

CASE 3837: Appli. of CONTINENTAL  
for non-std. gas unit & gas well  
loc. & transfer of underproduction

Case Number

3837

Application  
Transcripts.

Small Exhibits

ETC.

GOVERNOR  
DAVID F. CARGO  
CHAIRMAN

State of New Mexico



LAND COMMISSIONER  
GUYTON D. HAYS  
MEMBER

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

P. O. BOX 2088  
SANTA FE

September 9, 1968

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

Re: Case No. 3837  
Order No. R-3492  
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. 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. 3837  
Order No. R-3492

APPLICATION OF CONTINENTAL OIL COMPANY  
FOR THE CONSOLIDATION OF THREE NON-  
STANDARD GAS PRORATION UNITS, LEA COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 21, 1968,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 9th day of September, 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  
operator and co-owner of the Lynn B-1 Lease which, in addition  
to other lands, consists of Section 26, Township 23 South, Range  
36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico.

(3) That the E/2 of said Section 26 is presently dedicated  
to the applicant's Lynn B-1 Well No. 1 located in Unit J of said  
section, that the NW/4 of said Section 26 is presently dedicated  
to the applicant's Lynn B-1 Well No. 3 located in Unit C of said  
section, and that the SW/4 of said Section 26 is presently  
dedicated to applicant's Lynn B-1 Well No. 4 located in Unit M  
of said section.

-2-

CASE No. 3837  
Order No. R-3492

(4) That the applicant now seeks the consolidation of the three existing non-standard gas proration units to form one 640-acre standard gas proration unit comprising all of said Section 26 to be simultaneously dedicated to the aforesaid Lynn B-1 Wells Nos. 1, 3, and 4. In the alternative, the applicant seeks the consolidation of the two non-standard gas proration units comprising the E/2 and the SW/4 of said Section 26 into one 480-acre non-standard unit to be dedicated to the aforesaid Lynn B-1 Well No. 1.

(5) That the proposed standard gas proration unit can be efficiently and economically drained and developed by the Lynn B-1 Wells Nos. 1, 3, and 4.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Jalmat Gas Pool, and will otherwise prevent waste and protect correlative rights.

(7) That Administrative Orders NSP-715, NSP-716, and NSP-717 should be superseded.

**IT IS THEREFORE ORDERED:**

(1) That effective October 1, 1968, a 640-acre standard gas proration unit in the Jalmat Gas Pool comprising all of Section 26, Township 23 South, Range 36 East, NMFM, Lea County, New Mexico, is hereby established and dedicated to the Continental Oil Company Lynn B-1 Well No. 1, located in Unit J of said Section 26, the Continental Oil Company Lynn B-1 Well No. 3, located in Unit C of said Section 26, and the Lynn B-1 Well No. 4, located in Unit M of said Section 26.

(2) That the allowable assigned to the above-described gas proration unit shall be based upon the unit size of 640 acres; that the operator may produce the allowable assigned to the unit from the subject wells in any proportion; that the status of said consolidated unit shall be the combined status, as of October 1, 1968, of the three units being consolidated.

(3) That Administrative Orders NSP-715, NSP-716, and NSP-717 are hereby superseded.

-3-

CASE No. 3837

Order No. R-3492


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

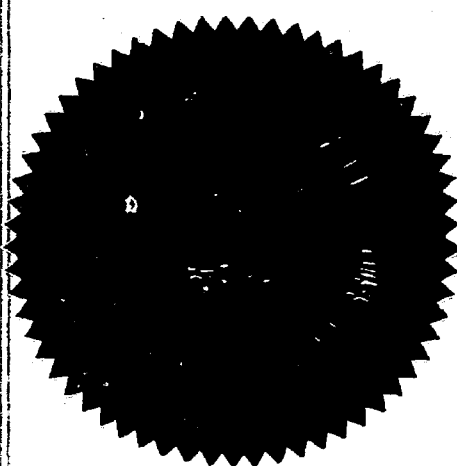
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
DAVID F. CARGO, Chairman

  
GUYTON B. HAYS, Member

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



ear/

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
CONTINENTAL OIL COMPANY FOR APPROVAL  
OF A STANDARD GAS PRORATION UNIT  
IN THE JALMAT GAS POOL CONSISTING OF  
SECTION 26, T-23S, R36E, TO BE ASSIGNED  
JOINTLY TO APPLICANT'S LYNN B-1 WELLS  
NOS 1, 3, AND 4; OR IN THE ALTERNATIVE  
FOR APPROVAL OF A 480-ACRE NON-STANDARD  
GAS PRORATION UNIT CONSISTING OF THE EAST  
HALF AND SOUTHWEST QUARTER OF SAID SECTION  
26 TO BE ALLOCATED TO APPLICANT'S  
LYNN B-1 WELL NO. 1 IN THE JALMAT  
GAS POOL, LEA COUNTY, NEW MEXICO

*Case 3837*

30 AUG 5 AM 8 22

A P P L I C A T I O N

COMES NOW Applicant, Continental Oil Company, and respectfully requests approval of a standard gas proration unit in the Jalmat Gas Pool consisting of Section 26, T23S, R36E, Lea County, New Mexico, to be assigned jointly to applicant's Lynn B-1 Wells Nos. 1, 3, and 4; or in the alternative, for approval of a 480-acre non-standard gas proration unit consisting of E/2 and SW/4 of said Section 26, to be allocated to applicant's Lynn B-1 Well No. 1 and in support thereof would show:

1. Applicant is operator and co-owner of the Lynn B-1 Lease which, in addition to other lands, consists of Section 26, T23S, R36E, Lea County, New Mexico.
2. Applicant has heretofor drilled and completed as Jalmat gas wells its Lynn B-1 Well No. 1, located 2310' from the south line and 2310' from the east line; its Well No. 3, located 990' from the north line and 1650' from the west line; and its Well No. 4, located 990' from the south line and 990' from the west line of said Section 26.
3. Administrative Order NSP-715 approved a 320-acre proration unit consisting of E/2 Section 26 for Well No. 1; NSP-716 approved a 160-acre unit consisting of NW/4, of said Section 26 for Well No. 3; NSP 717 approved a 160-acre unit consisting of SW/4 of said Section 26 for Well No. 4.
4. Producing capacity of Well No. 4 has declined to the extent that it can no longer produce the allowable for the unit assigned by NSP 717.

