Case No.
Large

Exhibits

EXAMINER HEARING

IN THE MATTER	OF.
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Application of Continental Oil Company) for a non-standard gas proration unit,) and simultaneous dedication, Lea County,) New Mexico.

CASE 6570

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

APPEARANCES

For the Oil Conservation Division:

Ernest L. Padilla, Esq. Legal Counsel for the Division State Land Office Bldg. Santa Fe, New Mexico 87503

For the Applicant:

W. Thomas Kellahin, Esq. KELLAHIN & KELLAHIN 500 Don Gaspar Santa Fe, New Mexico 87501

SALLY WALTON BOY CERTIFIED SHORTHAND REPORT 010Plaza Blanca (608) A11-24 Santa Pe, New Moxico A11-24

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JERRY HOOVER

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EXHIBITS

Applicant Exhibit One, Map		
Applicant Exhibit Two, Diagram		
Applicant Exhibit Three, Diagram	•	(

SALLY WALTON BOYD CERTIFIED SHORTHAND REPORTER 1010 Plane Banca (1015) 471-3462 SARIA FO. NOW MORGO 57501

MR. NUTTER: We'll call now Case Number 6570.

MR. PADILLA: Application of Continental Oil Company for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico.

MR. KELLAHIN: If the Examiner please,

I'd like the record to reflect that Mr. Hoover was previously qualified, and accepted as an expert witness, and
he is still under oath.

MR. NUTTER: The record will so show.

JERRY HOOVER

being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. KELLAHIN:

- Q. Mr. Hoover, would you please refer to Exhibit Number One in this case, and describe what Continental Oil is seeking to accomplish?
- A. Yes. Exhibit One is a map showing the location of the wells on our Lockhart A-18 lease, specifically the well No. 2, and we'll be referring then to wells 3 and 4 on this tract.
 - Q. What are you proposing to do?

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A. We are requesting approval of a two
hundred and twenty eight acre non-standard gas proration
unit in the Eumont gas pool, and for the joint allocation
of allowable to the Lockhart A-18 Wells Nos. 2, 3, and 4.

- Q. A standard location in the Eumont gas pool would consist of how many acres?
 - A. Standard is 320.

 MR. NUTTER: Standard is 640.
- A. That's right, you're right, yeah, that's correct. I thought after I said that.
- Q. Why do you want a non-standard gas proration unit for these wells?
- A. We already have a non-standard authorization for wells 3 and 4, which was given by the Order Number R-5849, dated November the 14th, 1978.
 - Q. Say again, 5849?
- A. 5849. What we now would like to do is to re-enter the Well No. 2, which is located in this proration unit, and complete it as a gas well in the Eumont Gas Pool and then let all three wells share the 220-acre unit.
- Q. Okay. How would you propose to allocate the production among the three wells?
- A. How? I presume we would test them and allocate them on a percentage basis accordingly.
 - Q. Is this a prorated gas pool?

A. Yes.

Q. Would you like a provision in the order that would allow you to produce the allowable for this particular proration in any proportion, without regard to any fixed percentage for any well?

A. Yes, I think that would probably be the most flexible situation.

- Q. How is the unit currently classified?
- A. It is currently marginal. The two wells together are averaging 24,470 Mcf a month. We would expect that with the re-completion of the No. 2 well we could return this unit to top allowable status.
- Q. All right. Is--- tell me something about the No. 2 well. That is an existing well, isn't it?
- A. That's correct. It was originally drilled as an oil well in the Eumont Pool, completed in December of 1934, and after depleting the lower Queen oil reserves, it was plugged and abandoned in 1963 in such a manner that it could be re-entered at a later date.
- Q. Let us look at Exhibit No. 2, then, and have you describe the information contained on that exhibit.
- A. Exhibit Two is the existing wellbore diagram of the No. 2 well.
- Q. All right, and how would you propose to re-complete it? Is that on Exhibit No. Three?

Α.	Yes,	Exhibit T	hree is	the prop	osed w	ellbore
A. completion.	We propo	se to re-e	nter and	l to log	and to	complete
the well in	the gas b	earing zon	e of the	Eumont	loog.	

- Q. Is this an infill well that is subject to the new gas pricing rules?
- A. No, this well has previously produced from the same pool so we would not be seeking new gas prices.
- Q. So all you need for this particular well is the approval of the additional well to the previously approved non-standard gas proration unit, and then the simultaneous dedication of all three of these wells?
 - A. That's correct.
- Q. Were Exhibits One, Two, and Three prepared by you or compiled under your supervision and direction?
 - A. Yes.
- Q. In your opinion, Mr. Hoover, will approval of this application be in the best interests of conservation, the prevention of waste, and the protection of correlative rights?
 - A. Yes, it will.

MR. KELLAHIN: We move the introduction of Exhibits One, Two, and Three.

MR. NUTTER: Applicants Exhibits One through Three will be admitted in evidence.

CROSS EXAMINATION

BY MR. NUTTER:

Mr. Hoover, I presume that the 220-acre Q. unit was approved by this Order No. R-5849, is that correct? Α. That's correct, with simultaneous dedication of Wells 3 and 4.

> Q. Okay.

MR. NUTTER: Are there any further question of the witness? He may be excused.

Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: Not in this case.

MR. NUTTER: Does anyone have anything to offer in Case No. 6570?

We'll take the case under advisement.

(Hearing concluded.)

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REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing.

I do hereby certify that the foregoing is a complete recover of the process their in the Exa. 100 medical of 1239 3. 6579 heard by 113 on 6/13 1979.

Hammer, Exeminer Oil Conservation Division

EXAMINER HEARING

IN	THE	MATTER	OF:

Application of Continental Oil Company) for a non-standard gas proration unit,) and simultaneous dedication, Lea County,) New Mexico.

