

CASE 3725: Appli. of CONTINENTAL
for 2 non-standard gas units &
an unorthodox gas well location.

Case No.

3725

Application, Transcript,
Small Exhibits, Etc.

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. 3725
Order No. R-1866-A

APPLICATION OF CONTINENTAL OIL COMPANY
FOR TWO NON-STANDARD GAS PRORATION UNITS
AND AN UNORTHODOX GAS WELL LOCATION, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 28, 1968, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 4th day of March, 1968, 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, is the co-owner and operator of the Wells B-1 Lease consisting of the E/2 and NE/4 NW/4 of Section 1, Township 25 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico.

(3) That by Order No. R-1866, dated February 8, 1961, the Commission approved, among others, a 360-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the acreage in said Wells B-1 Lease to be dedicated to the applicant's Wells B-1 Well No. 1, located 660 feet from the North line and 660 feet from the East line of said Section 1.

(4) That the applicant now seeks approval for the rededication of the above-described acreage to form two non-standard gas

-2-

CASE No. 3725

Order No. R-1866-A

proration units in the Jalmat Gas Pool as follows:

1. A 160-acre non-standard gas proration unit comprising the E/2 E/2 of Section 1, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico, to be dedicated to its Wells B-1 Well No. 1, located 660 feet from the North line and 660 feet from the East line of said Section 1.
2. A 200-acre non-standard gas proration unit comprising the W/2 E/2 and NE/4 NW/4 of said Section 1 to be dedicated to its Wells B-1 Well No. 3, located at an unorthodox location for the Jalmat Gas Pool 660 feet from the North line and 1650 feet from the West line of said Section 1.

(5) That each of the proposed non-standard gas proration units can be efficiently and economically drained and developed by the well to which it is to be dedicated.

(6) That in order to prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste and protect correlative rights, the afore-said non-standard gas proration unit presently dedicated to the Continental Oil Company Wells B-1 Well No. 1 should be abolished and the non-standard gas proration units created and dedicated as requested by the applicant.

(7) That Order No. R-1866 should be amended by deleting therefrom the non-standard gas proration unit described in Finding (3) herein.

IT IS THEREFORE ORDERED:

(1) That the following-described non-standard gas proration units in the Jalmat Gas Pool are hereby established:

LEA COUNTY, NEW MEXICO
TOWNSHIP 25 SOUTH, RANGE 36 EAST, NMPM

1. A 160-acre non-standard gas proration unit comprising the E/2 E/2 of Section 1 to be

-3-

CASE No. 3725

Order No. R-1866-A

dedicated to the Continental Oil Company Wells B-1 Well No. 1, located 660 feet from the North line and 660 feet from the East line of said Section 1.

2. A 200-acre non-standard gas proration unit comprising the W/2 E/2 and NE/4 NW/4 of Section 1 to be dedicated to the Continental Oil Company Wells B-1 Well No. 3, located 660 feet from the North line and 1650 feet from the West line of said Section 1.

(2) That an unorthodox location in the Jalmat Gas Pool is hereby approved for the Continental Oil Company Wells B-1 Well No. 3 located 660 feet from the North line and 1650 feet from the West line of Section 1, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico.

(3) That each of the above-described gas wells is hereby assigned an acreage factor for allowable purposes in the proportion that the acreage in its non-standard gas proration unit bears to the acreage in a standard gas proration unit in the Jalmat Gas Pool, subject to the provisions of the Special Rules and Regulations for said pool.

(4) That Order No. R-1866 is hereby amended by deletion therefrom of the following-described non-standard gas proration unit:

A 360-acre non-standard gas proration unit consisting of the E/2 and NE/4 NW/4 of Section 1, Township 25 South, Range 36 East, to be dedicated to the Wells B-1 Well No. 1, located in the center of the NE/4 NE/4 of said Section 1;

and that said Order No. R-1866 shall, in all other respects, remain the same.

(5) 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

DAVID F. CARGO, Chairman

GUYTON B. HAYS, Member

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

GOVERNOR
DAVID F. CARGO
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

P. O. BOX 2088
SANTA FE

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

March 4, 1968

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: Case No. 3725
Order No. R-1866-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.".

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC X

Artesia OCC

Aztec 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. 2159
Order No. R-1866

APPLICATION OF CONTINENTAL OIL COMPANY
FOR THREE NON-STANDARD GAS PRORATION
UNITS 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 January 25, 1961, 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 8th day of February, 1961, 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 the establishment of the following-described non-standard gas proration units in the Jalmat Gas Pool, Lea County, New Mexico:

A 320-acre non-standard gas proration unit consisting of the W/2 E/2 and E/2 W/2 of Section 19, Township 25 South, Range 37 East, to be dedicated to the Sholes B-19 Well No. 1, located in the center of the SE/4 SW/4 of said Section 19.

A 360-acre non-standard gas proration unit consisting of the E/2 and NE/4 NW/4 of Section 1, Township 25 South, Range 36 East, to be dedicated to the Wells B-1 Well No. 1, located in the center of the NE/4 NE/4 of said Section 1.