5. In the interest of protecting its correlative rights, applicant proposes to form a standard unit and allocate said unit jointly to the three said wells; or in the alternative, to allocate to Well No. 1 the acreage and accrued underproduction assigned to Well No. 4.
6. That the granting of this application is in the interest of preventing waste and protecting correlative rights.

WHEREFORE Applicant respectfully prays that this matter be set for hearing before the Commission's duly appointed examiner and upon hearing, an order be entered approving the standard gas proration unit or in the alternative, the non-standard gas proration unit as described above.

Respectfully submitted,

  
G. C. Jamieson  
CONTINENTAL OIL COMPANY







# 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

August 23, 1968

1001 NORTH TURNER  
TELEPHONE 393-4141

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

Attention of Mr. D. S. Nutter

Re: Case 3837 - August 21, 1968  
Examiner Docket

Gentlemen:

As requested by the examiner at the hearing on Case 3837  
we forward herewith tests conducted March 15, 1968, on Lynn B-1 Wells  
Nos. 1, 3, and 4. As shown, the wells tested at the rates shown below:

Well No. 1	2203 MCFPD
Well No. 3	1205 MCFPD
Well No. 4	1076 MCFPD

Please advise if additional information is required.

Yours very truly,

V. T. LYON

VTL-JS

63 AUG 26 AM 8 42

Company <b>Continental Oil Company</b>					Lease <b>Lynn B-1 No. 1</b>		Start Date of Test <b>March 15, 1963</b>	
Unit <b>J</b>	Sec. <b>26</b>	Twp. <b>23</b>	Rtge. <b>36</b>	County <b>Lea</b>	Pool <b>Jalmat</b>			
Type Well <b>Single</b>		Producing Thru		Casing <b>X</b>	Top of Pay <b>3148</b>	Bar. Pressure <b>13.2</b>	Compressor <b>None</b>	
Date of Previous Minimum Contract Test <b>9-1-67</b>				n <sub>t</sub> of Previous Back Pressure Test <b>1.000</b>		Gravity <b>.669</b>	Meter Sta. No. <b>60-063</b>	Acre Factor <b>2.00</b>

FLOW DATA					FLOWING PRESSURES, PSIA		DURATION OF FLOW HOURS
Prover Line Size	Choke X Orifice Size	Static Pressure Psig.	Diff. h <sub>w</sub>	Temp. °F	Tubing	Casing	
		160			Tubing Valve Closed	177.2	24

VOLUME CALCULATIONS							Rate of Flow Q-MCF/D @ 15.025 Psia.
Coefficient (24 - Hour)	$\sqrt{h_w P_m}$	Pressure Psia.	Flow Temp. Factor F <sub>t</sub>	Gravity Factor F <sub>g</sub>	Super Compress. Factor F <sub>pv</sub>		
		VOLUME INTEGRATED BY MAIN OFFICE					2,203

$$D_t = Q \left[ \frac{P_c^2 - P_d^2}{P_c^2 - P_t^2} \right]^{n_t}$$

P <sub>r</sub>	Tem.p. R	T <sub>r</sub>	Z

SHUT-IN DATA, PSIA		
DURATION	TUBING	CASING
24 Hour	Valve Closed	373.2
48 Hour		378.2
72 Hour		378.2

LINE	ITEM	SOURCE	113.2	263.2	613.2	863.2
1	P <sub>c</sub> <sup>2</sup>		143.0			
2	P <sub>d</sub> <sup>2</sup>		12.8			
3	P <sub>t</sub> <sup>2</sup>		31.4			
4	P <sub>c</sub> <sup>2</sup> - P <sub>d</sub> <sup>2</sup>	1 - 2	130.2			
5	P <sub>c</sub> <sup>2</sup> - P <sub>t</sub> <sup>2</sup>	1 - 3	111.6			
6	B	4 ÷ 5	1.167			
7	Log 6					
8	n <sub>t</sub>		1.000			
9		7 x 8				
10	B <sup>n<sub>t</sub></sup>	Antilog 9	1.167			
11	Q-MCF/D		2,203			
12	D <sub>t</sub>	10 x 11	2,571			

- n<sub>t</sub> = Slope of Wellhead Deliverability Curve (P<sub>c</sub><sup>2</sup> - P<sub>t</sub><sup>2</sup> vs Q)  
 Q = Actual flow @ end of Flow Period at Wellhead Press., P<sub>t</sub>  
 P<sub>c</sub> = Maximum Shut-in Pressure, Psia  
 Observed in a 72 Hour Period  
 P<sub>t</sub> = Flowing Wellhead Pressure (tubing if flowing thru tubing and vice versa), Psia  
 P<sub>d</sub> = Deliverability Pressure, Psia  
 D<sub>t</sub> = Wellhead Deliverability @ Deliverability Pressure (P<sub>d</sub>), MCF/Day

Witnessed By: (Name)	<b>60 AUG 26 AM 8 42</b>
Company:	
Tested By:	<b>J. B. Murray</b>
Calculated By:	<b>Ed Mabe</b>

Company Continental Oil Company					Lease Lynn D-1 No. 3		Start Date of Test March 15, 1968	
Unit C	Sec. 26	Twp. 23	Rge. 36	County Lea	Pool Jalmat			
Type Well Single		Producing Thru		Tubing X	Casing	Top of Pay 2957	Bar. Pressure 13.2	Compressor None
Date of Previous Minimum Contract Test 9-1-67				n <sub>t</sub> of Previous Back Pressure Test 1.000		Gravity .670	Meter Sio. No. 60-814	Acce Factor 1.00

