. L. Adams


Gentlemen:

Your application for a 320-acre non-standard gas proration unit in the Jalmat  
Gas Pool

dated April 11, 1958 has been received, and has been tentatively  
scheduled for hearing before an examiner on  
May 6, 1958

A copy of the docket will be forwarded to you as soon as the matter is  
advertised.

Very truly yours,

  
A. L. PORTER, Jr.,  
Secretary-Director



**AZTEC OIL & GAS COMPANY**

920 MERCHANTILE SECURITIES BLDG.

DALLAS 1, TEXAS

April 29, 1958

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

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

Subject: NMOCC Case No. 1437

Gentlemen:

We have been notified of the application of Continental Oil Company for the approval of a non-standard gas proration unit in the Jalmat Gas Pool to be heard as Case No. 1437 before Daniel S. Nutter, as examiner, on May 6, 1958. Aztec Oil & Gas Company has unitized its interest in the N/2 of Section 7-23S-37E, Jalmat Gas Pool, Lea County, New Mexico, in the Continental Oil Company's Stevens B-7 Unit well No. 1. Aztec Oil & Gas Company has 1/4 interest in this unit and desires to request that the New Mexico Oil Conservation Commission approve the increase in acreage from the NW/4 to the N/2 of said Section 7 to be heard under Case No. 1437. Please consider this letter our appearance in Case No. 1437.

Yours very truly,

AZTEC OIL & GAS COMPANY

*Warren W. Mankin*  
Warren W. Mankin  
Chief Engineer

WWM:gt

PAUL S. JOHNSTON  
SUPERINTENDENT OF PRODUCTION

ALBERT GACKLE, OPERATOR

P. O. BOX 2076  
HOBBS, NEW MEXICO

May 2, 1958

rec 1437 f.a

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

Attention: Mr. A. L. Porter Jr.

Subject: NMOCC Case No. 1437  
Stevens Unit B-7 No. 1

Gentlemen:

It is our understanding that the above case has been set for hearing on May 6, 1958. We will be unable to attend this hearing.

It has been called to our attention that the proposed unit, ie, N 1/2, Section 7, T-23S, R-37E contains only approximately 314.65 acres instead of 320 acres.

We concur with the operator in the above case and agree that the unit be based on the actual number of acres in the N 1/2 of section.

Very truly yours,

*Paul S. Johnston*  
Paul S. Johnston

PSJ:bt

### INSTRUCTIONS

This form is to be used for reporting multi-point back pressure tests on gas wells in the State, except those on which special orders are applicable. Three copies of this form and the back pressure curve shall be filed with the Commission at Box 871, Santa Fe.

The log log paper used for plotting the back pressure curve shall be of at least three inch cycles.

### NOMENCLATURE

- $Q$  = Actual rate of flow at end of flow period at W. H. working pressure ( $P_w$ ).  
MCF/da. @ 15.025 psia and 60° F.
- $P_c$  = 72 hour wellhead shut-in casing (or tubing) pressure whichever is greater.  
psia
- $P_w$  = Static wellhead working pressure as determined at the end of flow period.  
(Casing if flowing thru tubing, tubing if flowing thru casing.) psia
- $P_t$  = Flowing wellhead pressure (tubing if flowing through tubing, casing if flowing through casing.) psia
- $P_f$  = Meter pressure, psia.
- $h_w$  = Differential meter pressure, inches water.
- $F_g$  = Gravity correction factor.
- $F_t$  = Flowing temperature correction factor.
- $F_{pv}$  = Supercompressability factor.
- $n$  = Slope of back pressure curve.

Note: If  $P_w$  cannot be taken because of manner of completion or condition of well, then  $P_w$  must be calculated by adding the pressure drop due to friction within the flow string to  $P_t$ .

## NEW MEXICO OIL CONSERVATION COMMISSION

Form C-122

Jalmat

MULTI-POINT

Jalisco Stevens WELLS

Lea

Revised 12-1-55

Pool                      X County 5-20/5-24-57Initial Continental Oil Company Special Stevens 5-7 Unit Date of Test 1Company D 7 23 Lease 37 El Paso Gas CompanyUnit 5 1/2 Sec. 14 Twp. 5.012 Rge. 2799 Purchaser 2799 Open Hole 3465Casing None Wt.            I.P.            Set at            Perf.            To           Tubing            Wt. 2887 I.P. 3465 Set 2799 1833 Perf. .655 To 13.2Gas Pay: From            To X L            xG            -GL            Single Press.           Producing Thru: Casing 27-49 Tubing None Type Well 900

Single-Bradenhead-G. G. or G.O. Dual

Date of Completion:            Packer            Reservoir Temp.           

