

CASE 3205: Appli. of CONTINENTAL  
OIL CO. for an unorthodox  
location in Lea County, N.M.

CASE NO.

3205

Application,

TRANSCRIPTS,

SMALL Exhibits

ETC.

State of New Mexico  
Oil Conservation Commission



P. O. BOX 2088  
SANTA FE

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. 3205  
Order No. R-2873

APPLICATION OF CONTINENTAL OIL COMPANY  
FOR AN UNORTHODOX LOCATION, LEA COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on February 10, 1965, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 5th day of March, 1965, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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 an exception to Rule 4 of the Special Rules and Regulations governing the Baish-Wolfcamp Pool and to Rule 4 of the Special Rules and Regulations governing the Maljamar-Abo Pool to permit the location of its Baish "A" Well No. 13 at an unorthodox location for said pools 1780 feet from the North line and 460 feet from the West line of Section 22, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico.

(3) That the subject well was drilled at the above-described location to avoid interference with an existing well.

(4) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the pools, and will otherwise prevent waste and protect correlative rights.

-2-

CASE No. 3205

Order No. R-2873

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, is hereby granted an exception to the well location requirements of the Special Rules and Regulations for the Baish-Wolfcamp and Maljamar-Abo Pools to permit the location of its Baish "A" Well No. 13 at an unorthodox location for said pools 1780 feet from the North line and 460 feet from the West line of Section 22, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico.

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

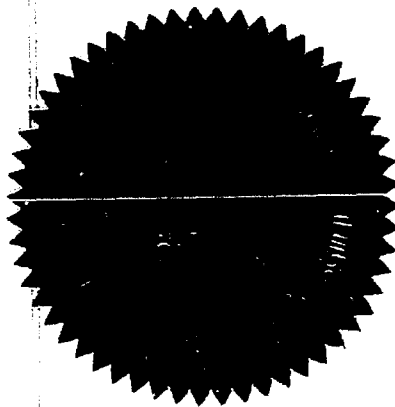
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*Jack M. Campbell*  
JACK M. CAMPBELL, Chairman

*Guyton B. Hays*  
GUYTON B. HAYS, Member

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



esr/

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Date 2/22/65

CASE 2205

Hearing Date 9am 2/10/65

DSN @ SF

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

Enter an order authorizing Continental Oil Company to complete its Baish "A" Well No 13, at an ~~unorthodox~~ <sup>in the Baish Wolfcamp & the maljamer app pools</sup> location for both pools 1780' FNL & 460' FWL of Sec 22, T17S R 32 E, Lea County, New Mexico.

This location is in exception to Piece 4 of Orders R-2765 & R-2766 which provide that Wells should be located within 150' of the center of the quarter-quarter section.

Location was moved 220 feet North and 200 feet West of an existing well in the center of the quarter quarter to avoid interference while drilling, app. will not cause waste nor violate corral rights

*[Signature]*

Docket No. 4-65

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 10, 1965

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

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

CASE 2942: (Reopened)

In the matter of Case No. 2942 being reopened pursuant to the provisions of Order No. R-2645, which order established temporary 160-acre spacing and fixed well locations for the Simanola-Pennsylvanian 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 spacing units.

CASE 2764: (Reopened)

In the matter of Case No. 2764 being reopened pursuant to the provisions of Order No. R-2439, which order established temporary 640-acre spacing units for the West Jal-Strawn Gas Pool, Lea County, New Mexico, for a period of two years. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing units.

CASE 3203: Application of Schermerhorn Oil Corporation for a non-standard location and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre non-standard gas proration unit comprising the N/2 NE/4 of Section 5, Township 19 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to be dedicated to its Linam G Well No. 1 at a non-standard location 1025 feet from the North line and 1953 feet from the East line of said Section 5.

