

Case No.

6570

Large

Exhibits

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico
13 June 1979

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

A P P E A R A N C E S

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 BOYD
CERTIFIED SHORTHAND REPORTER
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Santa Fe, New Mexico 87501

I N D E X

JERRY HOOVER

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1 MR. NUTTER: We'll call now Case Number
2 6570.

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

6 MR. KELLAHIN: If the Examiner please,
7 I'd like the record to reflect that Mr. Hoover was pre-
8 viously qualified, and accepted as an expert witness, and
9 he is still under oath.

10 MR. NUTTER: The record will so show.

11 JERRY HOOVER
12
13 being called as a witness and having been duly sworn upon
14 his oath, testified as follows, to-wit:

15
16 DIRECT EXAMINATION

17 BY MR. KELLAHIN:

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

21 A. Yes. Exhibit One is a map showing the
22 location of the wells on our Lockhart A-18 lease, specific-
23 ally the well No. 2, and we'll be referring then to wells
24 3 and 4 on this tract.

25 Q. What are you proposing to do?

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

5 Q. A standard location in the Eumont gas pool
6 would consist of how many acres?

7 A. Standard is 320.

8 MR. NUTTER: Standard is 640.

9 A. That's right, you're right, yeah, that's
10 correct. I thought after I said that.

11 Q. Why do you want a non-standard gas pro-
12 ration unit for these wells?

13 A. We already have a non-standard authoriza-
14 tion for wells 3 and 4, which was given by the Order Number
15 R-5849, dated November the 14th, 1978.

16 Q. Say again, 5849?

17 A. 5849. What we now would like to do is to
18 re-enter the Well No. 2, which is located in this proration
19 unit, and complete it as a gas well in the Eumont Gas Pool
20 and then let all three wells share the 220-acre unit.

21 Q. Okay. How would you propose to allocate
22 the production among the three wells?

23 A. How? I presume we would test them and
24 allocate them on a percentage basis accordingly.

25 Q. Is this a prorated gas pool?

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- 1 A. Yes.
- 2 Q. Would you like a provision in the order
- 3 that would allow you to produce the allowable for this part-
- 4 icular proration in any proportion, without regard to any
- 5 fixed percentage for any well?
- 6 A. Yes, I think that would probably be the
- 7 most flexible situation.
- 8 Q. How is the unit currently classified?
- 9 A. It is currently marginal. The two wells
- 10 together are averaging 24,470 Mcf a month. We would expect
- 11 that with the re-completion of the No. 2 well we could re-
- 12 turn this unit to top allowable status.
- 13 Q. All right. Is--- tell me something about
- 14 the No. 2 well. That is an existing well, isn't it?
- 15 A. That's correct. It was originally drilled
- 16 as an oil well in the Eumont Pool, completed in December of
- 17 1934, and after depleting the lower Queen oil reserves, it
- 18 was plugged and abandoned in 1963 in such a manner that it
- 19 could be re-entered at a later date.
- 20 Q. Let us look at Exhibit No. 2, then, and
- 21 have you describe the information contained on that exhibit.
- 22 A. Exhibit Two is the existing wellbore
- 23 diagram of the No. 2 well.
- 24 Q. All right, and how would you propose to
- 25 re-complete it? Is that on Exhibit No. Three?

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1 A. Yes, Exhibit Three is the proposed wellbore
2 completion. We propose to re-enter and to log and to complete
3 the well in the gas bearing zone of the Eumont pool.

4 Q. Is this an infill well that is subject to
5 the new gas pricing rules?

6 A. No, this well has previously produced from
7 the same pool so we would not be seeking new gas prices.

8 Q. So all you need for this particular well
9 is the approval of the additional well to the previously
10 approved non-standard gas proration unit, and then the
11 simultaneous dedication of all three of these wells?

12 A. That's correct.

13 Q. Were Exhibits One, Two, and Three prepared
14 by you or compiled under your supervision and direction?

15 A. Yes.

16 Q. In your opinion, Mr. Hoover, will approval
17 of this application be in the best interests of conservation,
18 the prevention of waste, and the protection of correlative
19 rights?