FLOW DATA					FLOWING PRESSURES, PSIA		DURATION OF FLOW HOURS	
Prover Line Size	X	Choke Orifice Size	Static Pressure P <sub>sig.</sub>	Diff. h <sub>w</sub>	Temp. °F	Tubing		Casing
			124			153.2	233.2	24

VOLUME CALCULATIONS

Coefficient (24 - Hour)	$\sqrt{h_w P_m}$	Pressure P <sub>sig.</sub>	Flow Temp. Factor F <sub>t</sub>	Gravity Factor F <sub>g</sub>	Super. Compress. Factor F <sub>pv</sub>	Rate of Flow Q-MCFPD @ 15.025 P <sub>sig.</sub>
						1,205

VOLUME INTEGRATED BY MAIN OFFICE

$$D_1 = Q \left[ \frac{P_c^2 - P_d^2}{P_c^2 - P_t^2} \right]^{n_t}$$

P <sub>r</sub>	Temp. R	T <sub>r</sub>	Z

SHUT-IN DATA, PSIA

DURATION	TUBING	CASING
24 Hour	443.2	443.2
48 Hour	458.2	458.2
72 Hour	463.2	463.2

LINE	ITEM	SOURCE	113.2	263.2	613.2	863.2	
1	P <sub>c</sub> <sup>2</sup>		214.6				
2	P <sub>d</sub> <sup>2</sup>		12.8				
3	P <sub>t</sub> <sup>2</sup>		23.5				
4	P <sub>c</sub> <sup>2</sup> - P <sub>d</sub> <sup>2</sup>	1 - 2	201.8				
5	P <sub>c</sub> <sup>2</sup> - P <sub>t</sub> <sup>2</sup>	1 - 3	191.1				
6	B	4 ÷ 5	1.056				
7	Log 6						
8	n <sub>t</sub>		1.000				
9		7 x 8					
10	B <sup>n<sub>t</sub></sup>	Antilog 9	1.056				
11	Q-MCF/D		1,205				
12	D <sub>1</sub>	10 x 11	1,272				68 AUG 26 JAN 8 92

- n<sub>t</sub> = Slope of Wellhead Deliverability Curve (P<sub>c</sub><sup>2</sup> - P<sub>t</sub><sup>2</sup> vs Q)  
 Q = Actual flow @ end of Flow Period at Wellhead Press., P<sub>t</sub>  
 P<sub>c</sub> = Maximum Shut-in Pressure, Psia Observed in a 72 Hour Period  
 P<sub>t</sub> = Flowing Wellhead Pressure (tubing if flowing thru tubing and vice versa), Psia  
 P<sub>d</sub> = Deliverability Pressure, Psia  
 D<sub>1</sub> = Wellhead Deliverability @ Deliverability Pressure (P<sub>d</sub>), MCF/Day

Witnessed By: (Name)
Company:
Tested By: J. B. Murray
Calculated By: Ed Mabe

Oil Field Service Company  
**MINIMUM CONTRACT TEST**  
 Form 15-20 (10-67)

Company <b>Continental Oil Company</b>					Lease <b>Lynn B-1 No. 4</b>		Start Date of Test <b>March 15, 1968</b>	
Unit <b>M</b>	Sec. <b>26</b>	Twp. <b>23</b>	Rge. <b>36</b>	County <b>Lea</b>	Pool <b>Jalnat</b>			
Type Well <b>Single</b>		Producing Thru		Tubing	Casing <b>X</b>	Top of Pay <b>3007</b>	Bar. Pressure <b>13.2</b>	Compressor <b>None</b>
Date of Previous Minimum Contract Test <b>9-1-67</b>				n <sub>1</sub> of Previous Back Pressure Test <b>.806</b>		Gravity <b>.660</b>	Meter Sta. No. <b>60-815</b>	Acce Factor <b>1.00</b>

FLOW DATA					FLOWING PRESSURES, PSIA		DURATION OF FLOW HOURS
Prover Line Size	Choke Orifice Size	Static Pressure Psig.	Diff. h <sub>w</sub>	Temp. °F	Tubing	Casing	
		<b>71</b>			<b>Tubing Valve Closed</b>	<b>85.2</b>	<b>24</b>

**VOLUME CALCULATIONS**

Coefficient (24 - Hour)	$\sqrt{h_w P_m}$	Pressure Psia.	Flow Temp. Factor F <sub>t</sub>	Gravity Factor F <sub>g</sub>	Super Compress. Factor F <sub>pv</sub>	Rate of Flow Q-MCF/D @ 15,025 Psia.
		VOLUME INTEGRATED BY MAIN OFFICE				<b>176</b>

$$D_t = Q \left[ \frac{P_c^2 - P_d^2}{P_c^2 - P_t^2} \right]^{n_1}$$

Pr	Temp. R	Tr	Z

**SHUT-IN DATA, PSIA**

DURATION	TUBING	CASING
24 Hour	<b>Valve Closed</b>	<b>325.2</b>
48 Hour		<b>423.2</b>
72 Hour		<b>490.2</b>

LINE	ITEM	SOURCE	113.2	263.2	613.2	863.2
1	P <sub>c</sub> <sup>2</sup>		240.3			
2	P <sub>d</sub> <sup>2</sup>		12.8			
3	P <sub>t</sub> <sup>2</sup>		7.3			
4	P <sub>c</sub> <sup>2</sup> - P <sub>d</sub> <sup>2</sup>	1 - 2	227.5			
5	P <sub>c</sub> <sup>2</sup> - P <sub>t</sub> <sup>2</sup>	1 - 3	233.0			
6	B	4 ÷ 5	.9764			
7	Log 6		9.989628-10			
8	n <sub>1</sub>		.806			
9		7 x 8	9.991640-10			
10	B <sup>n<sub>1</sub></sup>	Antilog 9	.9809			
11	Q-MCF/D		176			
12	D <sub>t</sub>	10 x 11	173			

