

CASE 2877: Appli. of CONTINENTAL
for an extension of provisions of
Order R-2476.

CASE No.

2877

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

BEFORE THE OIL CONSERVATION COMMISSION

OF THE

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
CONTINENTAL OIL COMPANY FOR
PERMISSION TO CONTINUE INTERFERENCE
TESTS IN THE OIL CENTER BLINEBRY
POOL, LEA COUNTY, NEW MEXICO, INCLUDING
THE TRANSFER OF ALLOWABLES BETWEEN WELLS
DURING SUCH TESTS

APPLICATION

Comes now applicant, Continental Oil Company, and respectfully request permission to continue conducting interference tests and to transfer allowables of wells in the Oil Center Blinebry Pool, and in support thereof would show:

1. That the applicant is operator and co-owner of the Myer B-4 Lease comprised of Lots 1, 2, 3, 6, 7, 8, 9, 10, 11, 14, 15, and 16 and the SE/4 and the S/2 of the SW/4 of Sec. 4, Township 21 South, Range 36 East.
2. That the Commission on January 16, 1963, entered Order No. R-2408 establishing temporary 80-acre spacing units on an alternate 40-acre pattern for a period of one year.
3. That applicant, in conformance with Order No. R-2408, has completed eight wells in the Oil Center Blinebry Pool on this property.
4. That applicant is conducting an interference test in accordance with the provisions of Order No. R-2476, which provided for a test period of 90 days, as requested.
5. That information obtained to date during said interference test is inconclusive and the 90-day period for testing is nearing termination.
6. That continued testing and permission to transfer allowables will supplement pressure performance data and the interpretation of reservoir characteristics.

7. That evidence is available to establish 80-acre spacing and production units for the Oil Center Elmhurst Pool.

8. That the proposed procedure is in the interests of conservation and the prevention of waste, and correlative rights will not be impaired.

WHEREFORE, applicant respectfully prays that this application be set for hearing before the Commission's duly appointed examiner at as early a date as possible, and that after notice and hearing as required by law, an order be entered granting applicant permission to continue interference tests in the Oil Center Elmhurst Pool, together with the transfer of allowables, as heretofore approved by the Commission.