20 A. Yes, it will.

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

23 MR. NUTTER: Applicants Exhibits One
24 through Three will be admitted in evidence.
25

CROSS EXAMINATION

BY MR. NUTTER:

Q. Mr. Hoover, I presume that the 220-acre unit was approved by this Order No. R-5849, is that correct?

A. That's correct, with simultaneous dedication of Wells 3 and 4.

Q. Okay.

MR. NUTTER: Are there any further questions 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.)

SALLY WALTON BOYD
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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.

Sally W. Boyd C.S.R.
Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is a complete and true transcript of the proceedings in the Exd. hearing of Case No. 657P heard by me on 6/13 1979.

[Signature] Examiner
Oil Conservation Division

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
Oil Conservation Division
State Land Office Building
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13 June 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil Company)
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and simultaneous dedication, Lea County,) 6570
New Mexico.)

BEFORE: Daniel S. Nutter

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

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19 Exhibit Number One in this case, and describe what
20 Continental Oil is seeking to accomplish?

21 A. Yes. Exhibit One is a map showing the
22 location of the wells on our Lockhart A-18 lease, specific-
23 ally the well No. 2, and we'll be referring then to wells
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25 Q. What are you proposing to do?

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

5 Q. A standard location in the Eumont gas pool
6 would consist of how many acres?

7 A. Standard is 320.

8 MR. NUTTER: Standard is 640.

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10 correct. I thought after I said that.

11 Q. Why do you want a non-standard gas pro-
12 ration unit for these wells?

13 A. We already have a non-standard authoriza-
14 tion for wells 3 and 4, which was given by the Order Number
15 R-5849, dated November the 14th, 1978.

16 Q. Say again, 5849?

17 A. 5849. What we now would like to do is to
18 re-enter the Well No. 2, which is located in this proration
19 unit, and complete it as a gas well in the Eumont Gas Pool
20 and then let all three wells share the 220-acre unit.

21 Q. Okay. How would you propose to allocate
22 the production among the three wells?

23 A. How? I presume we would test them and
24 allocate them on a percentage basis accordingly.

25 Q. Is this a prorated gas pool?

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1 A. Yes.

2 Q. Would you like a provision in the order
3 that would allow you to produce the allowable for this part-
4 icular proration in any proportion, without regard to any
5 fixed percentage for any well?

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

8 Q. How is the unit currently classified?

9 A. It is currently marginal. The two wells
10 together are averaging 24,470 Mcf a month. We would expect
11 that with the re-completion of the No. 2 well we could re-
12 turn this unit to top allowable status.

13 Q. All right. Is--- tell me something about
14 the No. 2 well. That is an existing well, isn't it?

15 A. That's correct. It was originally drilled
16 as an oil well in the Eumont Pool, completed in December of
17 1934, and after depleting the lower Queen oil reserves, it
18 was plugged and abandoned in 1963 in such a manner that it
19 could be re-entered at a later date.

20 Q. Let us look at Exhibit No. 2, then, and
21 have you describe the information contained on that exhibit.

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23 diagram of the No. 2 well.

24 Q. All right, and how would you propose to
25 re-complete it? Is that on Exhibit No. Three?

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1 A. Yes, Exhibit Three is the proposed wellbore
2 completion. We propose to re-enter and to log and to complete
3 the well in the gas bearing zone of the Eumont pool.

4 Q. Is this an infill well that is subject to
5 the new gas pricing rules?

6 A. No, this well has previously produced from
7 the same pool so we would not be seeking new gas prices.

8 Q. So all you need for this particular well
9 is the approval of the additional well to the previously
10 approved non-standard gas proration unit, and then the
11 simultaneous dedication of all three of these wells?

12 A. That's correct.

13 Q. Were Exhibits One, Two, and Three prepared
14 by you or compiled under your supervision and direction?

15 A. Yes.

16 Q. In your opinion, Mr. Hoover, will approval
17 of this application be in the best interests of conservation,
18 the prevention of waste, and the protection of correlative
19 rights?

20 A. Yes, it will.

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

23 MR. NUTTER: Applicants Exhibits One
24 through Three will be admitted in evidence.
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CROSS EXAMINATION

BY MR. NUTTER:

Q. Mr. Hoover, I presume that the 220-acre unit was approved by this Order No. R-5849, is that correct?

A. That's correct, with simultaneous dedication of Wells 3 and 4.

Q. Okay.

MR. NUTTER: Are there any further questions 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.)