A 360-acre non-standard gas proration unit consisting of the SE/4, E/2 W/2 and SW/4 SW/4 of Section 29, Township 22 South, Range 36 East, to be dedicated to the Meyer A-29 Well No. 3, located in the center of the SE/4 SW/4 of said Section 29.

-2-

CASE No. 2159
Order No. R-1866

(3) That the above-described gas proration units can reasonably be presumed to be productive of gas from the Jalmat Gas Pool.

(4) That approval of the subject application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That the following-described non-standard gas proration units in the Jalmat Gas Pool, Lea County, New Mexico, are hereby established:

A 320-acre non-standard gas proration unit consisting of the W/2 E/2 and E/2 W/2 of Section 19, Township 25 South, Range 37 East, to be dedicated to the Sholes B-19 Well No. 1, located in the center of the SE/4 SW/4 of said Section 19.

A 360-acre non-standard gas proration unit consisting of the E/2 and NE/4 NW/4 of Section 1, Township 25 South, Range 36 East, to be dedicated to the Wells B-1 Well No. 1, located in the center of the NE/4 NE/4 of said Section 1.

A 360-acre non-standard gas proration unit consisting of the SE/4, E/2 W/2 and SW/4 SW/4 of Section 29, Township 22 South, Range 36 East, to be dedicated to the Meyer A-29 Well No. 3, located in the center of the SE/4 SW/4 of said Section 29.

(2) That the above-described gas wells are hereby assigned an acreage factor for allowable purposes in the proportion that the acreage in the non-standard gas proration unit bears to the acreage in a standard gas proration unit in the Jalmat Gas Pool, subject to the provisions of the Special Rules and Regulations for said pool.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

S E A L

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

csr/



CONTINENTAL OIL COMPANY

P. O. Box 460

HOBBS, NEW MEXICO 88240

PRODUCTION DEPARTMENT

HOBBS DIVISION

L. P. THOMPSON

Division Manager

G. C. JAMIESON

Assistant Division Manager

1001 NORTH TURNER
TELEPHONE 393-4141

February 6, 1968

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

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

Re: Application for Two NSP Units -
Wells B-1 Lease - Jalmat Pool,
Lea County, New Mexico

Gentlemen:

Forwarded herewith in triplicate is our application for approval of a 160-acre NSP unit for the Wells B-1 No. 1 and a 200-acre unit for the Wells B-1 No. 3 in the Jalmat Gas Pool, Lea County, New Mexico. In addition, we are requesting approval of an unorthodox location for the latter well.

As discussed by telephone with your Mr. Hatch, it is requested that this matter be placed on the February 28th docket.

Yours very truly,

LPT-JS

Copies to RLA JJB JWK

EPNG-El Paso

DOCKET MAILED

Date 2-15-68

IN THE MATTER OF THE APPLICATION
OF CONTINENTAL OIL COMPANY FOR
EXCEPTION TO RULE 5(B) OF THE
GENERAL RULES AND REGULATIONS FOR
SOUTHEASTERN NEW MEXICO CONTAINED
IN ORDER NO. R-1670 FOR THE APPROVAL
OF TWO NON-STANDARD GAS PRORATION
UNITS FOR ITS WELLS B-1 NOS. 1 AND 3
SECTION 1, T25S, R36E, NMPM, JALMAT
POOL, LEA COUNTY, NEW MEXICO

39 FEB 7 PM 1 03

Case 3725

A P P L I C A T I O N

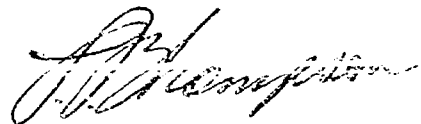
Comes now applicant, Continental Oil Company, and petitions the Commission for an order approving two non-standard gas proration units in the Jalmat Pool: one of 160 acres comprising the E/2 E/2 Section 1, T25S, R36E, Lea County, New Mexico, to be allocated to the Wells B-1 No. 1; the other consisting of W/2 E/2 and NE/4 NW/4 of said Section 1, to be allocated to the Wells B-1 No. 3; and for approval of an unorthodox location for said Well No. 3; and in support thereof would show:

1. Applicant is co-owner and operator of the Wells B-1 Lease consisting of the E/2 and NE/4 NW/4 Section 1, T25S, R36E, NMPM, Lea County, New Mexico.
2. Order No. R-1866 established a 360-acre non-standard gas proration unit consisting of the Wells B-1 Lease for the Wells B-1 No. 1, located 660 feet from the north line and 660 feet from the east line of said Section 1.
3. Applicant drilled its Wells B-1 No. 3 located 660 feet from the north line and 1650 feet from the west line of said Section 1 to a total depth of 13,650' and after plugging back, completed said well on March 23, 1965, as a Langlie Mattix oil well.
4. Said Wells B-1 No. 3 has now been plugged back and recompleted as a Jalmat gas well.