Respectfully submitted,

CONTINENTAL OIL COMPANY

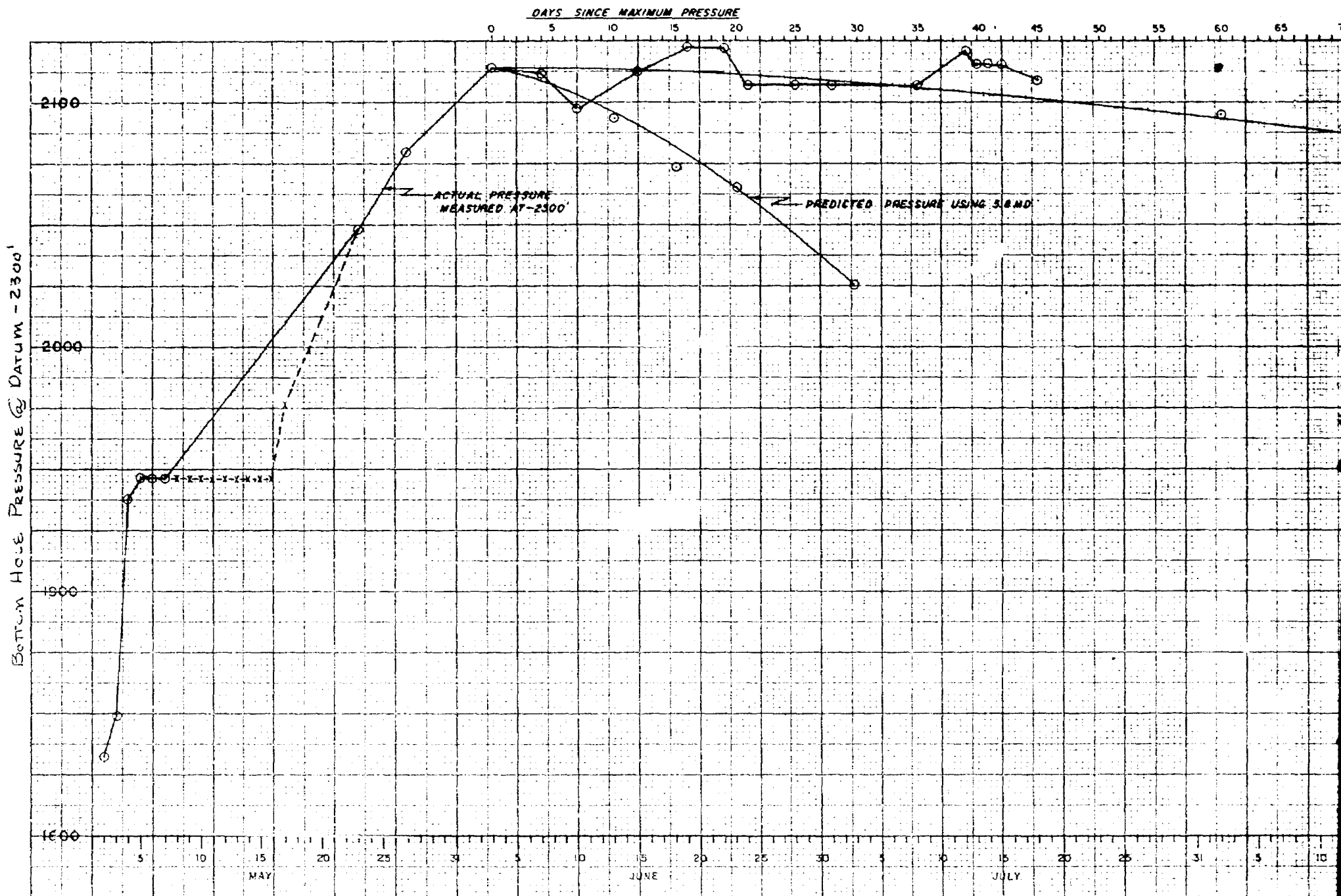
By Jason W. Kellaher

WILLIAMS & FOX

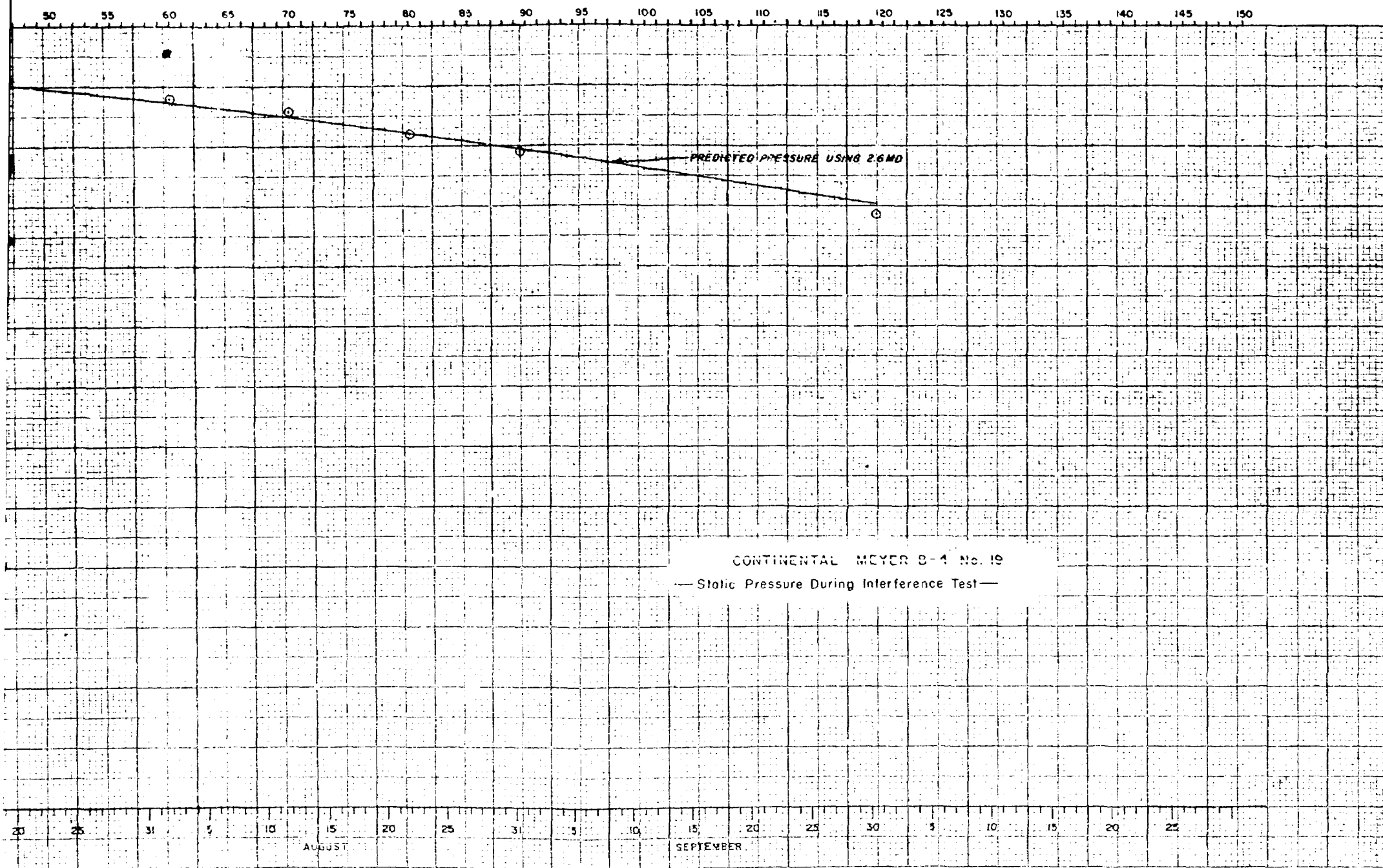
P. O. Box 1713

Santa Fe, New Mexico

Attorneys for Applicant



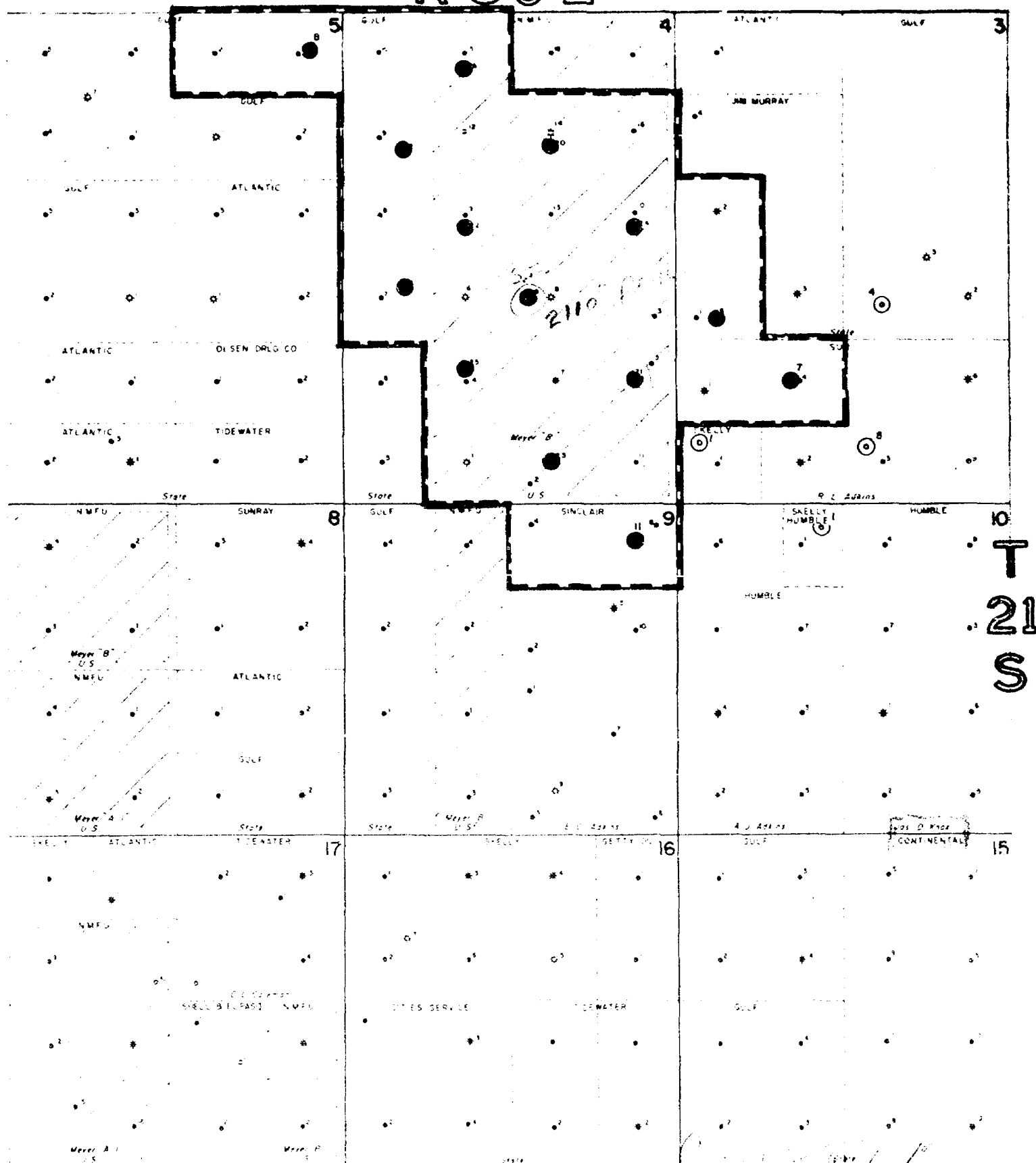
10 X 10 TO THE 1/2 INCH 359-11
ACUFFEL & EDGER CO. MADE IN U.S.A.



Proposed Allowable Schedule During Remainder of Interference Test

<u>Well</u>	<u>Based on Normal Unit Allowable of 38 BOPD</u>		<u>Proposed</u>	
	<u>Normal</u> <u>Daily Allowable</u>	<u>Normal Allowable</u> <u>Allowable (30.4 days/mo.)</u>	<u>Daily Allowable</u>	<u>Proposed Monthly</u> <u>Allowable (30.4 days/mo.)</u>
Meyer B-4 #19	89	2705	-	-
Meyer B-4 #20	89	2705	111	3374
Meyer B-4 #21	89	2705	112	3405
Meyer B-4 #22	89	2705	89	2705
Meyer B-4 #23	40	1216	40	1216
Meyer B-4 #24	89	2705	111	3374
Meyer B-4 #25	65	1976	65	1976
Meyer B-4 #26	89	2705	111	3374
Total	639	19,422	639	19,424
<u>Based on Normal Unit Allowable of 40 BOPD</u>				
Meyer B-4 #19	93	2827	-	-
Meyer B-4 #20	93	2827	116	3526
Meyer B-4 #21	93	2827	117	3557
Meyer B-4 #22	93	2827	93	2827
Meyer B-4 #23	40	1216	40	1216
Meyer B-4 #24	93	2827	116	3526
Meyer B-4 #25	65	1976	65	1976
Meyer B-4 #26	93	2827	116	3526
Total	663	20,154	663	20,154

R 36 E



Pool Limits July 11, 1963
 ● Oil Center Blinebry Oil Well

Oil Center Blinebry Pool
 Location & Ownership Plat
 Scale 1" = 2000'

EXHIBIT NO. 1

2877

STANDARD OIL COMPANY OF TEXAS

P. O. BOX 1249

HOUSTON 1, TEXAS

July 22, 1963

INTERFERENCE TEST
OIL CENTER BLINEBRY POOL

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

Gentlemen:

Continental Oil Company has a hearing set for August 10, 1963, on its application to extend the interference test period for the Oil Center Blinebry Pool presently testing under Order R-2476.

Standard Oil Company of Texas concurs in the request of Continental Oil Company for an extension of the interference test period on the subject application.

Yours very truly,

C. N. Segnar
C. N. Segnar
Chief Engineer

Noted
7/29/63

RLMc:ja

cc: The Atlantic Refining Company, P. O. Box 1978, Roswell, N. Mex.
Continental Oil Company, P. O. Box 1377, Roswell, New Mexico
Gulf Oil Corporation, Drawer 1938, Roswell, New Mexico
J. M. Murray, Broadmoor Building, Hobbs, New Mexico
Pan American Petroleum Corporation, P. O. Box 268, Lubbock, Texas
Sinclair Oil & Gas Company, P. O. Box 1470, Midland, Texas
Sun Oil Company, P. O. Box 1861, Midland, Texas



THE ATLANTIC REFINING COMPANY
INCORPORATED - 1970
PETROLEUM PRODUCTS

DOMESTIC PRODUCING DEPARTMENT
NEW MEXICO DISTRICT

BOONE MACAULAY, DISTRICT MANAGER
R. F. CHAMPION, DISTRICT LANDMAN
W. T. EASTES, DISTRICT GEOPHYSICIST
E. R. DOUGLAS, DISTRICT GEOLOGIST
A. D. KLOXIN, DISTRICT DRG. & PROD. SUP'T.
W. P. TOMLINSON, DISTRICT ENGINEER
B. R. WARE, ADMINISTRATIVE SUPERVISOR

MAILING ADDRESS
P. O. BOX 1978
ROSWELL, NEW MEXICO

July 31, 1963

Mr. A. L. Porter
Secretary-Director
New Mexico Oil Conservation Commission
Post Office Box 871
Santa Fe, New Mexico

Re: Case No. 2877

Dear Sir:

The Atlantic Refining Company is a working-interest owner with Continental in the Oil Center Blinbry Pool. We are in support of Continental's application in Case No. 2877 for an extension to provisions of Order R-2476. This case is scheduled for examiner hearing on August 7, 1963.