REPORT OF COURT REPORTER

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 record of the proceedings in
 the hearing of Case No. 6570
 heard by me on 6/13 1979.

 Examiner
 Oil Conservation Division

SALLY WALTON BOYD
 CERTIFIED SHORTHAND REPORTER
 3020 Plaza Blanca (505) 471-2462
 Santa Fe, New Mexico 87501

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
A-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 eco-
nomic loss caused by the drilling of unnecessary wells, avoid
the augmentation of risk arising from the drilling of an exces-
sive 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 hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director



SEAL

fd/

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)

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 L. 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.

CASE 6560: 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 Martix Pool 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 Perco, 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 Be-1 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.

CASE 6564: 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 R. 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 Newbourne 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 well.
- 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.
- CASE 6569: 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 Blinberry Oil and Gas Pool through tubing.
- CASE 6570: 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 cause, seeks a finding that the Division waived existing well-spacing requirements and found that the drilling of additional wells was necessary to effectively and efficiently drain those portions of the proration 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.
- CASE 6574: 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, NMPM. 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-Morrow 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

- (l) 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

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

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
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-Blinbry 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

- (u) 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

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

TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM
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:

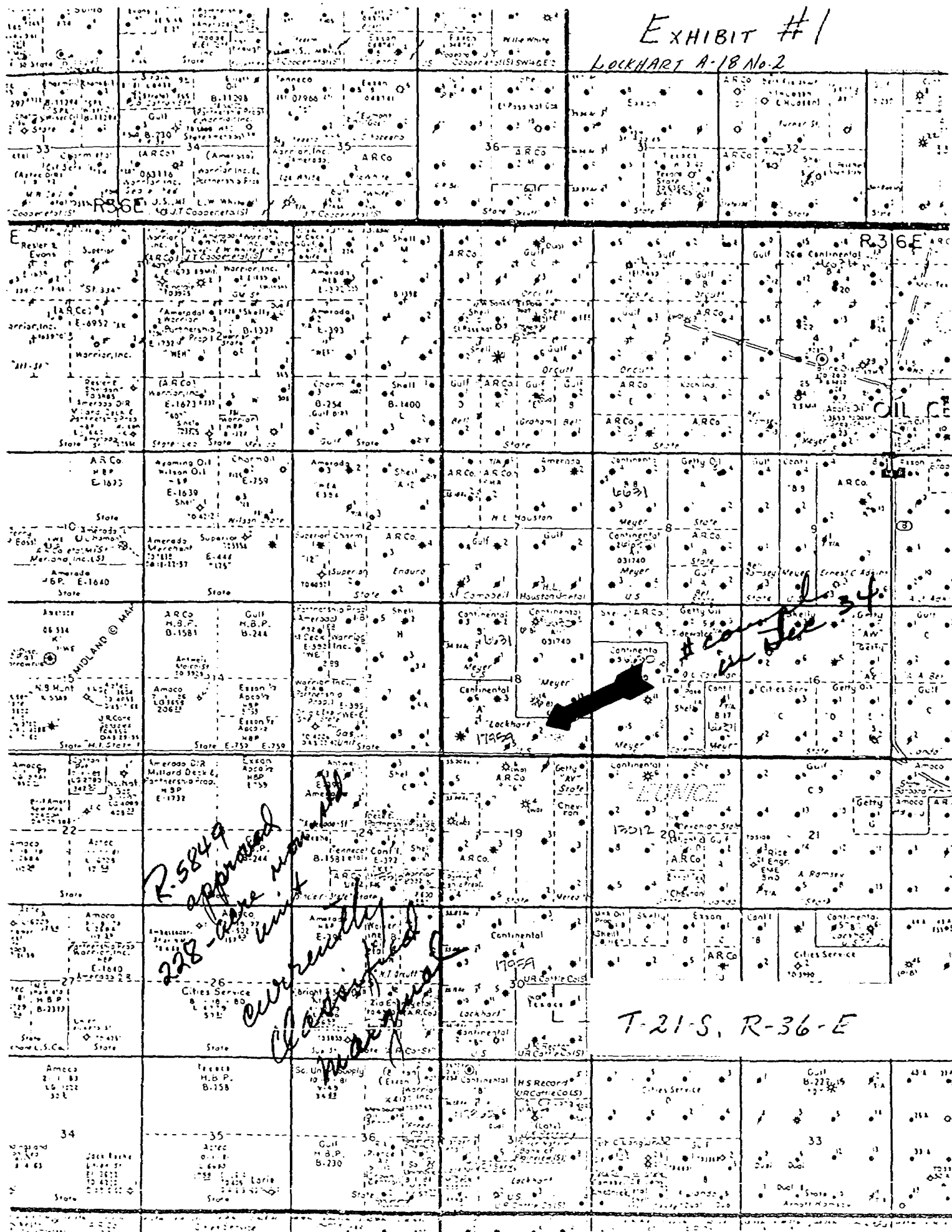
TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 14: W/2
Section 15: E/2
Section 23: All
Section 24: W/2