XXXXXX XXXX

OBSERVED DATA

Flange

Tested Through (Prover) (Choke) (Meter)

Type Taps           

No.	Flow Data					Tubing Data		Casing Data		Duration of Flow
	(Prover) (Line) Size	(Choke) (Orifice) Size	Press. psig	Diff. in. H <sub>2</sub> O	Temp. °F.	Press. psig	Temp. °F.	Press. psig	Temp. °F.	
SI	4"	.750	630	3.62	78			779 632		72 24
1.	4"	.750	558	7.22	79			561		24
2.										
3.										
4.										
5.										

Flange

FLOW CALCULATIONS

No.	Coefficient (Hour)	Pressure psia	Flow Temp. Factor °F	Gravity Factor °F	Compress. Factor	Rate of Flow Q, MCFPD @ 14.7 psia
	3.435	91.50	.9822	.9571	1.062	111
	3.435	98.89	.9831	.9571	1.062	111
1.	3.435	172.05	.9822	.9571	1.056	587
2.						
3.						
4.						
5.						

Dry

PRESSURE CALCULATIONS

.655

Gas Liquid Hydrocarbon Ratio 0.119 cf/bbl.Gravity of Liquid Hydrocarbons            deg.P<sub>c</sub> XXX (1-e<sup>-s</sup>)Specific Gravity Separator Gas 792.2Specific Gravity Flowing Fluid 627.6P<sub>c</sub>            P<sub>c</sub>           

No.	P <sub>w</sub> (psia)	420 P <sub>w</sub> <sup>2</sup>	.283 (.305)	(.382) <sup>2</sup> .09	.01 P <sub>w</sub> <sup>2</sup> (.01-e <sup>-s</sup> )	420.2 P <sub>w</sub> <sup>2</sup>	20 P <sub>w</sub> <sup>2</sup> P <sub>c</sub> P <sub>w</sub>	648 P <sub>w</sub> <sup>2</sup>	8 P <sub>w</sub> <sup>2</sup>
1.	574.2	329.7	.528	.28	.03	529.7	297.9	574.2	72.48
2.									
3.									
4.									
5.									

Continental Oil Company

Absolute Potential 68 Eunice, New Mexico MCFPD; n

COMPANY

ADDRESS

AGENT and TITLE

WITNESSED

COMP and attempt to test. Slope greater than 1.000. Slope of 1.000 shown thru highest rate of flow.