Order R-2476 gave Continental permission to transfer allowables from the Meyer B-4 No. 19 Well to other wells on the lease. The Meyer B-4 No. 19 is being used as a bottom hole pressure test well testing for interference between wells on 80-acre spacing. We think this testing is important as it may prove definitely that drainage of 80 acres can be accomplished with one well. However, it is pointed out that such a test as this may not definitely prove that 80-acre drainage cannot be accomplished with one well. One example of this would be in a strongly water driven field where reservoir pressure does not decline with fluid withdrawal.

Yours very truly,

W. P. Tomlinson

pam

cc: Mr. A. B. Slaybaugh
Continental Oil Company
P. O. Box 1377
Roswell, New Mexico

Mr. N. W. Whitmore
Pan American Pet. Corp.
P. O. Box 268
Lubbock, Texas

Mr. H. W. Mathews
Standard Oil Co.
of Texas
P. O. Box 1249
Houston 1, Texas

Mr. A. D. Kloxin
The Atlantic Refining Co.
P. O. Box 1978
Roswell, New Mexico

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 7, 1963

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, as alternate examiner:

- CASE 2871: Application of Bolack-Greer, Inc. for a unit agreement, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Canada Ojitos Unit Area comprising 35,829.84 acres of Federal and Fee lands in Townships 25 and 26 North, Ranges 1 East and 1 West, Rio Arriba County, New Mexico.
- CASE 2872: Application of Texaco Inc. for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Woolley Unit Area comprising 2,080 acres of State and Federal lands in Township 17 South, Range 30 East, Eddy County, New Mexico.
- CASE 2873: Application of Texaco Inc. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Barry Unit Area comprising 2427.24 acres of State land in Township 21 South, Ranges 33 and 34 East, Lea County, New Mexico.
- CASE 2874: Application of Murphy H. Baxter for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the East Rocky Arroyo Unit Area comprising 2560 acres of Federal, State and Fee lands in Township 21 South, Range 25 East, Eddy County, New Mexico.
- CASE 2875: Application of Perry R. Bass for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to drill a gas well at an unorthodox location 1980 feet from the South line and 660 feet from the West line of Section 21, Township 19 South, Range 32 East, Lusk Morrow Gas Pool, Lea County, New Mexico.
- CASE 2876: Application of Consolidated Oil & Gas, Inc. for an unorthodox location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks permission to recomplete its Jicarilla No. 4-8 at an unorthodox Blanco-Mesaverde Pool location 1550 feet from the North line and 890 feet from the West line of Section 8, Township 26 North, Range 5 West, Rio Arriba County, New Mexico.
- CASE 2877: Application of Continental Oil Company for an extension of the provisions of Order R-2476, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an extension of the provisions of Order R-2476 which authorized certain interference tests and transfer of allowables between wells during the tests in the Oil Center Blinbry Pool.

CASE 2355: (Reopened) In the matter of Case 2355 being reopened pursuant to the provisions of Order No. R-2051-A, which order extended the temporary 320-acre proration units for the Bluit-Wolfcamp Gas Pool, Roosevelt County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 160-acre proration units.

CASE 2635: (Reopened) In the matter of Case 2635 being reopened pursuant to the provisions of Order No. R-2325, which order established temporary 80-acre proration units for the Inbe-Pennsylvanian Oil Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

CASE 2878: Application of Humble Oil & Refining Company for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the triple completion (tubingless) of its New Mexico State "S" Well No. 25, located in Unit N of Section 2, Township 22 South, Range 37 East, Lea County, New Mexico, to produce oil from the Penrose-Skelly and Wantz Abo Pools and an undesignated Granite Wash zone through parallel strings of 2-7/8 inch casing cemented in a common well bore.

CASE 2879: Application of Humble Oil & Refining Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its State "M" lease in Sections 19, 20, 29, 30 and 31, Township 22 South, Range 37 East, Lea County, New Mexico, by the initial injection of water into the Queen formation of the Langlie Mattix and Eumont Pools through six wells located in Sections 20, 29, and 30. Applicant further seeks the contraction of the Eumont Pool by the delation therefrom of all of Section 19 and the S/2 SW/4 and NE/4 SW/4 of Section 20, Township 22 South, Range 37 East, and the extension of the Langlie-Mattix Pool to include said acreage.

CASE 2880: Application of Marathon Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Box Canyon Unit Area comprising 10,560.48 acres of State, Federal and Fee lands in Townships 21 and 22 South, Range 21 East, Eddy County, New Mexico.

Gulf Oil Corporation

ROSWELL PRODUCTION DISTRICT

July 25, 1963

P. O. Drawer 1938
Roswell, New Mexico

W. B. Hopkins
DISTRICT MANAGER
M. I. Taylor
DISTRICT PRODUCTION
MANAGER
F. O. Mortlock
DISTRICT EXPLORATION
MANAGER
H. A. Rankin
DISTRICT SERVICES MANAGER

Oil Conservation Commission
State of New Mexico
Post Office Box 871
Santa Fe, New Mexico

Re: Interference Test - Oil Center
Blinebry Pool, Lea County,
New Mexico

Gentlemen:

Gulf Oil Corporation has received a copy of Continental Oil Company's application for permission to continue the interference test in the Oil Center Blinebry Pool. It is our understanding that this matter has been set for Examiner Hearing on August 7, 1963.

Please be advised that Gulf concurs with Continental's request for an extension of the interference test.