CASE 6570

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

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For the Oil Conservation Division:

Ernest L. Padilla, Esq. Legal Counsel for the Division State Land Office Bldg. Santa Fe, New Mexico 87503

For the Applicant:

W. Thomas Kellahin, Esq. KELLAHIN & KELLAHIN 500 Don Gaspar Santa Fe, New Mexico 87501

SALLY WALTON BOY
SETTIFIED SHORTHAND REPORT
0210Plaza Blanca (606) 471-3
Santa Je, New Moxico 575

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JERRY HOOVER

Direct	Examination	ру	Mr.	Kellahin	
Cross E	xamination	by	Mr.	Nutter	

EXHIBITS

Applicant Exhibit One,	мар	
Applicant Exhibit Two,	Diagram	5
Applicant Exhibit Three	e, Diagram	(

SALLY WALTON BOYD
CERTIFED SHORTHAND REPORTER
1020 Plaza Blanca (6.65) 411-246
Santa Po, New Mexico 8716.1

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MR. NUTTER: We'll call now Case Number

MR. PADILLA: Application of Continental Oil Company for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico.

MR. KELLAHIN: If the Examiner please,

I'd like the record to reflect that Mr. Hoover was pre
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DIRECT EXAMINATION

BY MR. KELLAHIN:

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Q. Mr. Hoover, would you please refer to Exhibit Number One in this case, and describe what Continental Oil is seeking to accomplish?

A. Yes. Exhibit One is a map showing the location of the wells on our Lockhart A-18 lease, specifically the well No. 2, and we'll be referring then to wells 3 and 4 on this tract.

Q. What are you proposing to do?

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hundred	and t	twenty (eight acr	re non-st	andard g	jas į	prorati	.on
unit in	the 1	Eumont	gas pool,	and for	the joi	.nt. a	allocat	ion
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- Q. A standard location in the Eumont gas pool would consist of how many acres?
 - A. Standard is 320.

 MR. NUTTER: Standard is 640.
- A. That's right, you're right, yeah, that's correct. I thought after I said that.
- Q. Why do you want a non-standard gas proration unit for these wells?
- A. We already have a non-standard authorization for wells 3 and 4, which was given by the Ocder Number R-5849, dated November the 14th, 1978.
 - Q. Say again, 5849?
- A. 5849. What we now would like to do is to re-enter the Well No. 2, which is located in this proration unit, and complete it as a gas well in the Eumont Gas Pool and then let all three wells share the 220-acre unit.
- Q. Okay. How would you propose to allocate the production among the three wells?
- A. How? I presume we would test them and allocate them on a percentage basis accordingly.
 - Q. Is this a prorated gas pool?

A. Yes.

- Q. Would you like a provision in the order that would allow you to produce the allowable for this particular proration in any proportion, without regard to any fixed percentage for any well?
- A. Yes, I think that would probably be the most flexible situation.
 - Q. How is the unit currently classified?
- A. It is currently marginal. The two wells together are averaging 24,470 Mcf a month. We would expect that with the re-completion of the No. 2 well we could return this unit to top allowable status.
- Q. All right. Is--- tell me something about the No. 2 well. That is an existing well, isn't it?
- A. That's correct. It was originally drilled as an oil well in the Eumont Pool, completed in December of 1934, and after depleting the lower Queen oil reserves, it was plugged and abandoned in 1963 in such a manner that it could be re-entered at a later date.
- Q. Let us look at Exhibit No. 2, then, and have you describe the information contained on that exhibit.
- A. Exhibit Two is the existing wellbore diagram of the No. 2 well.
- Q. All right, and how would you propose to re-complete it? Is that on Exhibit No. Three?

Λ.		, Exhibit						
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- Q. Is this an infill well that is subject to the new gas pricing rules?
- A. No, this well has previously produced from the same pool so we would not be seeking new gas prices.
- Q. So all you need for this particular well is the approval of the additional well to the previously approved non-standard gas proration unit, and then the simultaneous dedication of all three of these wells?
 - A. That's correct.
- Q. Were Exhibits One, Two, and Three prepared by you or compiled under your supervision and direction?
 - A. Yes.
- Q. In your opinion, Mr. Hoover, will approval of this application be in the best interests of conservation, the prevention of waste, and the protection of correlative rights?
 - A. Yes, it will.

MR. KELLAHIN: We move the introduction of Exhibits One, Two, and Three.

MR. NUTTER: Applicants Exhibits One through Three will be admitted in evidence.

CROSS EXAMINATION

BY MR. NUTTER:

Mr. Hoover, I presume that the 220-acre Q. unit was approved by this Order No. R-5849, is that correct? That's correct, with simultaneous dedication of Wells 3 and 4.

> Q. Okay.

MR. NUTTER: Are there any further question of the witness? He may be excused.

Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: Not in this case.

MR. NUTTER: Does anyone have anything to offer in Case No. 6570?

We'll take the case under advisement.

(Hearing concluded.)

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I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing.

Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is a complete rest and the proceedings in the Europe hearing of Cyse No. 657?

heard by me on 6/3 19

Examiner, Examiner

Oil Conservation Division

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STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

JERRY APODACA

NICK FRANKLIN SECRETARY

June 29, 1979

POST OFFICE BOX 2088 STATE LAND OFFICE BUILDING SANTA FC, NEW MEXICO 87501 (505) 827-2434

Re: Mr. Thomas Kellahin Kellahin & Kellahin Attorneys at Law Post Office Box 1769 Şanta Fe, New Mexico	CASE NO. 6570 ORDER NO. R-5849-A Applicant:
	Continental Oil Company
Dear Sir:	
Enclosed herewith are two control Division order recently ent	opies of the above-referenced ered in the subject case.
Yours very truly, JOE D. RAMEY Director	
JDR/fd	
Copy of order also sent to:	
Hobbs OCC x Artesia OCC x Aztec OCC	
Other	

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

CASE NO. 6570 Order No. R-5849-A

APPLICATION OF CONTINENTAL OIL COMPANY FOR A NON-STANDARD PRORATION UNIT AND SIMULTANEOUS DEDICATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 13, 1979, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 26th day of June, 1979, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Continental Oil Company, seeks authority for a previously approved 228-acre non-standard gas proration unit comprising the SW/4 and S/2 SE/4 of Section 18, Township 21 South, Range 36 East, NMPM, to be simultaneously dedicated to its Lockhart A-18 Wells Nos. 2, 3, and 4, located in Units O, K, and M, respectively, of said Section 18.
- (3) That the Division approved said 228-acre non-standard proration unit by Division Order No. R-5849 and authorized the simultaneous dedication of said unit to the aforesaid Lockhart Λ -18 Wells Nos. 3 and 4.
- (4) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Eumont Gas Pool, will 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 will otherwise prevent waste and protect correlative rights.