(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

EXHIBIT #1

LOCKHART A-18 No. 2

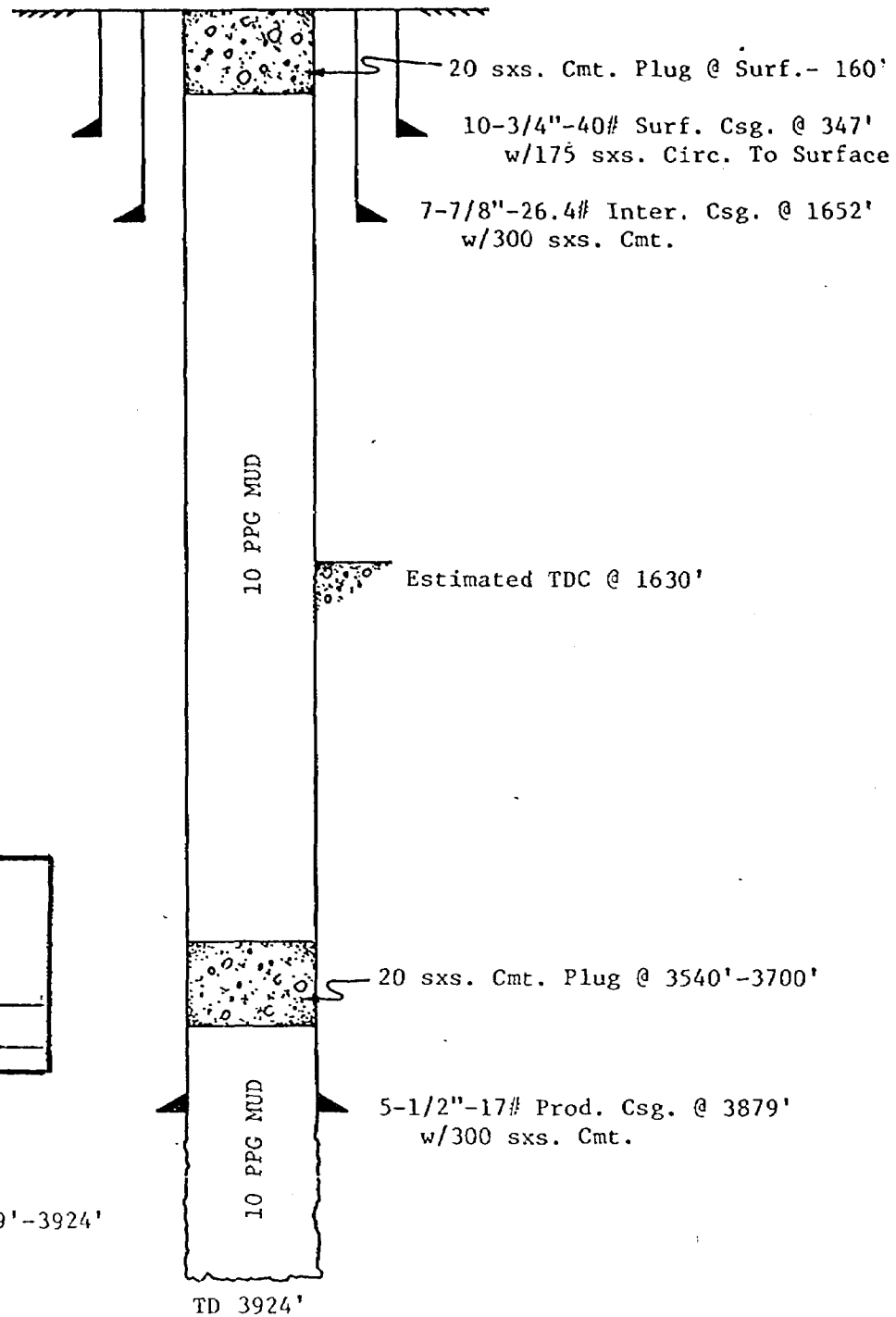


LOCKHART A-18 #2

Existing Wellbore Diagram

T. Salt - 1438'

KBM - N.A.



BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION

Comd. EXHIBIT NO. 2

CASE NO. 6566570

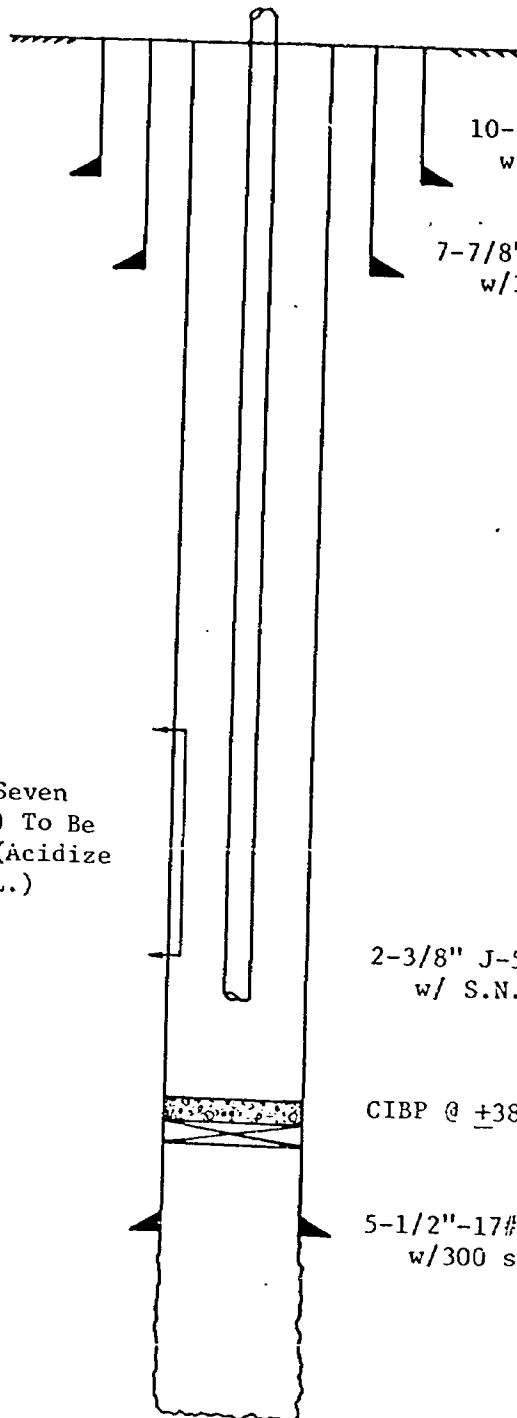
Sec. 18, T-21S, R-36E
660' FSL & 1980' FEL
Elevation - 3628' DF

LOCKHART A-18 #2

Proposed Wellbore Completion

T. Salt - 1438'

KBM - N.A.



10-3/4"-40# Csg. @ 347'
w/175 sxs. Cmt. to Surf.

7-7/8"-26.4# Csg. @ 1652'
w/300 sxs. Cmt.

Proposed Perfs (Yates, Seven
Rivers, Queen Formation) To Be
Determined From Logs. (Acidize
w/200 Gal./Perf. 15% HCL.)

2-3/8" J-55 EUE Tubing @ +3775'
w/ S.N. @ +3750'.

CIBP @ +3825' w/3 sxs. Cmt.