Yours very truly,

M. I. Taylor
M. I. Taylor

JHH:sz

cc: Continental Oil Company
Post Office Box 1377
Roswell, New Mexico



Gulf Oil Corporation

ROSWELL PRODUCTION DISTRICT

W. B. Hopkins
DISTRICT MANAGER
M. I. Taylor
DISTRICT PRODUCTION
MANAGER
F. O. Mortlock
DISTRICT EXPLORATION
MANAGER
H. A. Rankin
DISTRICT SERVICES MANAGER

July 25, 1963

P. O. Drawer 1933
Roswell, New Mexico

Oil Conservation Commission
State of New Mexico
Post Office Box 871
Santa Fe, New Mexico

Re: Interference Test - Oil Center
Elisebry Pool, Lea County,
New Mexico

Gentlemen:

Gulf Oil Corporation has received a copy of Continental Oil Company's application for permission to continue the interference test in the Oil Center Elisebry Pool. It is our understanding that this matter has been set for Examiner Hearing on August 7, 1963.

Please be advised that Gulf concurs with Continental's request for an extension of the interference test.

Yours very truly,



M. I. Taylor

JHM:sz

cc: Continental Oil Company
Post Office Box 1377
Roswell, New Mexico



100-1-10 10 10

KELLAHIN AND FOX
ATTORNEYS AT LAW
54 1/2 EAST SAN FRANCISCO STREET
POST OFFICE BOX 1713
SANTA FE, NEW MEXICO

July, 12, 1963

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

Gentlemen:

Enclosed is the application of Continental Oil Company for an order authorizing continuation of interference tests, together with the transfer of allowables, in the Oil Center Blinbry Pool.

Since the present authority for the conduct of these tests will expire on August 10, it will be appreciated if this case can be set at as early a date as possible in order that there will be no break in the conduct of the interference tests. Your cooperation in this will be appreciated.

Yours very truly,

Jason W. Kellahin
Jason W. Kellahin

JWK:ss

DOCKET MAILED

DATE 7/29/63

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. 2784
Order No. R-2476

APPLICATION OF CONTINENTAL OIL
COMPANY FOR AUTHORITY TO CONDUCT
INTERFERENCE TESTS, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 24, 1963, at Santa Fe, New Mexico, before Elvis A. Utz, 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 3rd day of May, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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, seeks authority to shut in all wells in the Oil Center-Blinbry Pool, Lea County, New Mexico, for approximately seven days to achieve stabilization, to leave one well shut in for a period not to exceed 90 days to observe pressure behavior and to transfer allowables and make up underproduction from the shut-in wells.

(3) That approval of the subject application will afford the operators in the pool an opportunity to gather valuable information concerning reservoir characteristics of the Oil Center-Blinbry Pool.

(4) That approval of the subject application will be in the interest of conservation and will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That the operators in the Oil Center-Blinebry Pool are hereby authorized to shut in all wells in the Oil Center-Blinebry Pool and the Continental Meyer B-4 Well No. 20 for approximately seven days until satisfactory stabilization is achieved.

(2) That upon achieving stabilization, the operators in the subject pool are hereby authorized to leave the Continental Meyer B-4 Well No. 19 shut in for a period not to exceed 60 days in order to conduct interference tests in the Oil Center-Blinebry Pool.

(3) That the operators in the subject pool are hereby authorized to make up underproduction occurring during the stabilization shut-in period by transferring allowables from wells affected by the shut-in period to other wells on the same basic lease, and by producing the wells receiving the transferred allowable in excess of the 125 percent daily tolerance limitation, the gas-oil ratio notwithstanding, during the 60-day interference test period.

(4) That during the interference test period, the applicant is hereby authorized to transfer the allowable accruing to the Continental Meyer B-4 Well No. 19 during the stabilization shut-in period as well as during the 60-day interference test period to other wells on the same basic lease.

(5) That the Commission's Hobbs District Office shall be notified when the wells are shut in to achieve stabilization.

(6) That each operator desiring to transfer allowables shall submit a schedule indicating the amount of allowable to be transferred to each well to the Commission's Hobbs District Office prior to transferring any of said allowable to any well.

(7) That for good cause shown, the Secretary-Director of the Commission is hereby authorized to extend the interference test period authorized by this order for an additional period not to exceed 30 days.

(8) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

S E A L

E. S. WALKER, Member

esr/

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

Case 2877

Heard 8-7-63

Rec. 8-16-63,

1. Grant Cont. in extension to the interference test period for their Oil Center-Blinby Oil Pool. Extend the provisions of Order B-2476 to Feb 1 1964. A hearing is called for Jan. 1964 to show cause why 40 ac. spacing should not be resumed.

Thos. R. [Signature]

DRAFT

DSN/esr

August 20, 1963

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:

APPLICATION OF CONTINENTAL OIL
COMPANY FOR AN EXTENSION OF THE
PROVISIONS OF ORDER NO. R-2476,
LEA COUNTY, NEW MEXICO.

CASE No. 2877

Order No. R-2476-A

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
August 7, 1963, at Santa Fe, New Mexico, before Elvis A. Utz,
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 _____ day of August, 1963, the Commission,
a quorum being present, having considered the application, the
evidence adduced, and the recommendations of the Examiner,
Elvis A. Utz, 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 Commission, by Order No. R-2476 entered on
May 3, 1963, authorized the applicant, Continental Oil Company,
to conduct certain pressure interference tests in the Oil Center-
Blinchry Pool, Lea County, New Mexico, and to transfer the allow-
able during such test from its Continental Meyer B-4 Well No. 19
to other wells on the same basic lease.

(3) That Order No. R-2476 limited such allowable transfer
during the interference test to a 60-day period, with the provi-
sion that the Secretary-Director could, for good cause shown,
extend the interference test period for an additional period not
to exceed 30 days.

(4) That the evidence indicates that the information obtained to date during such interference test is inconclusive, and that continued testing and permission to transfer allowables will supplement pressure performance data obtained to date.