-2-Case No. 6570 Order No. R-5849~A

IT IS THEREFORE ORDERED:

(1) That Order (1) of Division Order No. R-5849 is hereby amended to read in its entirety as follows:

"That a 228-acre non-standard gas proration unit in the Eumont Gas Pool comprising the SW/4 and S/2 SE/4 of Section 18, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby established and simultaneously dedicated to the Continental Oil Company Lockhart A-18 Wells Nos. 2, 3, and 4, located in Units O, K, and M, respectively, of said Section 18."

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

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DEVISION

JOE D. RAMEY Director

SEAL

Dockets Nos. 24-79 and 25-79 are tentatively set for hearing on June 27 and July 11, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - WEDNESDAY - JUNE 6, 1979

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205 STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6495: (DE NOVO)

16.

Application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-111-A to extend the boundaries of the Potash-Oil Area by the inclusion of certain lands in Sections 23 and 24, Township 19 South, Range 29 East, Sections 1, 4, 5, 6, 7, 11, 12, 13, 14, 19, 20, 23, 24, and 29, Township 19 South, Range 30 East, and Sections 7, 8, 17, 18, and 19, Township 19 South, Range 31 East, all in Eddy County, New Mexico.

Upon application of Amax Chemical Corporation this case will be heard De Novo pursuant to the provisions of Rule 1220.

Docket No. 23-79

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 13, 1979

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

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard ... Stamets, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for July, 1979, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for July, 1979, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- Application of Exxon Corporation for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (combination) of its "AB" State Well No. 4 located in Unit A of Section 16, Township 24 South, Range 37 East, to produce gas from the Langlie Mattix Poel and oil from the Fowler-Upper Yeso Pool, through parallel strings of casing cemented in a common well bore.
- CASE 6561: Application of Amoco Production Company for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, proposes to directionally drill its State "HC" Well No. 1 located 1980 feet from the South and West lines of Section 21, Township 16 South, Range 35 East, Townsend Field, to a bottom hole location within 100 feet of a point 990 feet from the South line and 2310 feet from the East line of said Section 21, the S/2 of said Section 21 to be dedicated to the well.
- CASE 6562: Application of Orla Petco, Inc. for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Ramsey Sand of the Berl Canyon formation through the open hole interval from 2498 feet to 2508 feet in its Courley-Federal Well No. 4 located in Unit J of Section 31, Township 22 South, Range 28 East, Herradura Bend-Delaware Pool.
- CASE 6563: Application of Roy L. McKay for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for his North Woolworth Ranch Unit Area, comprising 1,280 acres, more or less, of State lands in Township 23 South, Range 35 East.
- Application of Herndon Oil & Gas Co. for an unorthodox oil well location, Lea County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the unorthodox location of its O. A. Woody Well

 No. 1 in the center of Unit E, Section 35, Township 16 South, Range 38 East, Knowles-Devonian Pool.
- CASE 6565: Application of Lewis B. Burleson, Inc. for compulsory pooling, a non-standard gas proration unit, and an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying the W/2 SE/4 of Section 20, Township 25 South, Range 37 East, to form an 80-acre non-standard gas proration unit to be dedicated to a well to be drilled at an unorthodox location 1650 feet from the South and East lines of said Section 20. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

- CASE 6566: Application of Lewis B. Burleson, Inc. for an unorthodox well location and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the SW/4 of Section 10, Township 24 South, Range 36 East, Jalmat Gas Pool, to be dedicated to a well to be drilled 2310 feet from the South and West lines of said Section 10.
- CASE 6567: Application of Mewbourne Oil Company for an unorthodox well location, Chaves County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State 25 Com Well
 No. 1 660 feet from the South line and 1650 feet from the West line of Section 25, Township 14 South,
 Range 27 East, Buffalo Valley-Pennsylvanian Gas Pool, the S/2 of said Section 25 to be dedicated to the
- CASE 6568: Application of Dallas McCasland for approval of infill drilling, Lea County, New Mexico.

 Applicant, in the above-styled cause, seeks a waiver of existing well spacing requirements and a finding that the drilling of his Woolworth Well No. 5 located in Unit P of Section 28, Township 24 South, Range 37 East, Jalmat Gas Pool, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.
- Application of Continental Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Lockhart A-17 Well No. 2 located in Unit I of Section 17, Township 21 South, Range 37 East, to produce gas from the Eumont Gas Pool through the casing-tubing annulus and oil from the Blinebry Cil and Gas Pool through tubing.
- Application of Continental Oil Company for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 228-acre non-standard gas proration unit comprising the SW/4 and S/2.SE/4 of Section 18, Township 21 South, Range 36 East, Eumont Gas Pool, to be simultaneously dedicated to applicant's Lockhart A-18 Wells Nos. 2, 3, and 4, located in Units O, K, and M, respectively, of said Section 18.
- CASE 6571: Application of Continental Oil Company for vertical pool limit redefinition, Lea County, New Mexico.

 Applicant, in the above-styled cause, seeks an order extending the vertical limits of the Langlie Mattix Pool to include the lowermost 165 feet of the Seven Rivers formation and the concomitant contraction of the vertical limits of the Jalmat Gas Pool underlying the following described lands: SW/4 W/2 SE/4 and SE/4 SE/4 of Section 35, Township 23 South, Range 36 East; and NW/4, W/2 NE/4, and SE/4 NE/4 of Section 1, Township 24 South, Range 36 East.
- CASE 6537: (Continued from May 9, 1979, Examiner Hearing)

Application of Harper Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its West Ranger Lake Unit Area, comprising 1,120 acres, more or less, of State lands in Township 12 South, Range 34 East, Lea County, New Mexico.