REMARKS

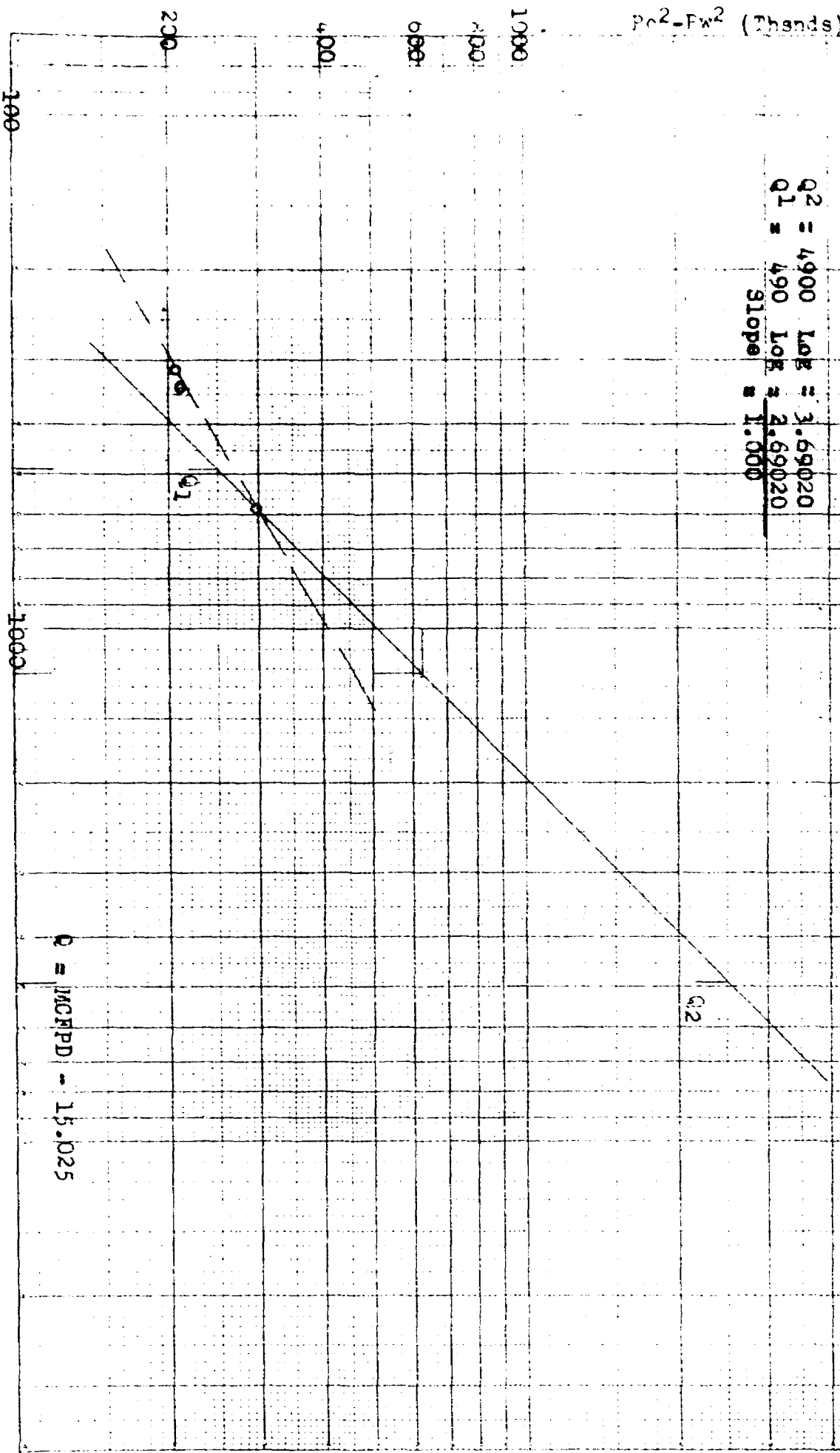
NMOCC-3 FILE HJ KLA File-2

Po2-Fw2 (Thousands)

Company: Continental Oil Company  
Well: Stevens B-7 Unit No. 1  
Location: Unit D. Sec. 71238-37E  
Pool: Jalisco  
Date: 5-24-57

Calculated O. P. Potential = 1225 MCFPD

Q2 = 4900 Log = 3.69020  
Q1 = 490 Log = 2.69020  
Slope = 1.000



Q = MCFPD - 15.025



# CONTINENTAL OIL COMPANY

625 PETROLEUM BUILDING  
ROSWELL, NEW MEXICO

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

April 11, 1958

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

Attention: Mr. A. L. Porter, Jr., Secretary-Director

Gentlemen:

314.65

We attach herewith our application in triplicate for the enlargement of the presently approved 160-acre gas proration unit consisting of the NW/4 of Section 7, T-23S, R-37E, NMPM, Lea County, New Mexico, to a 320-acre non-standard gas proration unit to consist of the N/2 of said Section 7. Gas production will be allocated to the Stevens B-7 Unit, Well No. 1. It is requested that this matter be set for hearing at your earliest convenience.

Yours very truly,

*R. L. Adams*

RIA-JC

Enc

PIONEERING IN PETROLEUM PROGRESS SINCE 1875

Case 1057

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 JALMAT GAS POOL CONTAINED IN  
ORDER NO. R-520 FOR THE ENLARGEMENT  
OF THE PRESENTLY APPROVED 160-ACRE  
UNIT TO A NON-STANDARD GAS PRODUCTION  
UNIT OF 320-ACRES CONSISTING OF N/2  
SECTION 7, T-23S, R-37E, NMPM, LEA  
COUNTY, NEW MEXICO, TO BE ALLOCATED  
TO ITS STEVENS B-7 UNIT WELL NO. 1.

A P P L I C A T I O N

Comes now applicant, Continental Oil Company and petitions the Commission for an order enlarging the present 160 acre gas production unit to one of 320 acres consisting of N/2 of Section 7, T-23S, R-37E, NMPM, Jalmat gas pool, Lea County, New Mexico, to be allocated to its Stevens B-7 Unit well No. 1 located 990 feet from the North line and 990 feet from the West line of said Section 7 and in support thereof would show:

1. That applicant is co-owner and operator of a lease designated as the Stevens B-7 Gas Unit consisting of N/2 Section 7, T-23S, R-37E, NMPM, Lea County, New Mexico.
2. That applicant drilled and completed on January 27, 1949, its Stevens B-7 Unit well No. 1 at a location 990 feet from the North line and 990 feet from the West line of said Section 7, as a gas well in the Jalmat Gas Pool.
3. That the NW/4 of the said Section 7 is presently assigned the said well No. 1, but that the NE/4 is not assigned to any Jalmat gas well and that all of said acreage may reasonably be presumed to be productive of gas from the Jalmat 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 the NE/4 of said Section 7 for Jalmat Pool gas production is to

314,650

enlarge the existing 160-acre unit to a 320-acre non-standard gas proration unit for assignment to the Stevens B-7 Unit 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 Jalmat gas pool contained in order No. R-520 for the non-standard gas proration unit described above.