(5) That Order No. R-2408 entered by the Commission on January 16, 1963, promulgated temporary rules and regulations for the Oil Center-Blinebry Pool, including a provision for 80-acre spacing; the order further provided that Case No. 2727 shall be reopened at an examiner hearing in January, 1964, at which time the operators in the subject pool may appear and show cause why the Oil Center-Blinebry Pool should not be developed on 40-acre proration units.

(6) That the pressure interference tests and allowable transfer provisions of Order No. R-2476 should be extended through December 31, 1963.

(7) That the proposed extension of the pressure interference tests and allowable transfer provisions are in the interest of conservation and prevention of waste, and correlative rights will not be impaired.

IT IS THEREFORE ORDERED:

(1) That the pressure interference test authorized by Order No. R-2476 and the transfer of allowable accruing to the Continental Meyer B-4 Well No. 19, located in Unit O of Section 4, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, to other wells on the same basic lease is hereby extended from August 10, 1963, through December 31, 1963.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

(2) That for good cause shown, the Secretary - Director of the Commission is hereby authorized to extend the interference test period and the allowable transfer provisions authorized by this order for an additional period not to exceed 30 days.

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



P. O. BOX 871
SANTA FE

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER

August 23, 1963

Mr. Jason Kellahin
Box 1713
Santa Fe, New Mexico

Re: Case No. 2877
Order No. R-2476-A
Applicant:
Continental Oil Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A handwritten signature in cursive script, reading "A. L. Porter, Jr.", is written over the typed name.

A. L. PORTER, JR.
Secretary-Director

ix/

Carbon copy of order also sent to:

Hobbs OCC X

Artesia OCC

Antec OCC

OTHER

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. 2877
Order No. R-2476-A

APPLICATION OF CONTINENTAL OIL
COMPANY FOR AN EXTENSION OF THE
PROVISIONS OF ORDER NO. R-2476,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 7, 1963, at Santa Fe, New Mexico, before Elvis A. Utz, 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 23rd day of August, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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 Commission, by Order No. R-2476 entered on May 3, 1963, authorized the applicant, Continental Oil Company, to conduct certain pressure interference tests in the Oil Center-Blinebry Pool, Lea County, New Mexico, and to transfer the allowable during such test from its Continental Meyer B-4 Well No. 19 to other wells on the same basic lease.
- (3) That Order No. R-2476 limited such allowable transfer during the interference test to a 60-day period, with the provision that the Secretary-Director could, for good cause shown, extend the interference test period for an additional period not to exceed 30 days.
- (4) That the evidence indicates that the information obtained to date during such interference test is inconclusive, and that continued testing and permission to transfer allowables will supplement pressure performance data obtained to date.

-2-

CASE No. 2877

Order No. R-2476-A

(5) That Order No. R-2408 entered by the Commission on January 16, 1963, promulgated temporary rules and regulations for the Oil Center-Blinbry Pool, including a provision for 80-acre spacing; the order further provided that Case No. 2727 shall be reopened at an examiner hearing in January, 1964, at which time the operators in the subject pool may appear and show cause why the Oil Center-Blinbry Pool should not be developed on 40-acre proration units.

(6) That the pressure interference tests and allowable transfer provisions of Order No. R-2476 should be extended through December 31, 1963.

(7) That the proposed extension of the pressure interference tests and allowable transfer provisions are in the interest of conservation and prevention of waste, and correlative rights will not be impaired.

IT IS THEREFORE ORDERED:

(1) That the pressure interference test authorized by Order No. R-2476 and the transfer of allowable accruing to the Continental Mayer B-4 Well No. 19, located in Unit O of Section 4, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, to other wells on the same basic lease is hereby extended from August 10, 1963, through December 31, 1963.

(2) That for good cause shown, the Secretary-Director of the Commission is hereby authorized to extend the interference test period and the allowable transfer provisions authorized by this order for an additional period not to exceed 30 days.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Jack M. Campbell
JACK M. CAMPBELL, Chairman

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

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

S E A L

esf/

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
August 7, 1963

EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil Company
for an extension of the provisions of
Order R-2476, Lea County, New Mexico.
Applicant, in the above-styled cause,
seeks an extension of the provisions of
Order R-2476 which authorized certain
interference tests and transfer of allow-
ables between wells during the tests in
the Oil Center Blinbry Pool.

Case No. 2877

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3871

ALBUQUERQUE, N. M.
PHONE 243-6691

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
August 7, 1963

EXAMINER HEARING

IN THE MATTER OF:)

Application of Continental Oil Company)
for an extension of the provisions of)
Order R-2476, Lea County, New Mexico.)
Applicant, in the above-styled cause,)
seeks an extension of the provisions of)
Order R-2476 which authorized certain)
interference tests and transfer of allow-)
ables between wells during the tests in)
the Oil Center Blinbry Pool.)

Case 2877

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: Case 2877.

MR. DURRETT: Application of Continental Oil Company
for an extension of the provisions of Order R-2476, Lea County,
New Mexico.

MR. KELLAHIN: If the Examiner please, Jason Kellahin,
Kellahin & Fox representing the Applicant. We have one witness.

(Witness sworn.)

JACOB LEVINE

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



DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A Jacob Levine.

Q By whom are you employed and in what position?

A Continental Oil Company, senior production engineer in Eunice, New Mexico.

Q Have you testified before the Oil Conservation Commission and made your qualifications a matter of record?

A Yes, I have.

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

MR. UTZ: Yes, sir, they are.

Q Mr. Levine, are you familiar with the application of Continental Oil Company in Case 2877?

A Yes, sir.

Q Would you state briefly what's proposed by Continental in this application?

A Case No. 2877 involves a continuation of the interference test presently being conducted in the Oil Center Blinbry Pool located in Sections 3, 4, 5 and 9, Township 21 South, Range 36 East, Lea County, New Mexico.