CASE 6553: (Continued from May 23, 1979, Examiner Hearing)

Application of The Atlantic Richfield Company for approval of infill drilling, Eddy County, New Mexico. Applicant, in the above-styled couse, seeks a finding that the Division waived existing well-spacing requirements and found that the filling of additional wells was necessary to effectively and efficiently drain those portions of the production units in the Empire Abo Unit located in Townships 17 and 18 South, Ranges 27, 28 and 29 East, which could not be so drained by the existing wells.

- CASE 6572: Application of ARCO Oil and Gas Company to drill a horizontal drainhole, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks approval to drill and complete its Empire Abo Unit Well No.

 K-142, located in Unit K of Section 2, Township 18 South, Range 27 East, Empire-Abo Pool, with a single horizontal drainhole of about 200 feet in length in the Abo formation.
- CASE 6573: Application of Mesa Petroleum Company for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the directional drilling of its Well No. 7 in the Nash Unit, the surface location of which would be 685 feet from the North line and 1295 feet from the West line of Section 18, to be vertically drilled to approximately 7,000 feet, and then directionally drilled to a bottom hole location in the Morrow formation within 400 feet of a point 1315 feet from the South line and 1320 feet from the West line of Section 7, all in Township 23 South, Range 30 East.
- Application of Texas Oil & Gas Corp. for an unorthodox gas well location and compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp through Morrow formations underlying the E/2 of Section 6, Township 17 South, Range 35 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South and East lines of said Section 6. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6535: (Continued from May 23, 1979, Examiner Hearing)

Application of Torreon Oil Company for a waterflood project, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the San Luis-Mesaverde Pool by the injection of water into the Menefee formation through two wells located in Section 21, Township 18 North, Range 3 West, Sandoval County, New Mexico.

- CASE 6575: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, contracting the vertical limits, and extending the horizontal limits of certain pools in Eddy, Lea, and Roosevelt Counties, New Mexico:
 - (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Cass Draw-Wolfcamp Gas Pool. The discovery well is Black River Corporation Miller Com Well No. 1 located in Unit C of Section 10, Township 23 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM Section 10: N/2

(b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Abo production and designated as the Runyan Ranch-Abo Gas Pool. The discovery well is Mesa Petroleum Company Runyan Federal Com Well No. 1 located in Unit E of Section 17, Township 19 South, Range 23 East, NNPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPM Section 17: NW/4

(c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Runyan Ranch-Morrow Gas Pool. The discovery well is Mesa Petroleum Company Gardner State Well No. 1 located in Unit K of Section 8, Township 19 South, Range 23 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPM Section 8: W/2

(d) EXTEND the Austin-Mississippian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 36 EAST, NMPM Section 16: SE/4 Section 17: NE/4

(e) EXTEND the Avalon-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM Section 28: N/2

(f) EXTEND the Avalon-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM Section 21: SW/4 Section 28: N/2

(g) EXTEND the Buffalo-Pennsylvanian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM Section 6: N/2

(h) EXTEND the Burton Flat-Norrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM Section 12: S/2 Section 13: N/2

(i) EXTEND the Chaveroo-San Andres Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NMPM Section 34: SW/4

(j) EXTEND the South Culebra Bluff-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM Section 22: N/2 Section 35: N/2

(k) EXTEND the Diamond Mound-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM Section 12: N/2

(1) EXTEND the Dublin Ranch-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM Section 21: E/2

(m) EXTEND the East Eagle Creek Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM Section 13: S/2

EXTEND the South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, IMPM Section 19: S/2

(o) EXTEND the Eumont Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 36 EAST, NMPM Section 32: W/2

(p) EXTEND the Hardy-Blinebry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM Section 2: E/2 SE/4 and SW/4 SE/4

(q) EXTEND the Herradura Bend-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM Section 5: E/2 NW/4

(r) EXTEND the Indian Flats-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM Section 25: S/2 Section 36: W/2

(s) EXTEND the Kennedy Farms-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM

Section 10: S/2

Section 11: S/2

Section 16: E/2

(t) EXTEND the East Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM Section 32: W/2

EXTEND the Logan Draw-Cisco Canyon Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM Section 28: W/2

(v) EXTEND the West Malaga-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM Section 16: N/2

EXTEND the Penasco Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 24 EAST, MYPM Section 25: N/2

(x) EXTEND the South Peterson-Fusselman Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 5 SOUTH, RANGE 33 EAST, NMPM Section 31: NW/4

(y) CONTRACT the vertical limits of the Shoe Bar-Pennsylvanian Gas Pool in Lea County, New Mexico, to the Atoka formation only and redesignate said pool as the Shoe Bar-Atoka Gas Pool, and extend the horizontal limits of said pool to include therein:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM Section 34: SW/4

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM Section 3: N/2

(z) EXTEND the Teague-Abo Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM Section 22: S/2 Section 27: NE/4

(aa) EXTEND the Todd-Wolfcamp Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 35 EAST, NMPM Section 22: NE/4

(bb) EXTEND the Tomahawk-San Andres Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NMPM Section 30: W/2

(cc) EXTEND the West Tonto-Pennsylvanian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM Section 7: NW/4