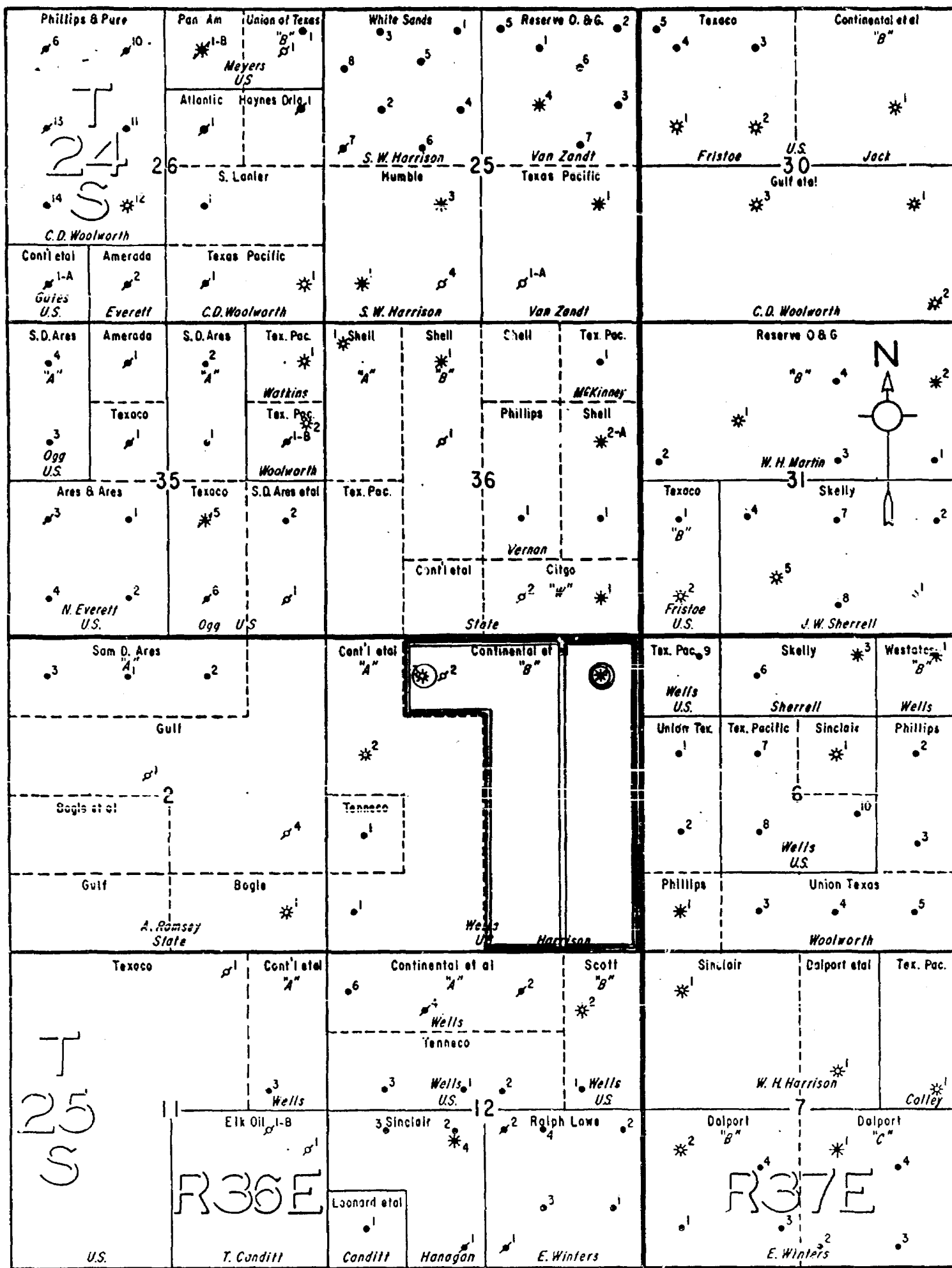
5. Applicant now desires to re-allocate the acreage formerly attributed to Wells B-1 No. 1 by reducing the presently approved 360-acre non-standard unit for Well No. 1 to a unit of 160 acres as described above and assigning the remainder of acreage to Well No. 3.
6. The re-allocation of acreage as proposed above is in the interest of preventing waste and the protection of correlative rights.

WHEREAS, Applicant respectfully prays that this application be set for hearing before the Commission's duly appointed examiner and that, upon hearing, an order be entered approving the non-standard gas proration units for the Wells B-1 Nos. 1 and 3, and the unorthodox location for said Well No. 3, as described above.