(Whereupon, Applicant's Exhibits 1 through 3 were marked for identification.)

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Q Now, referring to what has been marked as Exhibit No. 1, would you state what that is, Mr. Levine?

A Exhibit No. 1 is a location and ownership map showing the Oil Center Blinebry Pool and surrounding area. The pool, as presently designated, is outlined in red. The wells producing from the pool are circled in green.

Q In order to refresh the recollection of the Commission, would you discuss briefly the history of the Oil Center Blinebry Pool?

A On January 16, 1963, Commission Order No. R-2408 granted 80-acre spacing for a temporary one-year period for the Oil Center Blinebry Pool. Under this same order it was stated that the case should be reopened at an examiner hearing in January, 1964, at which time the operators should be prepared to show cause why the pool should not be developed on 40-acre spacing. In order to furnish further evidence that 80-acre drainage does exist in the Oil Center Blinebry Pool, a request by Continental Oil Company to conduct an interference test and transfer allowables during the test was granted by Commission Order No. R-2476 on May 3, 1963.

Q In reference to Order R-2476, what steps were taken by Continental Oil in the conductance of these tests?

A On May 1, all wells in the Oil Center Blinebry Pool



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with the exception of Sinclair Adkins No. 11, were shut-in for 8 days, to establish stabilization of reservoir fluids. On May 9, all wells except Meyer B-4 No. 19 were opened at the assigned rate granted by Order No. R-2476. Based on the available data, it was predicted that a pressure drawdown would be detected in No. 19 within 90 days.

Q Has any pressure drawdown been detected to date?

A No pressure drawdown has yet been observed, as shown in Exhibit 2, but there has been slight variations in pressure which are considered within the accuracy of the measuring devices.

Q What variations in pressures, then, are you referring to, Mr. Levine?

A Exhibit No. 2, after pressures had peaked at approximately 2110 pounds, pressures varied within 15 or 20 pounds, and using a 3400-pound bottom hole pressure element, 1% of this accuracy is 34 pounds, and it hasn't varied much more than that or within that limit.

Q How do you account for the absence of a pressure drawdown in the observation well?

A A slight variation in the factors involved in the equations to calculate the predicted pressure drawdown makes a sizeable difference in the calculated time to achieve a given



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drawdown. Exhibit No. 2 expresses this point, wherein, the permeability was reduced from 5.8 md. to 2.6 md. and the predicted time to obtain a specific pressure in the observation well was increased sixfold.

Q Why have you reduced the permeability figure in making this calculation?

A The first permeability of 5.8 md. was determined from core analyses. This is an average permeability over the intervals considered net effective pay in two wells. The permeability of 2.6 md. is the average permeability to oil calculated from pressure build-up data on six wells.

Q As no pressure drop has been observed in the Meyer B-4 No. 19 well, why do you feel that interference will eventually be noted?

A Based on data obtained on new well completions wherein each successive completion in the Oil Center Blinbry Pool had correspondingly lower static bottomhole pressures, this indicates that drainage has been established under the undrilled acreage toward the producing wells.

Q How much longer do you wish to continue these interference tests?

A We will request permission to conduct the tests until January 1, 1964, or until interference is established to our



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satisfaction, should the latter time occur prior to January 1, 1964, and to continue the test on a monthly basis beyond that date by administrative approval of the Commission.

Q Are you asking for an administrative procedure for continuation of these tests after the initial period to January 1st?

A Yes.

Q And you want that embodied in the order?

A Yes.

Q You plan to leave the Meyer B-4 No. 19 shut-in and to transfer the allowables as you have done before?

A Yes, sir.

Q How will that be handled.

A Exhibit No. 3 shows the proposed allowable schedule for the remainder of the interference tests. It should be noted that no well will be produced in excess of 25% of the normal allowable.

Q Is this the same transfer schedule or similar to the schedule you have heretofore used?

A Yes, it is similar.

Q Were Exhibits 1, 2 and 3 prepared by you or under your supervision?

A Yes, sir.



MR. KELLAHIN: At this time I would like to offer in evidence Exhibits 1, 2 and 3.

MR. UTZ: Without objection Exhibits 1, 2 and 3 will be entered into the record of this case.

(Whereupon, Applicant's Exhibits 1 through 3 were offered and admitted in evidence.)

Q (By Mr. Kellahin) Mr. Levine, in your opinion will the obtaining of this information through these tests be in the interest of conservation and the prevention of waste?

A Yes, sir, it will.

MR. KELLAHIN: That's all I have on direct examination.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Levine, how long has this test been going now?

A It started on May 1st.

Q August 1st you had what, about 92 days?

A Yes, sir.

Q On Exhibit No. 2 you have a pressure point for the end of your 90 days, or is this strictly a calculation?

A Well, we have a pressure, actually we do have a pressure which is not plotted on this, being as it was prepared some few days ago. The pressure is materially the same as the actual pressures noted in the upper curve. The pressure now is around

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2112. That was on August 2.

Q Which is somewhat above predicted pressure here?

A Well, 12 to 14 pounds above it.

Q You are asking for this to run until January 1, is that correct?

A Yes, sir, with administrative approval to continue the tests on a 30-day basis thereafter.

Q That's approximately 120 days longer, 122 or 3 days?

A Yes, sir.

Q Mr. Levine, if you can't get any pressure decline in that length of time, 122 days plus that 92 days, wouldn't you say that you either have a tremendous amount of reserves or else your permeability is pretty tight?

A Or that it's possible that we might have a partial water drive which could affect us.

Q But you haven't suspected a water drive as yet?

A No, sir.

Q Do you think that Continental, even though they don't have any response from this test after January 1, would still want to go on?

A Well, let me state one point here. if you'll note in Exhibit 1, this Well No. 21 which is the Southeast of No. 19 has been producing from the lower interval of the Oil Center Blinbry



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Pool, which is some 200 feet below the producing interval of all the wells in the pool. It is the only well producing from this interval. At this time we are recompleting this well in the upper zone and this should give us more withdrawals in the area of No. 19. It has been producing from the lower zone, which probably has no effect on withdrawals from the 19 area. We anticipate that this will effect a more rapid drawdown.