(dd) EXTEND the Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

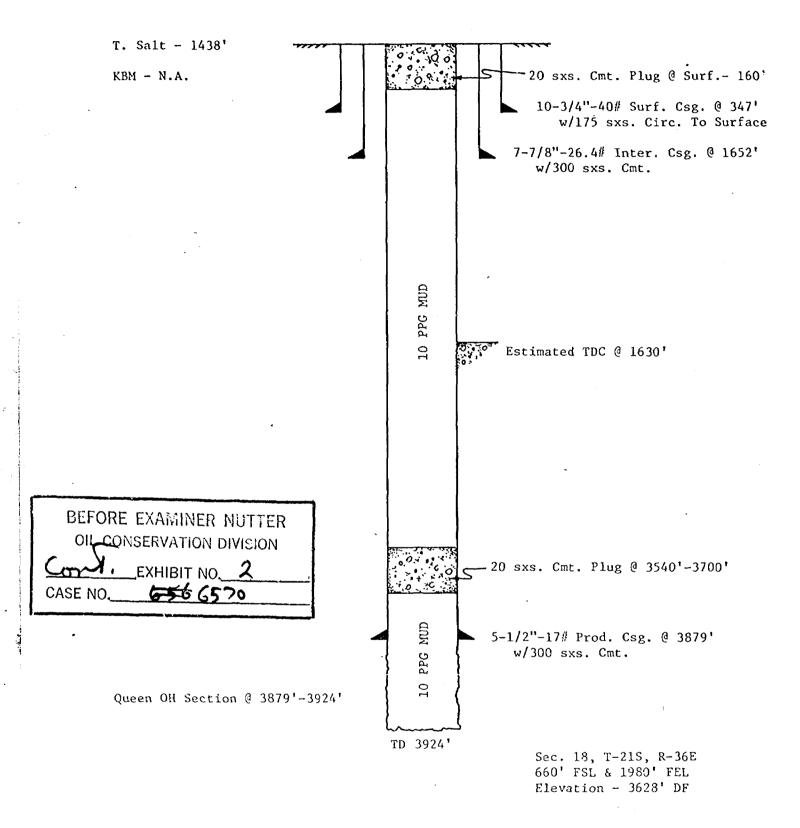
TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM Section 14: W/2
Section 15: E/2
Section 23: A11
Section 24: W/2

(ee) EXTEND the Wantz-Granite Wash Pool in Lea County, New Mexico, to include therein:

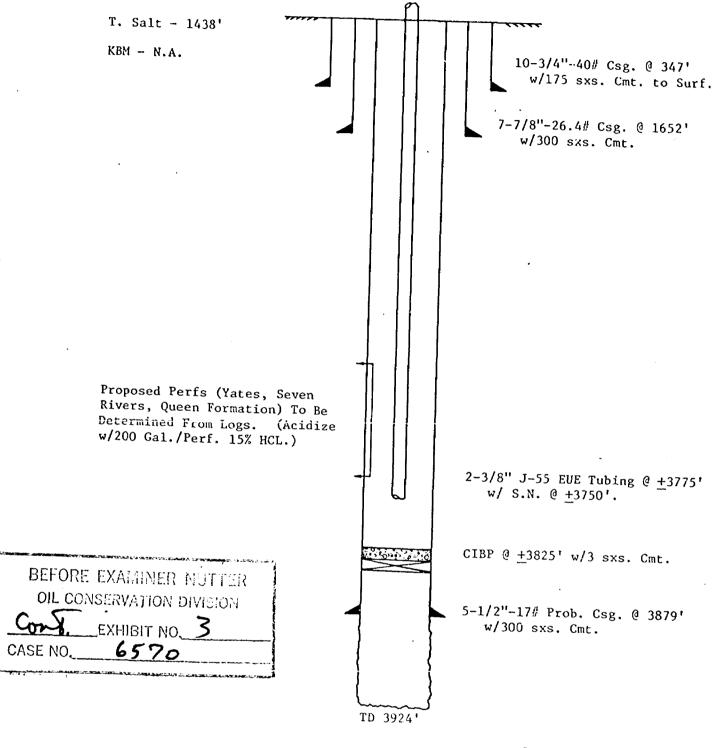
TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM Section 3: SE/4
Section 10: NE/4