- n<sub>1</sub> = Slope of Wellhead Deliverability Curve (P<sub>c</sub><sup>2</sup> - P<sub>t</sub><sup>2</sup> vs Q)  
 Q = Actual flow @ end of Flow Period at Wellhead Press., P<sub>t</sub>.  
 P<sub>c</sub> = Maximum Shut-in Pressure, Psia Observed in a 72 Hour Period  
 P<sub>t</sub> = Flowing Wellhead Pressure (tubing if flowing thru tubing and vice versa), Psia  
 P<sub>d</sub> = Deliverability Pressure, Psia  
 D<sub>t</sub> = Wellhead Deliverability @ Deliverability Pressure (P<sub>d</sub>), MCF/Day

Witnessed By: (None)	<b>68 AUG 26 AM 8</b>
Company:	
Tested By: <b>J. B. Murray</b>	
Calculated By: <b>Ed. Mabe</b>	



Case 3837

# 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

August 3, 1968

30 AUG 5 AM 8 22

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

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

Re: Applications for Hearing -  
August 21, 1968 Examiner  
Hearing

Gentlemen:

Forwarded herewith in triplicate are applications for a standard gas proration unit in the Jalmat Gas Pool to be assigned jointly to Lynn B-1 Wells Nos. 1, 3, and 4, and for approval of an unorthodox location and non-standard gas proration unit for Levers Federal No. 1 in the Springs Upper Pennsylvanian Pool, Eddy, County, New Mexico.

Please set these matters for hearing on the August 21, 1968, examiner hearing docket.

Yours very truly,

VTL-JS

cc: RLA JJB JWK  
Attach

PIONEERING IN PETROLEUM PROGRESS SINCE 1875

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 21, 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 3825: Application of Pan American Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the East Buffalo Valley Unit Area comprising 15,350 acres, more or less, of Federal, State and Fee lands in Township 14 South, Ranges 28 and 29 East, Chaves County, New Mexico.

CASE 3826: Application of Eugene E. Nearburg for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the open-hole interval from approximately 7965 feet to 8015 feet in his Magnolia Burt Federal Well No. 1 located in Unit P, Section 5, Township 8 South, Range 30 East, Cato Field, Chaves County, New Mexico.

CASE 3837: Application of Continental Oil Company for the consolidation of three non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 640-acre standard gas proration unit comprising all of Section 26, Township 23 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its Lynn B-1 Wells Nos. 1, 3, and 4 located in Units J, C, and M, respectively, of said Section 26, and authority to produce the allowable assigned to the unit from the subject wells in any proportion. Said Well No. 1 is presently dedicated to a 320-acre unit comprising the E/2 of said Section 26, said Well No. 3 is presently dedicated to a 160-acre unit comprising the NW/4 of said Section 26, and said Well No. 4 is presently dedicated to a 160-acre unit comprising the SW/4 of said Section 26.

In the alternative, applicant seeks the consolidation of the non-standard units comprising the E/2 and the SW/4 of said Section 26 into one 480-acre non-standard unit to be dedicated to said Well No. 1.

CASE 3838: Application of Continental Oil Company for an amendment to Order No. R-872 and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-872 to permit the dedication of the non-standard proration unit authorized therein to its Lockhart "B" Well No. 4 located in Unit H of Section 14 and its Lockhart "B" Well No. 7 located at an unorthodox location 330 feet from the North line and 330 feet from the West line of Section 13, both in Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico. Applicant further seeks authority to produce the allowable assigned to said unit from either of the aforesaid wells in any proportion.

CASE 3839: Application of Continental Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

*Case 3837*

July 26, 1968

C  
O  
P  
Y

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

DOCKET MAILED

Date 8-8-68

Attention: Mr. L. P. Thompson

Re: Application for 480-acre  
NSP Unit - Lynn B-1 No. 1 -  
Jalmat Pool

Gentlemen:

Due to the location of your Lynn B-1 Well No. 1, 2310 feet from the South and East lines of Section 26, Rule 5(B) of Order No. R-1670, as amended, prohibits the establishment by administrative order of a 480-acre non-standard gas proration unit to be dedicated to said well.

Your application, therefore, has been set for the August 21, 1968, Examiner Hearing.

Very truly yours,

GEORGE M. HATCH  
Attorney

GMH/esr

cc: Oil Conservation Commission  
P. O. Box 1980  
Hobbs, New Mexico



687  
YAA

Aug 21, 1968

3827

CONOCO

## CONTINENTAL OIL COMPANY

P. O. Box 460  
Hobbs, New Mexico  
July 24, 1968

3 JUL 25 PM 1 07

✓ 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 480-Acre  
NSP Unit - Lynn B-1 No. 1 -  
Jalmat Pool

Gentlemen:

Forwarded herewith in triplicate is our application for administrative approval of a 480-acre NSP unit for Lynn B-1 No. 1. This well previously has had a 320-acre unit approved by NSP 715. We are requesting that the unit presently assigned to Well No. 4 by NSP 717 and the underproduction which has accumulated to this well be assigned to Well No. 1 for gas proration purposes. Upon approval of this proposed unit, NSP 715 and NSP 717 should be cancelled.

By carbon copy of this letter, copies of this application are being furnished this date by registered mail to the offset operators. Your further handling and approval of this application will be sincerely appreciated.