Respectfully submitted,



LPT-JS



LEGEND

- PROPOSED NSP UNIT
- PROPOSED UNIT WELL
- APPROVED NSP UNIT
- APPROVED UNIT WELL

CONTINENTAL OIL COMPANY

PRODUCTION DEPARTMENT—HOBBS DISTRICT

WELLS B-1 LEASE

Lea County, New Mexico



3925

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 28, 1968

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

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

CASE 3714: (Continued from the January 24, 1968, Examiner Hearing)

Application of Continental Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its State "O" Well No. 1 located in Unit F of Section 16, Township 17 South, Range 32 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the perforated interval 3140 to 3160 feet, Maljamar-Queen Gas Pool, and the injection of water for secondary recovery purposes into the Grayburg-San Andres formations in the interval from 3700 to 4050 feet through parallel strings of 2-inch tubing.

CASE 3724: Application of El Paso Natural Gas Company for a dual completion, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its San Juan 27-4 Unit Well No. 30 (GD) located in Unit N of Section 32, Township 27 North, Range 4 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of gas from the Gallup formation and the Basin-Dakota Pool through tubing and the casing-tubing annulus, respectively, by means of a cross-over.

CASE 3725: Application of Continental Oil Company for two non-standard gas proration units and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the following two non-standard gas proration units in the Jalmat Gas Pool:

A 160-acre unit comprising the E/2 E/2 of Section 1, Township 25 South, Range 36 East, Lea County, New Mexico, to be dedicated to its Wells B-1 Well No. 1 located 660 feet from the North and East lines of said Section 1; and a 200-acre unit comprising the W/2 E/2 and NE/4 NW/4 of said Section 1 to be dedicated to its Wells B-1 Well No. 3 located at an unorthodox location 660 feet from the North line and 1650 feet from the West line of said Section 1.

February 28, 1968, Examiner Hearing

CASE 3726: Application of John Yuronka and Robert Chandler for compulsory pooling, Lea County, New Mexico. Applicants, in the above-styled cause, seek an order force-pooling all mineral interests from the surface down to a depth of 7400 feet underlying the E/2 SW/4 of Section 7, Township 22 South, Range 38 East, Lea County, New Mexico, to form two 40-acre proration units for Drinkard, Paddock, Blinbry, Tubb or other oil production to be dedicated to two wells to be drilled in Units K and N of said Section 7, or to form an 80-acre non-standard gas proration unit in the event gas production is encountered in the Tubb Gas Pool. Also to be considered will be the costs of drilling said wells and a charge for the risk involved, and a provision for the allocation of actual operating costs and the establishment of charges for supervision of said wells.

CASE 3727: Application of Monsanto Company for an unorthodox gas well location, a non-standard proration unit, a dual completion, and temporary special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of its Rock Tank Unit Well No. 1 located 550 feet from the North line and 920 feet from the West line of Section 7, Township 23 South, Range 25 East, Eddy County, New Mexico, said well to be dedicated to the proposed non-standard proration unit comprising the W/2 of said Section 7 and the E/2 of Section 12, Township 23 South, Range 24 East. Applicant also seeks approval of the dual completion (conventional) of said well to produce gas from the Upper Morrow and Lower Morrow formations through the casing-tubing annulus and the tubing, respectively. Applicant further seeks the creation of Upper Morrow and Lower Morrow gas pools for said well and the promulgation of temporary special rules therefor, including a provision for 640-acre spacing.

CASE 3728: Application of Tenneco Oil Company for an amendment to Order No. R-3127, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3127 for the expansion of the Grayburg-Jackson West Cooperative Unit Area by some 400 additional acres of State land in Section 16, Township 17 South, Range 29 East, Eddy County, New Mexico.

CASE 3729: Application of Pan American Petroleum Corporation for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to

February 28, 1968, Examiner Hearing

CASE 3729: (Continued from Page 2)

drill a well at an unorthodox location 510 feet from the South line and 1830 feet from the East line of Section 15, Township 24 South, Range 37 East, Fowler-Ellenburger Pool, Lea County, New Mexico, in exception to the pool rules that require that wells be drilled in the NW/4 or the SE/4 of the quarter section.

CASE 3730: Application of Tamarack Petroleum Company, Inc., for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the South Pearl Queen Unit Area comprising 1523 acres, more or less, of Fee and Federal lands in Township 20 South, Range 35 East, Lea County, New Mexico.

CASE 3731: Application of Tamarack Petroleum Company, Inc., for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Queen formation through 14 wells in its South Pearl Queen Unit, Township 20 South, Range 35 East, Pearl-Queen Pool, Lea County, New Mexico.

CASE 3732: Application of Weier Drilling Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg-San Andres formations through its V. L. Foster Well No. 6 located 2310 feet from the North line and 1650 feet from the East line of Section 17, Township 17 South, Range 31 East, Grayburg-Jackson Pool, Eddy County, New Mexico.

CASE 3733: Application of Daryl Davis to re-enter a well, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter the State "A" Well No. 1 located 1980 feet from the South and West lines of Section 1, Township 4 South, Range 26 East, Chaves County, New Mexico, and attempt to complete said well as a producer from the San Andres formation.

dearnley-meier reporting service, inc.

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

1120 SIMAS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 28, 1968

EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil
Company for two non-standard
gas proration units and an
unorthodox gas well location,
Lea County, New Mexico.