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Existing Wellbore Diagram



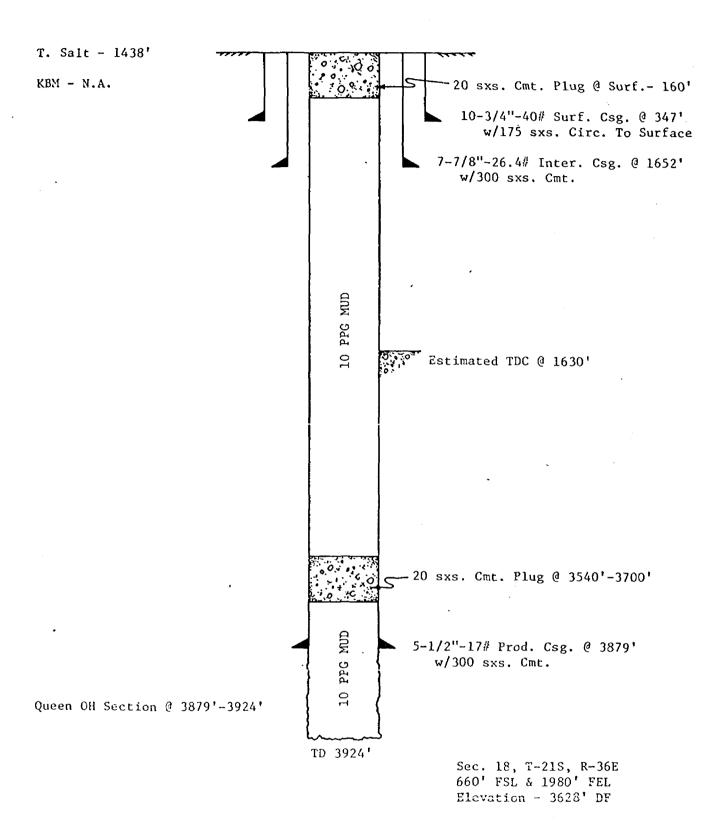
Proposed Wellbore Completion



Sec. 18, T-21S, R-36E 660' FSL & 1980' FEL Elevation - 3628' DF

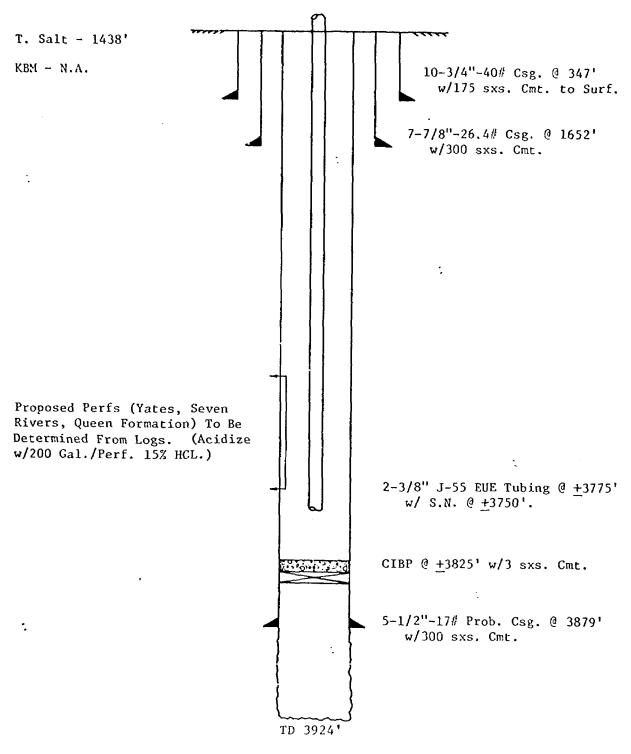
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Existing Wellbore Diagram



LOCKHART A-18 #2

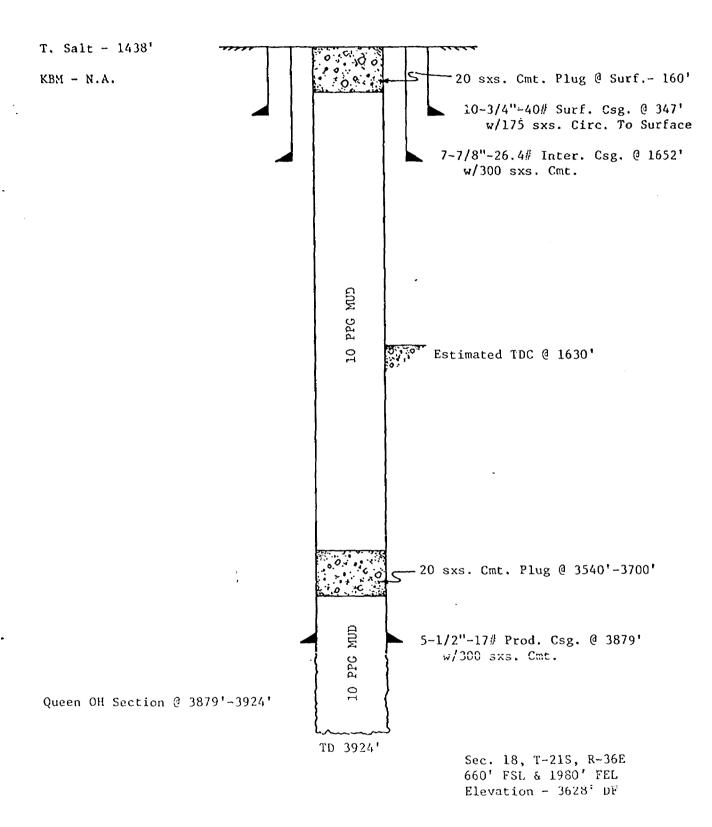
Proposed Wellbore Completion



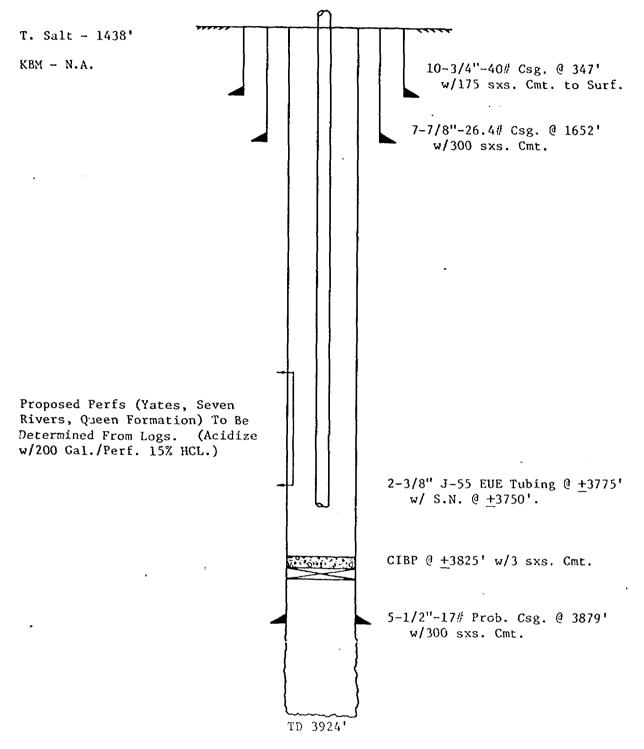
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Existing Wellbore Diagram



Proposed Wellbore Completion



Sec. 18, T-21S, R-36E 660' FSL & 1980' FEL Elevation - 3628' DF



L. P. Thompson **Division Manager**

John R. Kemp Assistant Division Manager

Production Department Hobbs Division North American Production

Continental Oil Company P.O. Box 460 1001 North Turner Hobbs, New Mexico 88240 (505) 393-4141

OIL CONSERVATION DIVISION

SANTA FE

May 22, 1979

Oil Conservation Division Department of Energy & Minerals State of New Mexico P.O. Box 2088 Santa Fe, New Mexico 87501

Attention Mr. Dan Nutter

Gentlemen:

Application for Non-Standard Gas Proration Unit and Simultaneous Dedication of Acreage - Lockhart A-18 Wells Nos. 2, 3, and 4 - Eumont Gas Pool, Lea County, New Mexico

Enclosed are three (3) copies of the above named application. Please set this matter for hearing on the earliest available examiner docket.