CASE 3204: Application of Union Oil Company of California for the creation of a new oil pool and for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Wolfcamp production for their California State No. 1-7 located in Unit D of Section 7, Township 15 South, Range 35 East, Lea County, New Mexico, and the promulgation of special rules for said pool, including a provision for 80-acre spacing.

CASE 3205: Application of Continental Oil Company for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 4 of the special pool rules for the Baish Wolfcamp and Maljamar-Abo Pools, to permit the location of its Baish "A" Well No. 13 at an unorthodox location for said pools 1780 feet from the North line and 460 feet from the West line of Section 22, Township 17 South, Range 32 East, Lea County, New Mexico.

CASE 3206: Application of Apache Corporation for a pool extension and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the High Plains-Pennsylvanian Pool, Lea County, New Mexico to include its Delaware-Apache Well No. 1 located in the NE/4 of Section 22, Township 14 South, Range 34 East; applicant further seeks the promulgation of temporary special pool rules for said pool including a provision for 160-acre proration units.

OIL CONSERVATION COMMISSION  
P. O. BOX 2088  
SANTA FE, NEW MEXICO

*Case 32205*  
LEGAL DIVISION  
PHONE 827-2741

January 20, 1965

C  
O  
P  
Y  
Continental Oil Company  
P. O. Box 460  
Hobbs, New Mexico

DOCKET MAILED

Attention: Mr. G. C. Jamieson

*1-29-65*  
Date

Re: Application for Non-Standard  
Location - Baish "A" Well No. 13

Gentlemen:

The above application has been docketed for the  
Examiner Hearing to be held on February 10, 1965.

Very truly yours,

J. M. DURRETT, Jr.  
Attorney

JMD/esr

cc: Mr. Joe Ramey  
Supervisor, District 1  
Oil Conservation Commission  
P. O. Box 1980  
Hobbs, New Mexico



*Set for 2-10-65*  
*Chambers*  
*[Signature]*



# CONTINENTAL OIL COMPANY

P. O. BOX 460  
HOBBS, NEW MEXICO  
January 16, 1965

PRODUCTION DEPARTMENT  
HOBBS DISTRICT  
JACK MARSHALL  
DISTRICT MANAGER  
G. C. JAMIESON  
ASSISTANT DISTRICT MANAGER

1001 NORTH TURNER  
TELEPHONE: EX 3-4141

11 04 AM 18 JAN 1965

*Box 3505*

New Mexico Oil Conservation Commission  
Post Office Box 2088  
Santa Fe, New Mexico

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

Re: Application for Non-Standard  
location - Baish "A" No. 13.

Gentlemen:

We forward herewith application in triplicate for a non-standard location for the captioned well a dual completion in the Baish-Wolfcamp and Maljamar-Abo pools. This application would have been filed earlier except that it had escaped our attention that the location failed to comply with the field rules.

There are no offset operators. The well is completed in both zones. We should appreciate your approval of the location and the issuance of allowables at the earliest possible date.

Yours very truly,

*[Signature]*

GCJ-MB

cc: NMOCC, HOBBS  
RGP GW JWK

CONTINENTAL OIL COMPANY

Hobbs, New Mexico  
January 16, 1965

New Mexico Oil Conservation Commission  
Post Office Box 2088  
Santa Fe, New Mexico 87501

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

Re: Continental Oil Company  
application for approval  
of an unorthodox location  
for its Baish "A" Well No.  
13 in Section 22, T-17S,  
R-32E, Lea County, New Mexico

Gentlemen:

Continental Oil Company respectfully requests administrative approval, in exception to Rule 4 of the Special Pool Rules for the Baish-Wolfcamp and Majamar-Abo Pools contained in Order Nos. R-2765 and R-2766, for an unorthodox location 1780 feet from the North line and 460 feet from the West line of Section 22, Township 17 South, Range 32 East, Lea County, New Mexico for its Baish "A" Well No. 13, as provided in Rule 5 of the same orders.