Yours very truly,

*A. Thompson*

VTL-JS  
RLA JJB JWK  
Offset Operators per attached

58,886  
underproduced  
and 19814 Cancelled  
and 1/2 June

PIONEERING IN PETROLEUM PROGRESS SINCE 1875

Case 3837

By Registered Mail:

Offset Operators as follows:

Albert Gackle  
P. O. Box 2038,  
Hobbs, New Mexico 88240

Texas Pacific Oil Company  
P. O. Box 1069,  
Hobbs, New Mexico 88240

Petroleum Corporation of Texas  
P. O. Box 752  
Breckenridge, Texas

Mobil Oil Corporation  
P. O. Box 1800  
Hobbs, New Mexico

Amerada Petroleum Corporation  
P. O. Box 668  
Hobbs, New Mexico 88240

Sinclair Oil and Gas Company  
P. O. Box 1920  
Hobbs, New Mexico 88240

Gulf Oil Corporation  
Drawer 1938  
Roswell, New Mexico 88201

C O N T I N E N T A L   O I L   C O M P A N Y

P. O. Box 460  
Hobbs, New Mexico, 25 PM 10

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

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

*Can 3837*

Re: Continental Oil Company's  
Application for a 480-acre  
Non-Standard Gas Proration  
Unit for its Lynn B-1 No. 1  
in Section 26, T23S, R36E,  
NMPM, Jalmat Gas Pool,  
Lea County, New Mexico

Gentlemen:

Continental Oil Company respectfully requests administrative approval under the provisions of Rule 5(c)3 of the Special Rules and Regulations for the Jalmat Gas Pool of Order No. R-1670 for the formation of a 480-acre non-standard gas proration unit consisting of E/2 and SW/4 Section 26, Township 23 South, Range 36 East, for its Lynn B-1 No. 1 well located 2310 feet FSL and 2310 feet FEL of Section 26, Township 23 South, Range 36 East, Lea County, New Mexico, in the Jalmat Gas Pool.

In support of this request, we should like to point out that the proposed unit conforms with the requirements of said Rule 5(c)3 in all respects as follows:

1. Said proposed non-standard gas proration unit consists of less acreage than a standard gas proration unit.
2. Said proposed non-standard gas proration unit consists of contiguous quarter-quarter sections.
3. Said proposed non-standard gas proration unit lies wholly within a single governmental section.

4. The entire proposed non-standard gas proration unit may be reasonably presumed to be productive of gas.
5. The length or width of said unit does not exceed 5,280 feet.
6. Copies of this application have been furnished this date by registered mail to all operators in the same section and all offset operators as required by the provisions of said Rule 5(c)3.


A plat is attached hereto showing to the best of our knowledge and belief the proposed unit, the location of the No. 1 well and other wells on the lease, offset wells and ownership thereof.

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

In view of the facts set out herein, it is respectfully requested that the Commission enter an order approving the non-standard gas proration unit for Continental Oil Company's Lynn B-1 No. 1 well as described above.

Respectfully,

CONTINENTAL OIL COMPANY

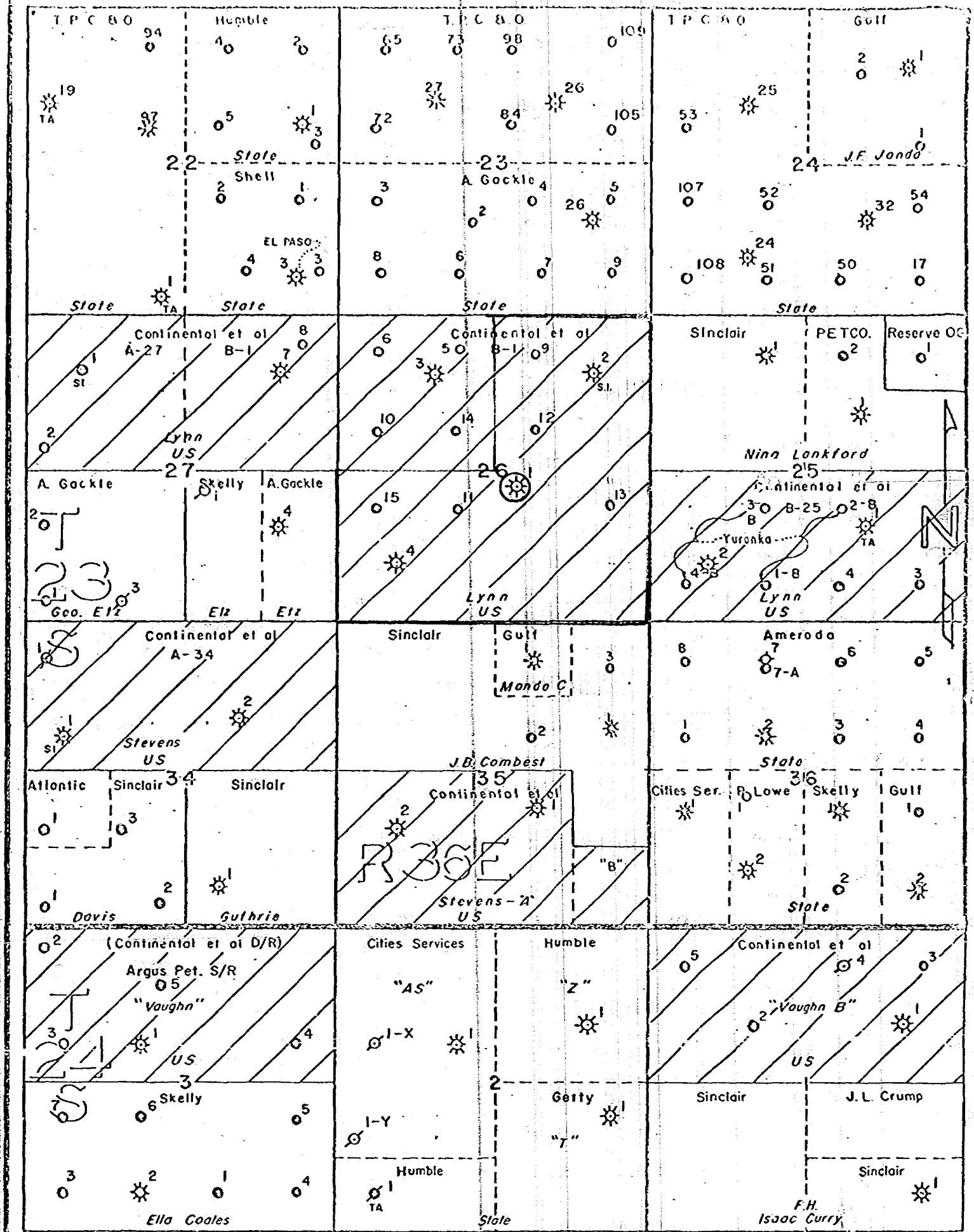


L. P. THOMPSON  
Manager, Hobbs Division

LPT-JS

RLA JJB JWK

By Registered Mail: Offset Operators



CONTINENTAL OIL COMPANY  
 PRODUCTION DEPARTMENT  
 HOBBS DISTRICT  
 NMFU LANGLEIE MATTIX POOL  
 Lea County, New Mexico