Case No. 3725

BEFORE: DANIEL A. NUTTER, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: We will call Case No. 3725.

MR. HATCH: Application of Continental Oil Company for two non-standard gas proration units and an unorthodox gas well location, Lea County, New Mexico.

MR. KELLAHIN: If the Examiner please, Jason Kellahin appearing for the Applicant. I have one witness, Mr. Lyon, I would like to have sworn, please.

(Witness sworn.)

VICTOR T. LYON,

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Will you state your name, please?

A Victor T. Lyon.

(Whereupon Applicant's
Exhibits 1, 2 and 3 were
marked for identification)

Q By whom are you employed and in what position, Mr. Lyon?

A I am employed by Continental Oil Company as supervising engineer in the Hobbs division office.

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

A Yes, sir.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. NUTTER: Yes, they are.

Q (By Mr. Kellahin) Are you familiar with the application of Continental Oil Company in Case 3725?

A Yes, sir.

Q Would you state briefly what is proposed by Continental Oil Company in this case?

A This is the application of Continental Oil Company for approving of two non-standard gas proration units, one consisting of 160 acres described as the East Half of the East Half of Section 1, Township 25 South, Range 36 East, Lea County, New Mexico, to be assigned to the Wells B-1 No. 1; the other to be a 200-acres described as the West Half of the East Half and the Northeast Quarter of the Northwest Quarter of the same Section 1, to be assigned to its Well No. 3, and for approval of an unorthodox location for Well No. 3, which is located 660 feet from the North line and 1650 feet from the West line of Section 1.

Q Referring to what has been marked as Exhibit No. 1, would you identify that exhibit and describe the information shown?

A Yes, sir, Exhibit No. 1 is a location and ownership plat showing the Well's B-1 lease, which is outlined in green, and consists of the East Half and the Northeast Quarter of the Northwest Quarter of Section 1, Township 25 South, Range 36 East. This entire lease has been allocated and is presently allocated to Well No. 1, which is shown circled in green and is located 660 feet from the North line and 660 feet from the East line of the Section.

Shown in red are the two proposed non-standard gas proration units as previously described, the one for No. 1 is the East Half of the East Half and the one for No. 3 is the West Half of the East Half and the Northeast Quarter of the Northwest Quarter. The plat also shows the location of Well No. 2, which is plugged and abandoned. Well No. 2 was projected originally to the Ellenburger and blew out and caught fire and the hole was lost; and therefore, to avoid the surface obstructions from that well, we located No. 3 three hundred thirty feet to the west of that well and it was drilled to the Ellenburger and plugged back and re-completed. Actually, it's recompleted, according to the Commission records, in the Langlie-Mattix Pool. It was recently recompleted in the Jalmat Gas Pool.

Q Was the location of the well originally approved

by the Commission?

A Well, it conforms to the location of a Langlie-Mattix well or the Ellenburger. This was supposed to be an extension to the Custer-Ellenburger and it conforms to the location requirements.

Q Upon recompletion of the well in the Jalmat, it made it an unorthodox location, is that correct?

A That is correct.

Q And that is the location you seek approval of in this Hearing?

A Yes, sir.

Q Referring to what has been marked as Exhibit No. 2, would you identify that, please?

A Exhibit No. 2 is a copy of part of the gamma ray neutron log run in the well B-1 No. 3. It shows the top of the Seven Rivers formation at approximately 2939; the top of the Queen was found to be at 3543. The previous perforations are shown from 3100 down to 3290 and an examination of the log indicates that this well was not completed in the Langlie-Mattix Pool. It was completed in the Jalmat Pool. The present perforations are shown by the arrows to be from 2845 to 2959. The well has been recompleted in this section as a gas well.

MR. NUTTER: 2895 don't you mean, rather than 45?

THE WITNESS: 2895, yes, sir.

Q (by Mr. Kellahin) Now, referring to what has been marked as Exhibit No. 3, would you identify that exhibit?

A Exhibit No. 3 is a copy of the Form C-122 showing the results of a gas production test conducted by El Paso Natural Gas Company. It indicates that the well produced at a rate of 410.9 mcf on its highest flow rate. We did not get a satisfactory point alignment; therefore, the calculated open flow potential is not considered entirely accurate, but it does show that the well has sufficient gas production capability to produce for the acreage that is sought to be assigned to it.

Q The well would make allowable for that unit, is that correct.

A Yes.

Q And the other well, would it make allowable for the unit to be left remaining assigned to it?

A No, it is a limited capacity well. It's a marginal well. It has not been producing the allowable that has been assigned to it, which was the full 500 acres. I am not certain that it can produce for the unit that is being assigned to it, but it certainly is better able to produce for it than it has been for the unit that has been assigned to it.

Q It would be in the interest of conservation to continue producing this well, would it?

A Yes.

Q Is the application, in your opinion, in the interest of preventing waste and protecting correlative rights?

A Yes, it is, in my opinion.