In support of this request we respectfully submit the following:

1. Applicant is the owner and operator of the Baish "A" lease, comprising W/2, NE/4 and N/2 SE/4 of Section 21 and W/2 NW/4 Section 22, T-17S, R-32E.

2. Applicant drilled and completed its No. 13 well on said lease as a producer in the Baish-Wolfcamp and Majamar Abo Pools, as authorized by Order MC-1551, at a location 1780 feet from the North line and 460 feet from the West line of said section 22.

3. Said well was moved 200 feet North and 200 feet West of the standard location in order to avoid interference with applicant's Baish "A" No. 2, a temporarily abandoned Majamar producer located 1980 feet from the North line and 660 feet from the West line of said section 22.

4. Said location is removed a greater distance from the center of the quarter quarter section than is permitted by Rule 4 of the Special Pool Rules contained in Order Nos. R-2765 and R-2766.

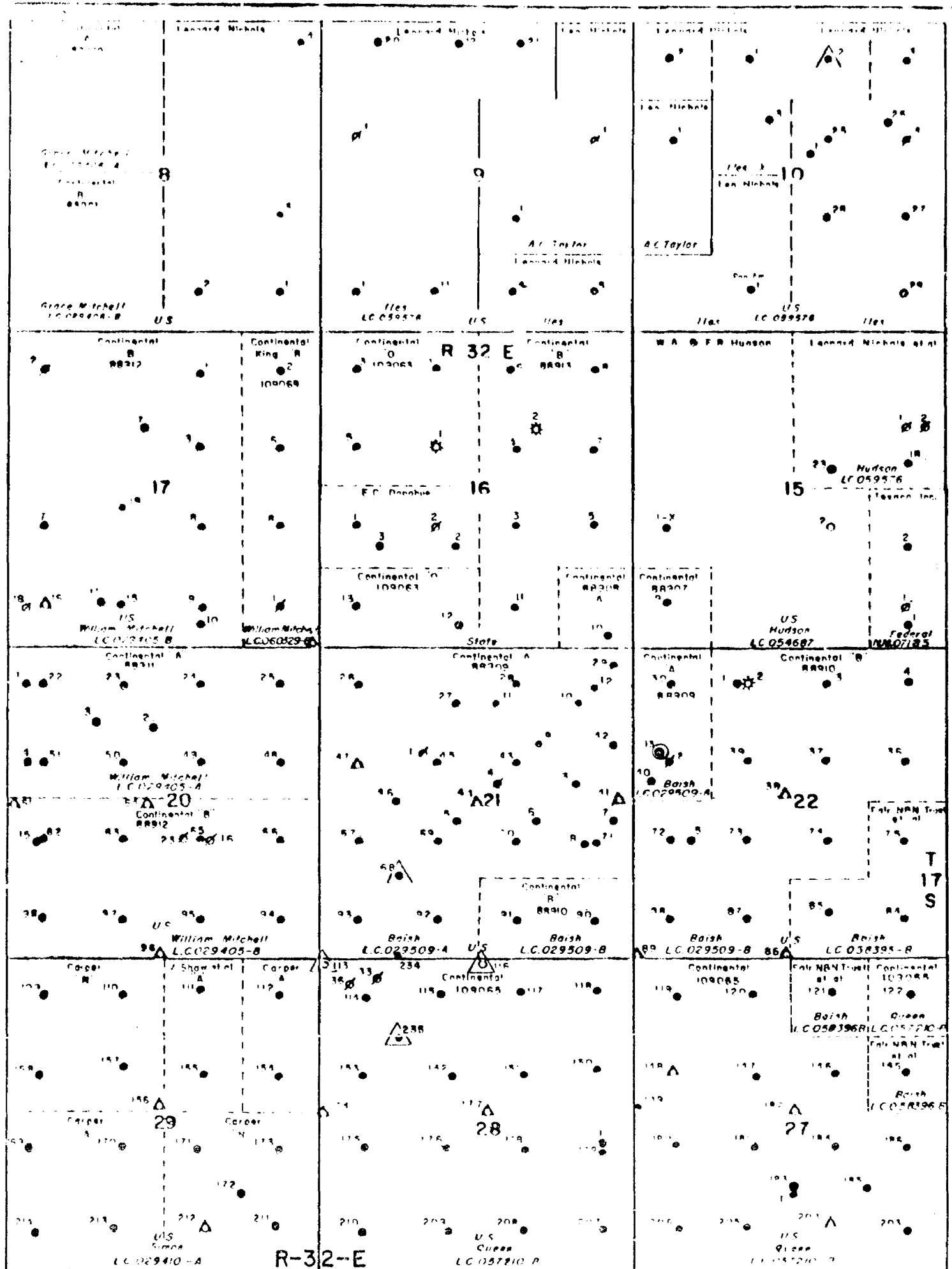
5. The attached plat shows to the best of our knowledge and belief the area surrounding said well, the location of leases and wells and the ownership thereof. As shown thereon, applicant owns all offsetting leaseholds.