LOCATION PLAT  
 Lynn B-1 Lease  
 7-22-68

SCALE  
 0 1000 2000

Case 3837

dearnley-meier reporting service, inc.

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

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

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
August 21, 1968

IN THE MATTER OF:

Application of Continental Oil  
Company for the consolidation of  
three non-standard gas proration  
units, Lea County, New Mexico.

Case No. 3837

BEFORE: D. S. NUTTER  
Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: The hearing will come to order. The next case is Case 3837.

MR. HATCH: Application of Continental Oil Company for the consolidation of three non-standard gas proration units, Lea County, New Mexico.

MR. KELLAHIN: Jason Kellahin, Kellahin & Fox, Santa Fe, New Mexico, appearing for the Applicant. On this case and the subsequent cases, we will use one witness on each case, but we have two witnesses present. I would like to have them both sworn at the same time.

(Witnesses sworn.)

(Exhibits 1 and 2, Applicant's, marked for identification.)

\* \* \* \* \*

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

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

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

A I am employed by Continental Oil Company as conservation coordinator in the Hobbs Division office.

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. NUTTER: Yes, even as a conservation coordinator.

Q (By Mr. Kellahin) Are you familiar with the application of Continental Oil Company in Case 3837?

A Yes, sir.

Q Briefly, what does Continental propose in this application?

A Case 3837 is the application of Continental Oil Company for approval of a standard gas proration unit in the Jalmat Gas Pool for its Lynn B-1 lease consisting of Section 26, Township 23 South, Range 36 East, to be assigned jointly to Wells Nos. 1, 3 and 4, all located in that section. Or, in the alternative, for the approval of a 480-acre non-standard gas proration unit consisting of the east half in the southwest quarter of Section 26 to be allocated to Well No. 1.

Q Now, referring to what has been marked as Exhibit No. 1, would you identify that exhibit?

A Exhibit No. 1 is a location plat which shows the Lynn B-1 lease outlined in red and the three wells to which



we propose to allocate this standard unit, circled in red. It also shows the area surrounding this lease, the location of wells, the ownership thereof. By the green lines we have indicated the existing approved non-standard proration units assigned to the three wells. I might mention that Well No. 1 is located 2310 feet from the south line, 2310 feet from the east line of the Section; Well No. 3 is located 990 feet from the north line and 1650 feet from the west line; Well No. 4 is located 990 feet from the south line and 990 feet from the west line.

Q All of the non-standard proration units have been approved by the Commission, have they not?

A Yes, sir. Well No. 1 presently has the east half of Section 26 which was approved by Order No. NSP 715; No. 3 has the northwest quarter which was approved by NSP 716; No. 4 has the southwest quarter which was approved by NSP 717.

Q Why do you now propose to allocate a standard unit to the three wells?

A Well, No. 4 has recently encountered some producing difficulties and is having trouble producing its currently assigned allowable based on the 160-acre proration unit.

MR. NUTTER: That's the No. 3?

A No. 4.

MR. NUTTER: Oh, No. 4?

A Yes, sir. Since both Wells No. 1 and 3 have considerable excess producing capacity, we thought it proper for those two wells to share a part of the burden of Well No. 4 so that the lease may produce its allowable which would accrue to the 640 acres in the lease.

Q (By Mr. Kellahin) Now, are all three of these wells located on the same basic lease?

A Yes, sir.

Q Would it, in your opinion, save time and expense if the Commission saw fit to allocate these three wells to the 640-acre unit?

A Yes. I might mention that the acreage in this particular section has been reallocated numerous times. When gas proration was begun in 1954, each of four wells had 160 acres consisting of normal quarter sections. One of these quarter sections was assigned to Well No. 2 which is located in Unit A of the section. When the pool rules for the Jalmat Pool were changed to incorporate a deliverability factor, all of the acreage was assigned to Well No. 1 and it produced for the entire lease for a period of time. After this the acreage was divided equally between Wells No. 1 and 3, No. 1 having the south half, No. 3 having the north half.

Then we reallocated the acreage in accordance with the presently assigned units, by administrative orders 715, 716 and 717.

Q Now, the Well No. 2 is presently shut in, is that correct?

A Yes, it is.

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

A Exhibit No. 2 is a copy of the same plat showing the same area, but showing the alternative request for a 480-acre non-standard gas proration unit to be assigned to Well No. 1. The proposed unit is outlined in red and Well No. 1, again, is circled in red. The remainder of the lease would remain allocated to Well No. 3 and this proration unit is circled in green, I mean is outlined in green and the Well No. 3 is circled in green.

Q Now, if Continental's proposal for joint allocation for the acreage is granted, in your opinion, will additional applications be avoided?

A Yes, in my opinion, we would avoid a number of additional applications, as the Jalmat Gas Pool declines in productivity, there will be additional applications for allocation of acreage, so that the allowable assigned to leases can be

produced from the wells that are completed in the pool and this will require some reallocation.

Q Are you asking for authority to produce the allowable to be assigned to the 640-acre unit from the three wells, in any combination?

A Yes, sir.

Q In any amounts?