Q It would result in the production of gas that would not otherwise be recovered?

A Yes, sir.

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

A Exhibits 1 and 2 were prepared under my supervision. Exhibit 3 was prepared by El Paso Natural Gas Company, but I have personally checked the calculations, assuming the data to be accurate, and have verified the accuracy of the calculations.

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

MR. NUTTER: Continental Exhibit 1 through 3 will be admitted in evidence.

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

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

CROSS EXAMINATION

BY MR. BUTTER:

Q These lower perforations in this well from 3100 to 3290, they were classified as Lardie-Battin although they are actually in the Seven Rivers formation.

A Yes, sir.

Q Have these perforations been squeezed?

A Yes, sir, they have been squeezed with one hundred sacks of cement.

MR. BUTTER: Are there any other questions of Mr. Lyon? He may be excused.

(Witness excused.)

MR. BUTTER: Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: That's all, Mr. Butter.

MR. BUTTER: We'll take the case under advisement.

* * *

I N D E X

<u>WITNESS</u>	<u>PAGE</u>
VICTOR T. LYON	
Direct Examination by Mr. Kellahin	3
Cross Examination by Mr. Nutter	9

E X H I B I T S

<u>EXHIBIT</u>	<u>MARKED</u>	<u>OFFERED AND ADMITTED</u>
Applicant's 1 through 3	2	8

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

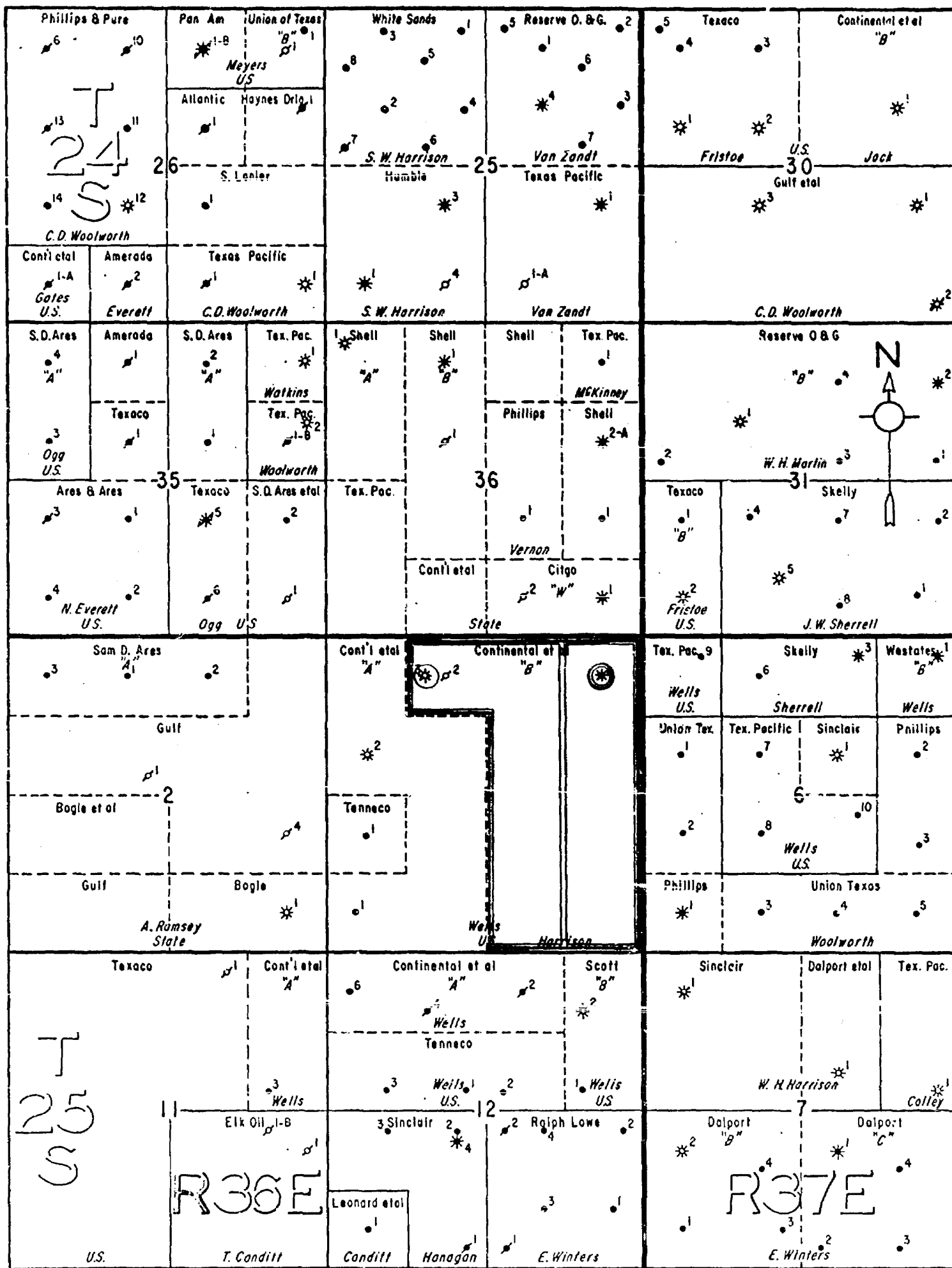
I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Witness my Hand and Seal this 6th day of March, 1968.