6. The granting of this application is in the interest of preventing waste and protecting correlative rights.

In view of the facts set forth herein it is respectfully requested that the Secretary-Director approve the non-standard location described above occasioned by the topographic obstruction of a pre-existing well.



G. C. JAMIESON  
Assistant District Manager  
of Production  
New Mexico District



CONTINENTAL OIL COMPANY  
 PRODUCTION DEPARTMENT  
 HORRS DISTRICT  
 MALJAMAR POOL AREA  
 Lea County, New Mexico



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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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PAGE 1

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

February 10, 1965

EXAMINER      HEARING

IN THE MATTER OF:

Application of Continental Oil Company  
for an unorthodox location, Lea  
County, New Mexico.

Case No. 3205

BEFORE:      DANIEL S. NUTTER, Examiner  
                 ELVIS A. UTZ: Alternate Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Call Case Number 3205.

MR. DURRETT: Application of Continental Oil Company for an unorthodox location, Lea County, New Mexico.

MR. KELLAHIN: Jason Kellahin of Kellahin and Fox, Santa Fe, representing the Applicant. We have one witness that we'd like to have sworn.

(Witness sworn.)

(Whereupon, Applicant's Exhibit 1 marked for identification.)

V. T. L Y O N, called as a witness herein, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q State your name, please.

A V. T. Lyon, L-y-o-n.

Q By whom are you employed and in what capacity?

A I am employed by Continental Oil Company as Supervising Engineer in our Hobbs District Office, located in Hobbs, New Mexico.

Q Have you testified before the Commission and are your qualifications a matter of record?

A Yes, sir.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. UTZ: They are.

Q (By Mr. Kellahin) Mr. Lyon, are you familiar with the application of Continental in Case No. 3205?

A Yes, sir.

Q Will you state what is proposed in this application?

A Case No. 3205 is the application of Continental Oil Company for approval of an unorthodox location for our Baish "A" Number 13 well which is located 1780 feet from the north line and 460 feet from the west line of Section 22, Township 17 South, Range 32 East, Lea County, New Mexico. This location is an exception to the field rules for the Baish Wolfcamp and Maljamar-Abo Pools which is found in Orders No. R-2765 and R-2766.

Q And what occasioned this unorthodox location?

A Continental was unable to drill this well at the center of the quarter section because of the fact that Baish "A" Number 2 and a Greyburg-San Andres well were already located at that location. Continental has two general policies with respect to well spacing which affect this hearing. First, it's our general policy to drill all wells in the center of the quarter section; and second, if there is a pre-existing well at this location, it is our policy to move well away from the well to avoid any possibility of interference with the pre-existing well.

Q Referring to what has been marked as Exhibit Number



1 Mr. Lyon, would you identify that Exhibit and discuss the information shown in it?

A Exhibit Number 1 is a location and ownership map showing the Baish "A" lease and the surrounding area, the wells that have been drilled in this area. It shows the Baish "A" Number 13 which is the subject of this Hearing circled in red. It shows that the Baish "A" Number 2 is located in the center of the Southwest Quarter of the Northwest Quarter of Section 22, and that also located in this same quarter section are the MCA Well Number 40 and Baish "A" Number 13.