A In any proportion.

Q Any proportion?

A Yes, sir.

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

A Yes, sir, they were.

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

MR. NUTTER: Applicant's Exhibits 1 and 2 will be admitted in evidence.

(Whereupon, Applicant's Exhibits 1 and 2 offered and admitted in evidence.)

Q Mr. Lyon, in your opinion, will the approval of the application, either as applied for, for the 640-acre unit, or in the alternative, with a 480-acre unit and 160-acre unit create waste?

A No, to the contrary, I think that it will prevent waste in that the wells on this lease will be permitted to produce the gas which underlies the tracts.

Q Will approval of it have any adverse effect on any of the correlative rights of any of the offset operators?

A In my opinion, it will not. The wells are located reasonably toward the interior of the lease, and I do not see that there is any inequity which would be created by allocating the acreage as we propose.

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

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Lyon, what is the latest test that you have on these three wells currently dedicated to the acreage?

A I am sorry, I don't have that information with me, but I will be glad to supply it.

Q This No. 4 you said has been encountering producing difficulties?

A Yes, it has been falling behind.

Q The No. 1 and No. 3 are pretty good wells?

A Yes, real good wells.

Q I presume the No. 1 is the best of all?

A Yes.

Q You will furnish us with the most recent tests?

A Yes.

Q When were these tests taken, do you know?

A I don't know. They may be several years old because El Paso, who is the purchaser of gas from the wells, tests wells which are marginal or of questionable productivity, to ascertain what their contract obligations are, but the very good wells are not so tested because there's not any question, and the dividing line, the point that determines this is that a contract calls for them to take full allowable, or the minimum take specified by the contract if the well can produce 1.1 million cubic feet per day against existing line pressure for a 160-acre unit. This would be multiplied, of course, if the unit is larger than 160 acres. I think that both of these wells, both 1 and 3 have capacity in excess of this --

Q In other words, the No. 3 can make 1.1 and the No. 1 can make 2.2?

A Yes, according to the latest information I have seen.

Q If you don't have a test that's a year old or less, don't bother to send it. I was just interested in a relatively current test.

A All right, I will supply you with the results of

any test within the last year.

MR. NUTTER: Are there any other questions of Mr. Lyon? Do you have a preference as to which of the two alternatives --

A We prefer the first, a standard unit with three wells with the acreage allocated to the wells.

Q Would the No. 4 be kept on production that way?

A Yes.

Q If you didn't have the alternative, it would be shut in, I presume?

A Right.

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

(Witness excused.)

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

MR. KELLAHIN: That's all I have.

MR. NUTTER: Anyone have anything to offer in Case 3837? We will take the case under advisement.

I N D E X

WITNESS	PAGE
<u>VICTOR T. LYON</u>	
Direct Examination by Mr. Kellahin	2
Cross Examination by Mr. Nutter	8

EXHIBITSMARKEDOFFERED AND  
ADMITTED

Applicant's 1 and 2

2

7



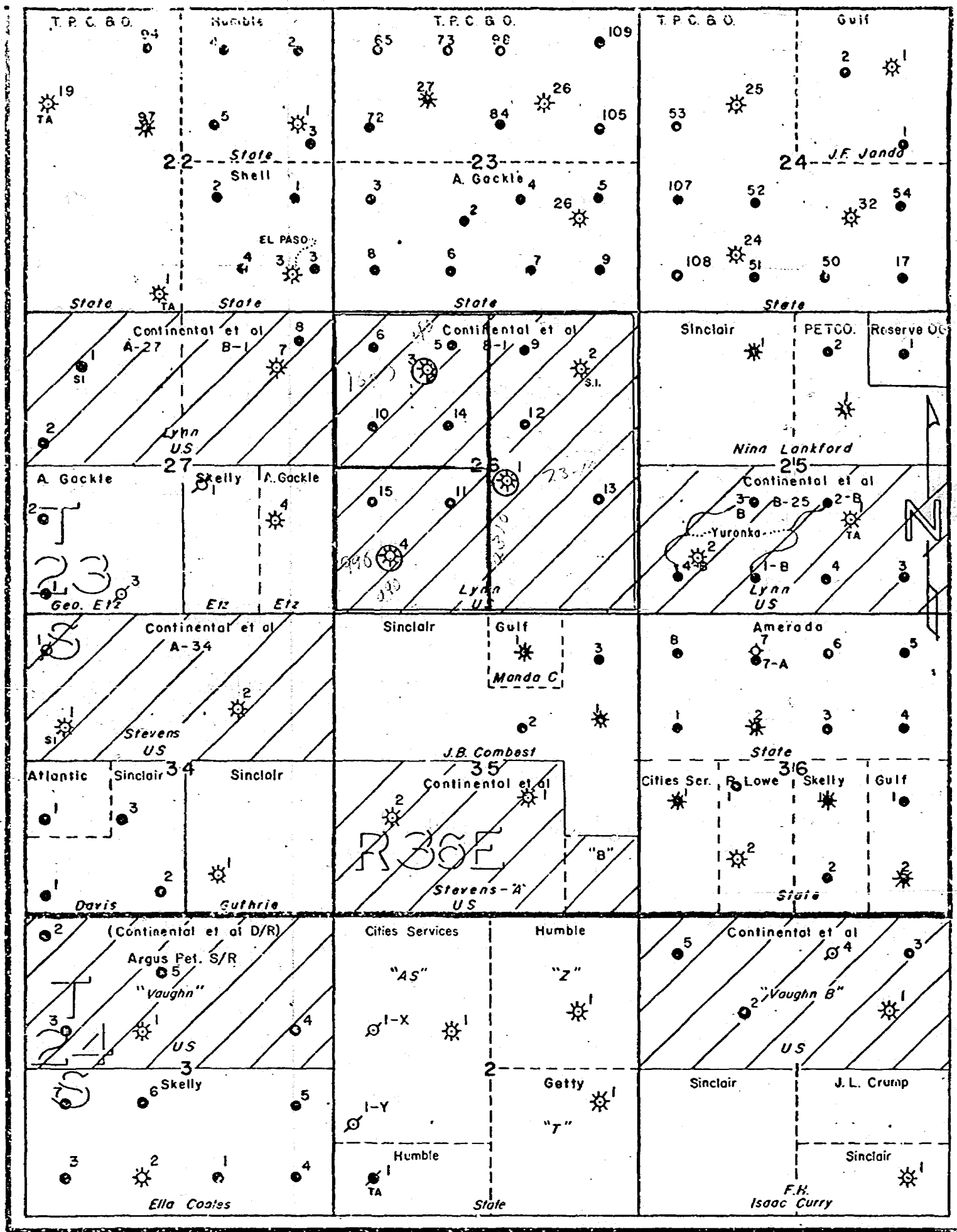
STATE OF NEW MEXICO )  
 ) ss  
 COUNTY OF BERNALILLO )