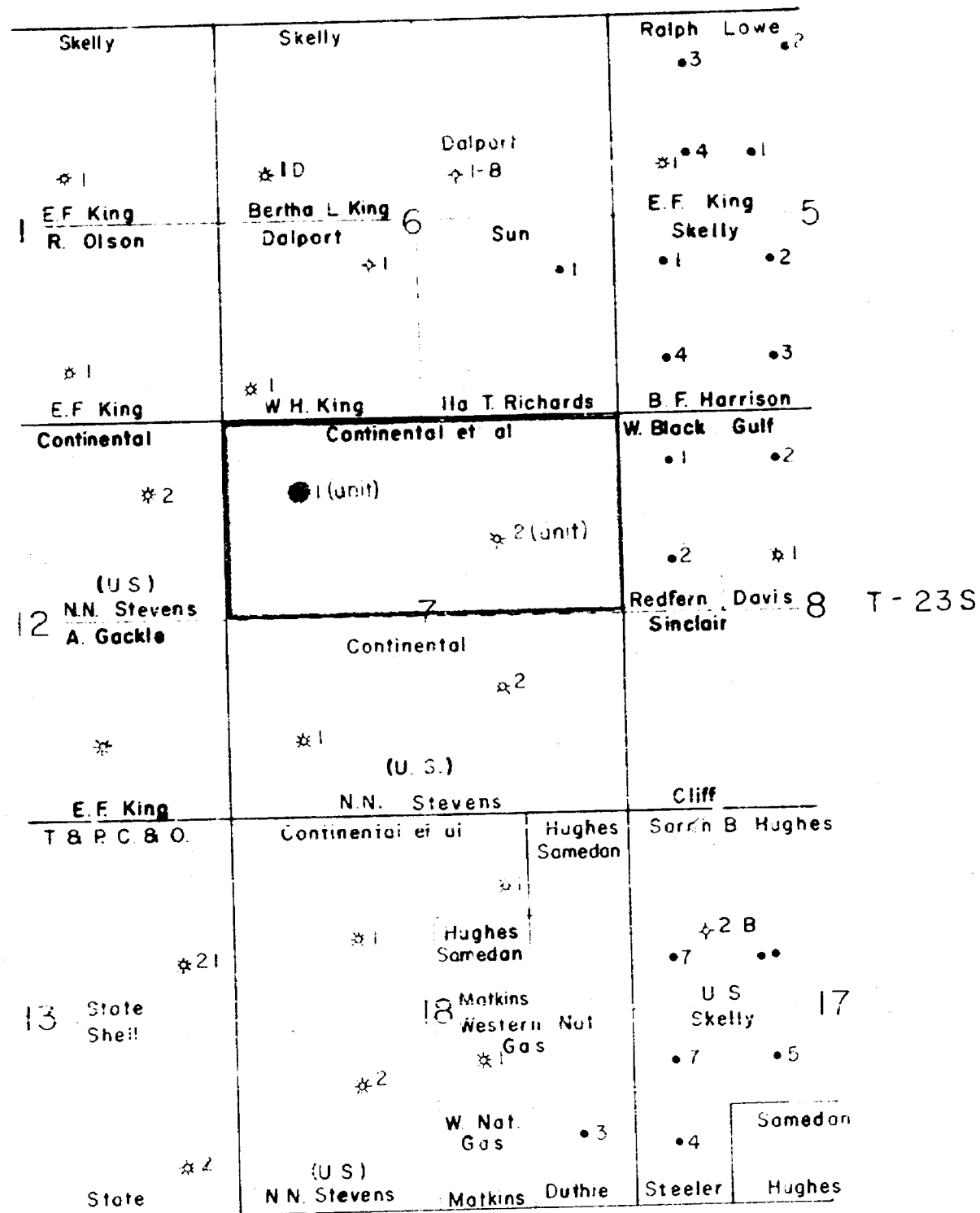
Respectfully submitted,  
CONTINENTAL OIL COMPANY