Yours very truly,

L. P. Thompson

HAI/jj

enc

cc: J. W. Kellahin, Santa Fe

V. T. Lyon, Houston

BEFORE THE OIL CONSERVATION DIVISION OF THE NEW MEXICO DEPARTMENT OF ENERGY & MINERALS

IN THE MATTER OF THE APPLICATION OF CONTINENTAL OIL COMPANY FOR APPROVAL OF A 228-ACRE NON-STANDARD GAS PRORATION UNIT IN THE EUMONT GAS POOL, CONSISTING OF THE SW/4, S/2 SE/4 OF SECTION 18, T-21-S, R-36-E, LEA COUNTY, NEW MEXICO, AND FOR THE JOINT ALLOCATION OF SAID UNIT TO ITS LOCKHART A-18 WELLS NOS. 2, 3, & 4 IN UNITS "O", "K", & "M", RESPECTIVELY, IN SAID SECTION 18.

Case 6570

APPLICATION

Applicant, CONTINENTAL OIL COMPANY, respectfully requests approval of a 228-acre non-standard gas proration unit in the Eumont Gas Pool, consisting of the SW/4 and S/2 SE/4 of Section 18, T-21-S, R-36-E, Lea County, New Mexico, and for the joint allocation of said unit to its Lockhart A-18 Wells Nos. 2, 3, & 4 located in Units "O", "K", and "M", respectively, in said Section 18, and in support thereof would show:

- 1. Applicant is co-owner and operator of the Lockhart A-18 lease consisting of the SW/4 and S/2 SE/4 of Section 18, T-21-S, R-36-E, Lea County, New Mexico.
- 2. Applicant has four producing wells on said lease. Wells Nos. 3 & 4 completed in the Eumont Yates Seven Rivers Queen Gas Pool; Well No. 6 is completed in the Eumont Yates Seven Rivers Queen Oil Pool; and Well No. 1 is completed in the Eunice Monument Pool.
- 3. Order No. R-5849 dated November 14, 1978, approved a non-standard gas proration unit and simultaneous dedication of the aforementioned 228-acre proration unit to the Lockhart A-18 Wells Nos. 3 & 4, located in Units "K" & "M", respectively, of Section 18, T-21-S, R-36-E, Lea County, New Mexico.
- 4. That Well No. 2 was drilled at a standard location for an oil well in the Eumont Yates Seven Rivers Queen Pool in Unit "O" of Section 18, and completed in December, 1934, and was plugged and abandoned in 1963 after producing 322,825 barrels of oil and depleting the lower Queen oil reserves.
- 5. Applicant proposed to re-enter, log, and complete the well in the Yates Seven Rivers Queen gas bearing zone of the Eumont Pool in order to recover maximum gas reserves from the lease that would not otherwise be recovered.
- 6. The joint allocation of acreage provides the greatest flexibility for allocating production and will best protect applicant's correlative rights.
- 7. The granting of this application will prevent waste and will not impair correlative rights of any party.

WHEREFORE, applicant respectfully requests that this application be set for hearing before the Division's duly appointed examiner and, upon hearing, an order be entered authorizing the non-standard gas proration unit, joint allocation, and approval to recomplete and produce the above described wells in the manner outlined.

Respectfully submitted, CONTINENTAL OIL COMPANY

L. P. THOMPSON, Division Manager of Production

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BEFORE THE OIL CONSERVATION DIVISION OF THE NEW MEXICO DEPARTMENT OF ENERGY & MINERALS

IN THE MATTER OF THE APPLICATION OF CONTINENTAL OIL COMPANY FOR APPROVAL OF A 228-ACRE NON-STANDARD GAS PRORATION UNIT IN THE EUMONT GAS POOL, CONSISTING OF THE SW/4, S/2 SE/4 OF SECTION 18, T-21-S, R-36-E, LEA COUNTY, NEW MEXICO, AND FOR THE JOINT ALLOCATION OF SAID UNIT TO ITS LOCKHART A-18 WELLS NOS. 2, 3, & 4 IN UNITS "O", "K", & "M", RESPECTIVELY, IN SAID SECTION 18.

Cas 6,970

APPLICATION

Applicant, CONTINENTAL OIL COMPANY, respectfully requests approval of a 228-acre non-standard gas proration unit in the Eumont Gas Pool, consisting of the SW/4 and S/2 SE/4 of Section 18, T-21-S, R-36-E, Lea County, New Mexico, and for the joint allocation of said unit to its Lockhart A-18 Wells Nos. 2, 3, & 4 located in Units "O", "K", and "M", respectively, in said Section 18, and in support thereof would show:

- 1. Applicant is co-owner and operator of the Lockhart A-18 lease consisting of the SW/4 and S/2 SE/4 of Section 18, T-21-S, R-36-E, Lea County, New Mexico.
- 2. Applicant has four producing wells on said lease. Wells Nos. 3 & 4 completed in the Eumont Yates Seven Rivers Queen Gas Pool; Well No. 6 is completed in the Eumont Yates Seven Rivers Queen Oil Pool; and Well No. 1 is completed in the Eunice Monument Pool.
- 3. Order No. R-5849 dated November 14, 1978, approved a non-standard gas proration unit and simultaneous dedication of the aforementioned 228-acre proration unit to the Lockhart A-18 Wells Nos. 3 & 4, located in Units "K" & "M", respectively, of Section 18, T-21-S, R-36-E, Lea County, New Mexico.
- 4. That Well No. 2 was drilled at a standard location for an oil well in the Eumont Yates Seven Rivers Queen Pool in Unit "O" of Section 18, and completed in December, 1934, and was plugged and abandoned in 1963 after producing 322,825 barrels of oil and depleting the lower Queen oil reserves.
- 5. Applicant proposed to re-enter, log, and complete the well in the Yates Seven Rivers Queen gas bearing zone of the Eumont Pool in order to recover maximum gas reserves from the lease that would not otherwise be recovered.
- 6. The joint allocation of acreage provides the greatest flexibility for allocating production and will best protect applicant's correlative rights.
- 7. The granting of this application will prevent waste and will not impair correlative rights of any party.