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

WITNESS my hand and seal this 4th day of September, 1968.

*Ada Dearnley*  
 ADA DEARNLEY

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner's hearing of Case No. 3837, heard by me on 8/21, 1968.  
*Adrian*  
 New Mexico Oil Conservation Commission

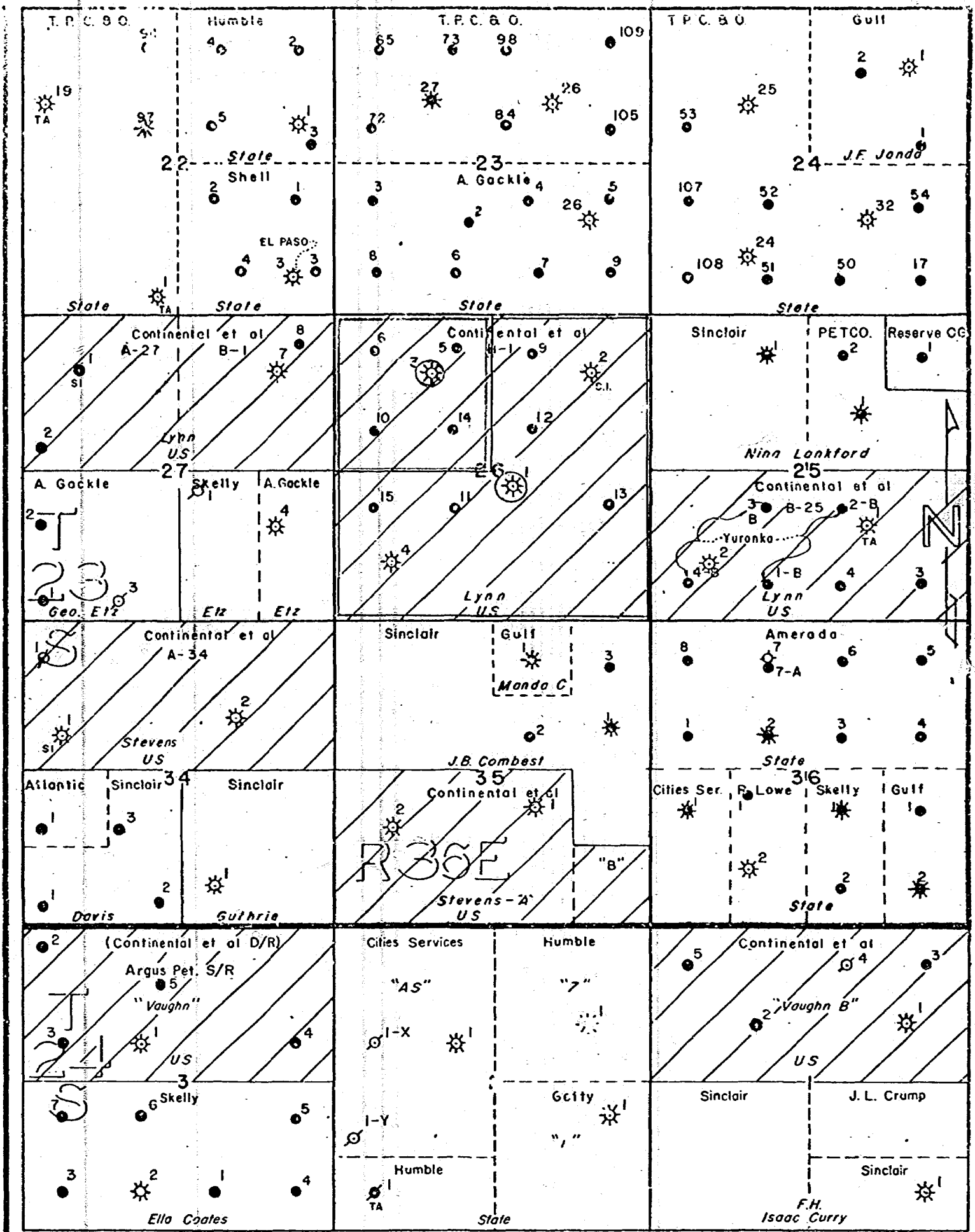


BEFORE EXAMINED NUTTER  
 CL. TYPE  
 4/10 EXHIBIT NO. 1  
 CASE NO. 3837

CONTINENTAL OIL COMPANY  
 PRODUCTION DEPARTMENT  
 HOBBS DIVISION  
 NMFU LANGLIE MATTIX POOL  
 Lea County, New Mexico

SCALE  
 1000' 2000'

EXHIBIT NO. 1



BEFORE EXAMINATION  
 App. NO. 2  
 C. E. NO. 3837

CONTINENTAL OIL COMPANY  
 PRODUCTION DEPARTMENT  
 HOBBS DIVISION  
 NMFU LANGLEIE MATTIX POOL  
 Lea County, New Mexico

SCALE  
 0 1000 2000

EXHIBIT 2