Ada K. Kanteney
NOTARY PUBLIC

My Commission Expires:
June 19, 1971.

3/24/88 3725
 3/24 68
 3/24/88 3725
 3/24 68



LEGEND

- PROPOSED NSP UNIT
- PROPOSED UNIT WELL
- APPROVED NSP UNIT
- APPROVED UNIT WELL

BEFORE EXAMINER NUTTER
 EXHIBIT NO. 1
 3-1-1

CONTINENTAL OIL COMPANY PRODUCTION DEPARTMENT—HOBBS DISTRICT

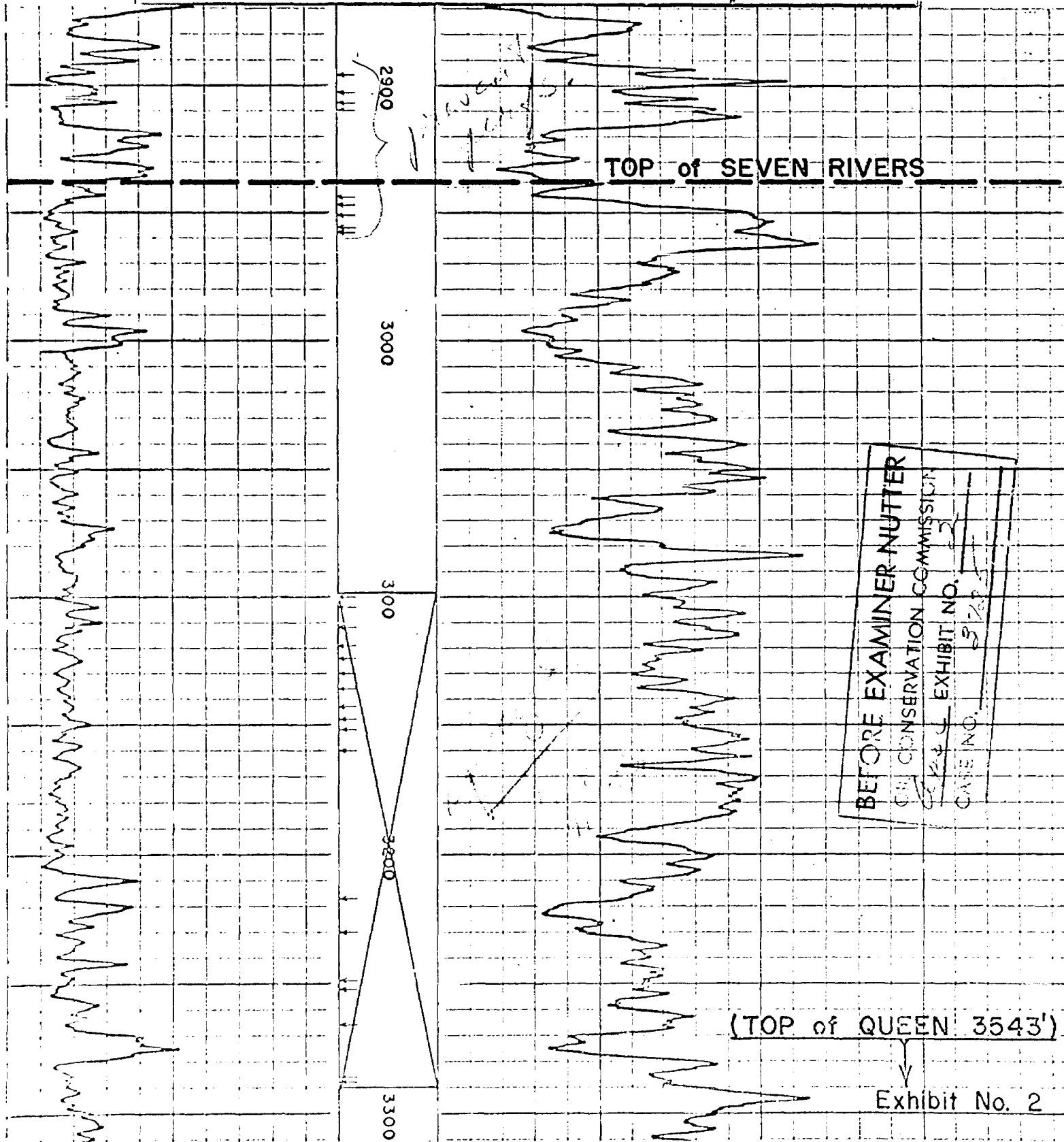
WELLS B-I LEASE Lea County, New Mexico

SCALE
 0' 1000' 2000'