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



R-37E

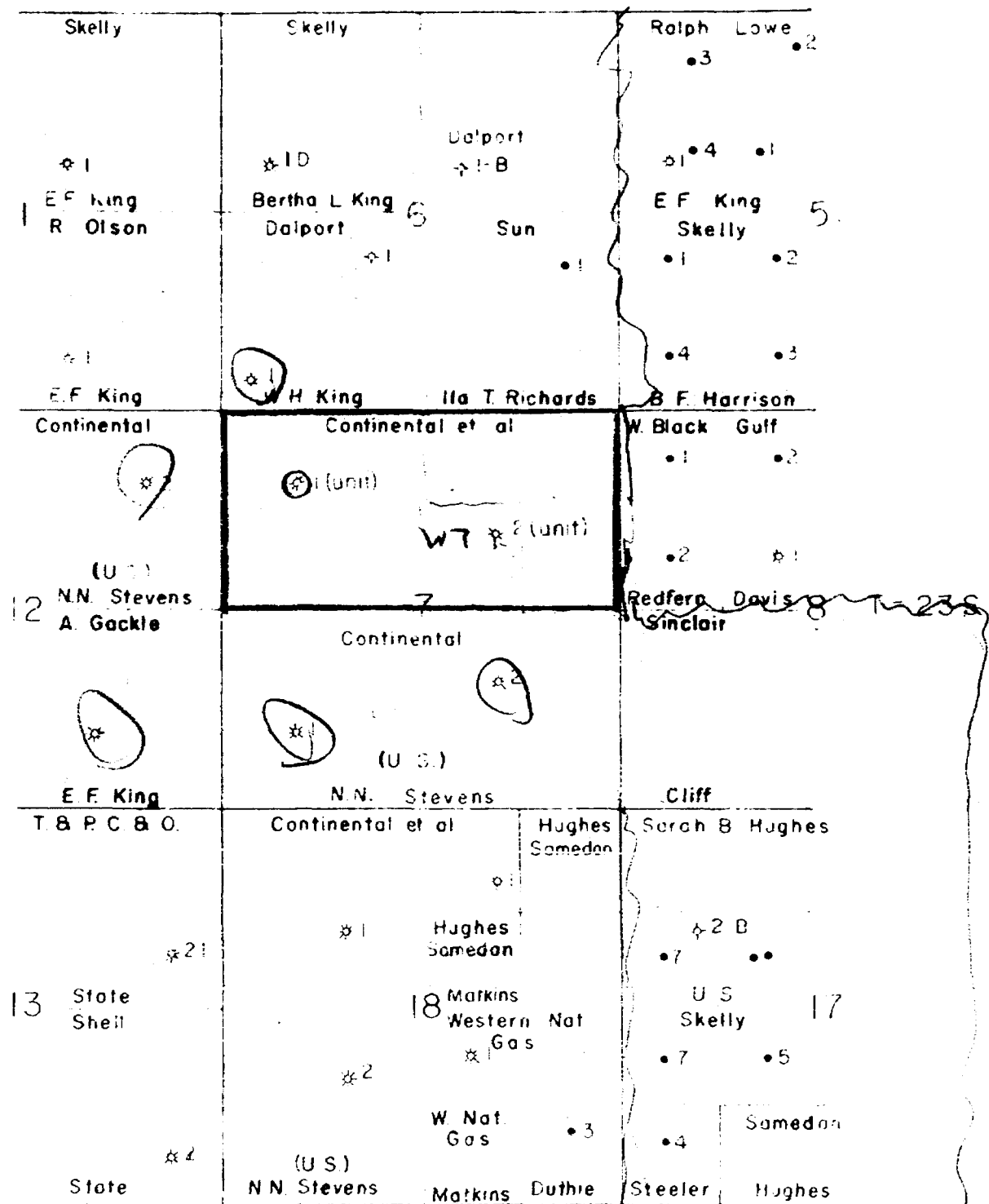


PROPOSED NON-STANDARD

PRORATION UNIT

STEVENS B-7 UNIT NO. 1

R-37E

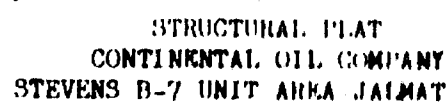


LOCATION AND OWNERSHIP PLAT  
CONTINENTAL OIL COMPANY  
STEVENS B-7 UNIT AREA-JALMAT POOL

Scale 1" = 2000'

- Stevens B-7 Unit No. 1
- Present Proration Unit
- - - Proposed Proration Unit

BEFORE EXAMINER NUTTER  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 1  
CASE NO. 1437



Contoured on Top of Int.  
Contour Interval 25'  
Scale 1" = 2000'

Stevens B-7 Unit No. 1  
— Proposed Unit

**SECRET**

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED  
DATE 08-19-01 BY 60322 UCBAW/BJS

**SECRET**