WHEREFORE, applicant respectfully requests that this application be set for hearing before the Division's duly appointed examiner and, upon hearing, an order be entered authorizing the non-standard gas proration unit, joint allocation, and approval to recomplete and produce the above described wells in the manner outlined.

Respectfully submitted, CONTINENTAL OIL COMPANY

for L. P. THOMPSON, Division Manager of Production

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BEFORE THE OIL CONSERVATION DIVISION OF THE NEW MEXICO DEPARTMENT OF ENERGY & MINERALS

IN THE MATTER OF THE APPLICATION OF CONTINENTAL OIL COMPANY FOR APPROVAL OF A 228-ACRE NON-STANDARD GAS PRORATION UNIT IN THE EUMONT GAS POOL, CONSISTING OF THE SW/4, S/2 SE/4 OF SECTION 18, T-21-S, R-36-E, LEA COUNTY, NEW MEXICO, AND FOR THE JOINT ALLOCATION OF SAID UNIT TO ITS LOCKHART A-18 WELLS NOS. 2, 3, & 4 IN UNITS "O", "K", & "M", RESPECTIVELY, IN SAID SECTION 18.

Case 6570

APPLICATION

Applicant, CONTINENTAL OIL COMPANY, respectfully requests approval of a 228-acre non-standard gas proration unit in the Eumont Gas Pool, consisting of the SW/4 and S/2 SE/4 of Section 18, T-21-S, R-36-E, Lea County, New Mexico, and for the joint allocation of said unit to its Lockhart A-18 Wells Nos. 2, 3, & 4 located in Units "O", "K", and "M", respectively, in said Section 18, and in support thereof would show:

- 1. Applicant is co-owner and operator of the Lockhart A-18 lease consisting of the SW/4 and S/2 SE/4 of Section 18, T-21-S, R-36-E, Lea County, New Mexico.
- 2. Applicant has four producing wells on said lease. Wells Nos. 3 & 4 completed in the Eumont Yates Seven Rivers Queen Gas Pool; Well No. 6 is completed in the Eumont Yates Seven Rivers Queen Oil Pool; and Well No. 1 is completed in the Eunice Monument Pool.
- 3. Order No. R-5849 dated November 14, 1978, approved a non-standard gas proration unit and simultaneous dedication of the aforementioned 228-acre proration unit to the Lockhart A-18 Wells Nos. 3 & 4, located in Units "K" & "M", respectively, of Section 18, T-21-S, R-36-E, Lea County, New Mexico.
- 4. That Well No. 2 was drilled at a standard location for an oil well in the Eumont Yates Seven Rivers Queen Pool in Unit "O" of Section 18, and completed in December, 1934, and was plugged and abandoned in 1963 after producing 322,825 barrels of oil and depleting the lower Queen oil reserves.
- 5. Applicant proposed to re-enter, log, and complete the well in the Yates Seven Rivers Queen gas bearing zone of the Eumont Pool in order to recover maximum gas reserves from the lease that would not otherwise be recovered.
- 6. The joint allocation of acreage provides the greatest flexibility for allocating production and will best protect applicant's correlative rights.
- 7. The granting of this application will prevent waste and will not impair correlative rights of any party.

WHEREFORE, applicant respectfully requests that this application be set for hearing before the Division's duly appointed examiner and, upon hearing, an order be entered authorizing the non-standard gas proration unit, joint allocation, and approval to recomplete and produce the above described wells in the manner outlined.

Respectfully submitted, CONTINENTAL QIL COMPANY

for L. P. THOMPSON, Division Manager of Production

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IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

CONSIDERING:	•
CASE NO. 6570	
Order No. R- 584	9-A
APPLICATION OF CONTINENTAL OIL COMPANY	
FOR A NON-STANDARD PRORATION UNIT AND SIMULTANEOUS DE	DICATION,
LEA COUNTY, NEW MEXICO.	1
OPDER OF THE DIVISION	u
BY THE DIVISION:	
This cause came on for hearing at 9 a.m. on June	13
1979, at Santa Fe, New Mexico, before Examiner Dan	iel S. Nutter
NOW, on this day of June , 19 79 ,	the Division
Director, having considered the testimony, the record,	, and the
recommendations of the Examiner, and being fully advis	sed in the
premises,	
FINDS:	•
(1) That due public notice having been given as	required by
law, the Division has jurisdiction of this cause and	the subject
matter thereof.	! :
(2) That the applicant, Continental Oil Company authority for a previously approved seeks approval of a 228 -acre non-standard gas pro	:
comprising the SW/4 and S/2 SE/4 of Section 18	
	nultaneously
its Lockhart A-18 Wells Nos. 2, 3, and 4 , locat	ted in
M, respectively, Units 0, K, and of said Section 18	.
(3) - That the entire non-standard proration unit	may reasonabl
ba presumed productive of gas from the Eumont Gas I	2001
Gas Pool and that the entire non-standard gas proration	on unit can
be efficiently and economically drained and developed	by the
(3) That the Division approved said 228-acre me proression unit by Division Order No R-5849 the Simultaneous dedication of said unit to the Lockhart A-18 W2115 Nos. Fand 4.	on-standard and anthorized in aforesaid

(4) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Eumont

Gas Pool, will prevent the economic less caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

That a 228	-acre non-standard gas prora	tion unit
in theE	umont Gas Pool comprisi	ng the
SW/4 and S/2 SE/4	of Section 18 , Townshi	P21 South
Range 36 East	NMPM, Lea County, simultaneously & Contine	New Mexico,
is hereby established	and/dedicated to the A Lockhart A	1-18 Wells
Nos. 2, 3, and 4	, located in Units 0, K,/	of said
Section 18	·····	

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

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

- (1) That Order (1) of Division Order No. R-5849 is hereby amended to read in its entirety as follows:

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