GAMMA RAY - NEUTRON
SCHLUMBERGER WELL SURVEYING CORPORATION
HOUSTON, TEXAS

COUNTY <u>LEA</u> FIELD or LOCATION <u>WILDCAT</u> WELL <u>E.J. WELLS 8-1 # 3</u> COMPANY <u>CONTINENTAL OIL COMPANY</u>	COMPANY <u>CONTINENTAL OIL COMPANY</u>	
	WELL <u>E.J. WELLS 8-1 # 3</u>	
	FIELD <u>WILDCAT</u>	
	COUNTY <u>LEA</u>	STATE <u>NEW MEXICO</u>
	Location: <u>660' FNL</u> <u>1650' FWL</u>	
Sec. <u>1</u> Twp. <u>25S</u> Rge. <u>36E</u>		Other Services: <u>BSGR, IIL, CDD</u>
Permanent Datum: <u>BIE</u> ; Elev.: <u> </u>		Elev.: K.B. <u>3266.18</u>
Log Measured From <u>KB</u> <u>14.4</u> Ft. Above Perm. Datum		D.F. <u>3265</u>
Drilling Measured From <u>KB</u>		G.I. <u>3252</u>



MEXICO OIL CONSERVATION COMMISSION
MULTIPOINT AND ONE POINT BACK PRESSURE TEST FOR GAS WELL

Form C-122
Revised 9-1-65

EXHIBIT 3

Type Test <input checked="" type="checkbox"/> Initial <input type="checkbox"/> Annual <input type="checkbox"/> Special				Test Date 1-22-68							
Company Continental Oil Company				Connection							
Pool Jalmat				Formation Yates - Seven Rivers							
Completion Date Jan. 16, 1968		Total Depth 13,650		Elevation 3252 GL							
Casing Size 9 5/8"		Set At 4350		Perforations: From 2896 to 2956							
Tub. Size 2 7/8"		Set At 2900		Perforations: From To							
Type Well - Single - Straddlehead - G.G. or G.O. Multiple Single				Packer Set At None							
Producing Thru Tubing		Reservoir Temp. °F a		Baro. Press. - P _a 13.2							
L		H		Prover 2"							
G _g .651		% CO ₂ 1.93		% N ₂ 1.61							
				% H ₂ S 373.7 Gr.							
				Meter Run							
				Taps							
FLOW DATA TUBING DATA CASING DATA											
NO.	Prover Line Size	X	Orifice Size	Press. p.s.i.g.	Diff. h _w	Temp. °F	Press. p.s.i.g.	Temp. °F	Press. p.s.i.g.	Temp. °F	Duration of Flow
SI							627	47	627		72
1.	2 x .500			14		47	569	48	616		1
2.	2 x .500			52		53	317	53	585		1
3.	2 x .500			41		52	322	55	592		1
4.	2 x .500			64		56	239	56	525		1
5.											
RATE OF FLOW CALCULATIONS											
NO.	Coefficient (24 Hour)	$\sqrt{h_w P_m}$	Pressure P _m	Flow Temp. Factor F _t	Gravity Factor F _g	Super Compress. Factor, F _{sp}	Rate of Flow Q, Mcfd				
1.	4.279		27.2	1.013	1.239		146.1				
2.	4.279		65.2	1.007	1.239		348.2				
3.	4.279		54.2	1.008	1.239		289.7				
4.	4.279		77.2	1.004	1.239		410.9				
5.											
NO.	P _t	Temp. °R	T _t	Z	Gas Liquid Hydrocarbon Ratio _____ Mcf/bbl.						
1					A.P.I. Gravity of Liquid Hydrocarbons 32 @ 60 _____ Deg.						
2.					Specific Gravity Separator Gas _____ XXXXX						
3.					Specific Gravity Flowing Fluid _____ XXXXX						
4.					Critical Pressure _____ P.S.I.A. _____ P.S.I.A.						
5.					Critical Temperature _____ R _____ R						
P _c 640.2 P _c ² 409,000											
NO.	P _t ²	P _w	P _w ²	P _c ² - P _w ²	(1) $\frac{P_c^2}{P_c^2 - P_w^2} = \frac{3.410}{\dots}$						
1	339	629.2	395.9	14.0	(2) $\left[\frac{P_c^2}{P_c^2 - P_w^2} \right]^n = 1.847$						
2	109	593.2	357.3	52.1							
3	112.4	605.2	366.3	43.6	AOF = Q $\left[\frac{P_c^2}{P_c^2 - P_w^2} \right]^n = 759$						
4	63.6	593.2	357.3	120.2							
5											
Absolute Open Flow 759 Mcfd @ 15.025					Angle of Slope θ 63.5		Slope, n .500				
Remarks: Slope of 63.5 drawn through lowest rate of flow because of point alignment. Wellhead Potential = 354 Mcf/Day with a slope of 63.5° N = .500											
Approved By Commission:		Conducted By: Jack Littlefield & Don		Calculated By: J. Littlefield & D. Read		Checked By:					