Q You are taking the additional allowable, or the No. 19 allowable from all the offset wells, is that correct?

A Yes. We have to from four wells, No. 20, 21, 24, 26.

MR. UTZ: Are there any other questions of the witness?

MR. DURRETT: Yes, sir, I have a question.

BY MR. DURRETT:

Q Referring to this time element, there must be some time that Continental thinks something is going to be proven by this test. How long do you think it would take, in your opinion, the maximum time? If we issue an order that provides for 30-day extension by administrative procedure, that's an indefinite order, it could go forever.

A For instance, in early January on the decline or on the pressure drawdown portion of the curve, then if it had only drawdown to 15 pounds, that would be conclusive that we are actually getting drawdown or we will get drawdown rather than



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within the element of accuracy. We would like to be certain that we are actually measuring a drawdown rather than accuracy in measurement.

MR. UTZ: What is it that you consider, how many pounds drawdown would you consider being an actual drawdown?

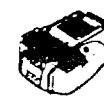
A Well, right now we are using a 3400-pound element, it's going to have to be somewhat in excess of 35 pounds, 1% of the element; we are in the process of getting a new element, and we are going to use a 2500-pound element, 25 to 30 pounds in excess of that would indicate that we're actually measuring a drawdown.

MR. UTZ: Do you have any more, Mr. Durrett?

MR. DURRETT: Yes.

Q (By Mr. Durrett) How long do you estimate it would take before Continental would be convinced that they were not getting any drawdown and that they were not getting any interference? It would seem to me that it might tend to prove, if the test goes on for a long period of time, that there is no interference. How long do you think it would take to satisfy Continental that this might be the case?

A I couldn't state any specific time. I will state that if we feel that we're not getting interference, then we certainly want to go on 40 acres because we would be leaving too much oil behind on 40 if we are not recovering it on 80's. I think that



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we can show a payout on 40's if we're able to recover the oil on 40's and not on 80's. I'm not sure just how long it would take. I've done a lot of extrapolations on this and many calculations.

As can be seen from using 5.8 md., it took quite a lot less time than using 2.6 md. If any of the parameters change, it is not easy to determine how long it will take.

MR. KELLAHIN: I would like to point out here that what Continental is asking for would place full control of the situation in the Commission in that they would be on a 30-day basis after January 1st.

MR. DURRETT: Yes, that's in connection with my next question, Mr. Kellahin.

Q (By Mr. Durrett) Mr. Levine, would you feel that the Commission should determine what it considered to be a reasonable length of time for these tests to be conducted and then at that time if there was no satisfactory drawdown achieved, would that not tend to show that there was no interference?

A Well, I would say that this test alone is not the only indication of whether you have interference or not. I think by the use of cumulative versus pressure decline curve indicates that we should definitely feel interference because of the fact that we have a lower pressure in each successive completion, and



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though we can't detect it through pressure drawdown because right now we are almost at the bubble point, and as the pressure declines, then we're getting gas phase that we have to calculate into the compressibility to determine just how long, which is another factor involved in the determination of drawdown or interference.

Q Do I understand correctly that it's your opinion that this test can prove interference but it can not prove lack of interference?

A I'd say that would be correct.

Q If the Commission determines after a reasonable length of time that you have not established interference, it would have to take some other route to establish that there was no interference?

A Yes, sir.

MR. DURRETT: Thank you.

A I think at this time that we're not asking, we're not trying to try the case on interference right now. We're trying to gather enough data to support a case on interference.

Q (By Mr. Durrett) But as far as the case is concerned, you feel that the Commission should consider this test if it shows drainage by showing interference, and that if it does not show interference, then the test is completely irrelevant and



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should not be considered by the Commission?

A No, I think it should be considered, and I think other factors should be considered also.

Q Well, it should be considered along with other factors then?

A Yes, sir.

MR. DURRETT: That's what I wanted.

MR. UTZ: I gather, then, if you can't show interference by using the interference test, you look for other means to prove 80-acre drainage?

A Yes, sir.

MR. UTZ: Any other questions?

MR. KELLAHIN: I would like to ask one question, if I may.

REDIRECT EXAMINATION

BY MR. KELLAHIN:

Q On cross examination, Mr. Levine, you mentioned the fact that the reservoir was nearing the bubble point and the gas phase would have some effect on the pressures observed in the well. What is that effect, as a normal thing in this type of reservoir?

A We should get a lower pressure drawdown below the bubble point. We have heretofore been on the steeper part of the curve above the bubble point, and now we should naturally observe



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less drawdown with higher withdrawals.

Q On the basis of the development of this pool at the present time, the well density, if you do get interference would it not tend to show 160-acre drainage rather than 80?

A Yes, it would be in excess of 80 acres, well in excess of 80 acres.

MR. KELLAHIN: That's all I have.

MR. UTZ: Are there any other questions of the witness?
The witness may be excused.

(Witness excused.)

MR. UTZ: Any other statements to be made in this case?

MR. MARSHALL: Charles Marshall for Pan American Petroleum Corporation. Pan American is a working interest owner in the field that's the subject of this hearing. We feel that information available from the field to date, apart from this particular interference test, support a conclusion that we can drain 80 acres in this reservoir. For that reason we feel that Continental should be allowed to continue the interference tests and hope to prove that point by use of this test also. Therefore, we urge the Commission approve Continental's application.

MR. UTZ: Any other statements? The case will be taken under advisement.



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STATE OF NEW MEXICO)
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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 19th day of August, 1963.

Ada Dearnley
Notary Public-Court Reporter

My commission expires:

June 19, 1963.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner Hearing of Case No. 2877 heard by me on *Aug 2* 19*63*
Muste, Examiner
New Mexico Oil Conservation Commission