It also shows that the Baish "A" lease consists of the West Half of the Northwest Quarter of Section 22 and all of Section 21, with the exception of the South Half of the Southeast Quarter. The Number 13 well was moved toward the interior of the lease rather than to the nearest boundary and it also shows that there are no operators other than Continental offsetting the quarter-quarter section upon which the well is located.

Q Now, has this well already been drilled, Mr. Lyon?

A Yes, sir.

Q Will you discuss how this occurred, please?

A Well, as you will recall, Continental Oil Company presented the testimony which resulted in the field rules of these two pools. This Hearing was held August 26, 1964 and

the Order was entered September 8th, 1964. Prior to the date that the order was received in our office, that of course being after the date of the hearing, the authorization for this well was prepared and somehow, due to a lack of communications the people who participated in the Hearing failed to communicate with the people who prepared the authorization; and this authorization was processed and the well was drilled before it came to our attention that the well was actually in violation of the rules.

Q Now, this fact was brought to your attention by the Commission?

A Yes, sir, Mr. Ramey of the Hobbs Office called us and told us about it.

MR. UTZ: Mr. Lyon, is the well within 150 feet of the center?

A Yes, sir.

Q (By Mr. Kellahin) Now, are any offset operators in your opinion affected by the offset of this well?

A No, sir.

Q There are no operators offsetting in the acreage involved besides Continental Oil?

A No, sir, that is correct.

Q Is the structure location of the well higher than, lower than, or --

A The structure location has been changed very little. It is slightly higher structurally. The difference in structure from this location where the well is drilled and the nearest orthodox location is virtually insignificant, but of course, we had to move the well away from the center quarter-quarter section. For normal good business reasons we moved it upstream.

Q Does Continental consider the tolerance of within 150 feet of the center of the quarter-quarter section too restricting?

A No, sir, we believe that wells can be drilled within 150 feet of another well without undue danger of interference, and in the future, we intend to drill our wells in conformance.

Q Was Exhibit Number 1 prepared by you or under your supervision?

A Yes, sir.

MR. KELLAHIN: At this time, I would like to offer Exhibit Number 1 into evidence.

(Whereupon, Applicant's Exhibit 1 offered into evidence.)

MR. UTZ: Continental Exhibit Number 1 will be admitted into evidence.

(Whereupon, Applicant's Exhibit 1 admitted into evidence.)

Q (By Mr. Kellahin) Do you have anything further to add, Mr. Lyon?

A Nothing, except that we would like to apologize to the Commission for the extra effort and time we have caused them by our failure to comply with the rules and we will certainly try to avoid a recurrence of this situation in the future.

MR. KELLAHIN: That's all I have on direct, Mr. Examiner.

MR. UTZ: Are there any questions of Mr. Lyon?  
You may be excused.

(Witness excused.)

MR. UTZ: Does anyone have anything further in Case Number 3205? We will take the case under advisement.

\* \* \*

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I N D E X

WITNESS	PAGE
V. T. LYON	
Direct Examination by Mr. Kellahin	2

E X H I B I T S

EXHIBIT	MARKED	OFFERED	ADMITTED
Appl. Ex. No. 1	2	6	6

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STATE OF NEW MEXICO     )  
                                      ) ss  
COUNTY OF BERNALILLO    )

I, ADA DEARNLEY, Notary Public, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by JOHN ORFANIDES, a Court Reporter, and that the same is a true and correct record of the said proceedings.

*John Orfanides*  
*Ada Dearnley*  
NOTARY PUBLIC

My Commission Expires:  
June 19, 1967.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 3205, heard by me on *May 9*, 1965.  
*Thurston*, Examiner  
New Mexico Oil Conservation Commission