5-1/2"-17# Prob. Csg. @ 3879'
w/300 sxs. Cmt.

TD 3924'

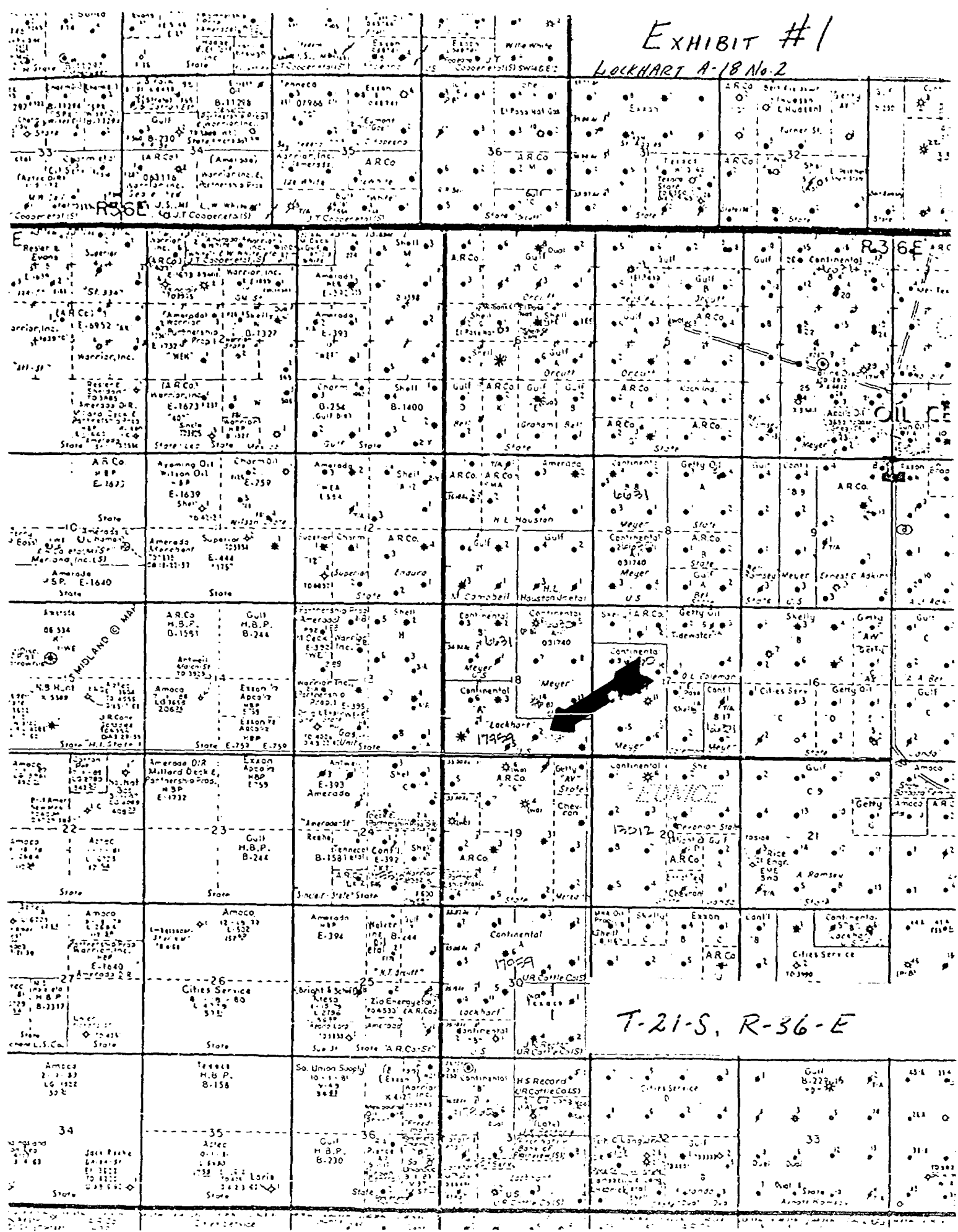
BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION

CONF. EXHIBIT NO. 3
CASE NO. 6570

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

EXHIBIT #1

LOCKHART A-18 No. 2



T-21-S, R-36-E

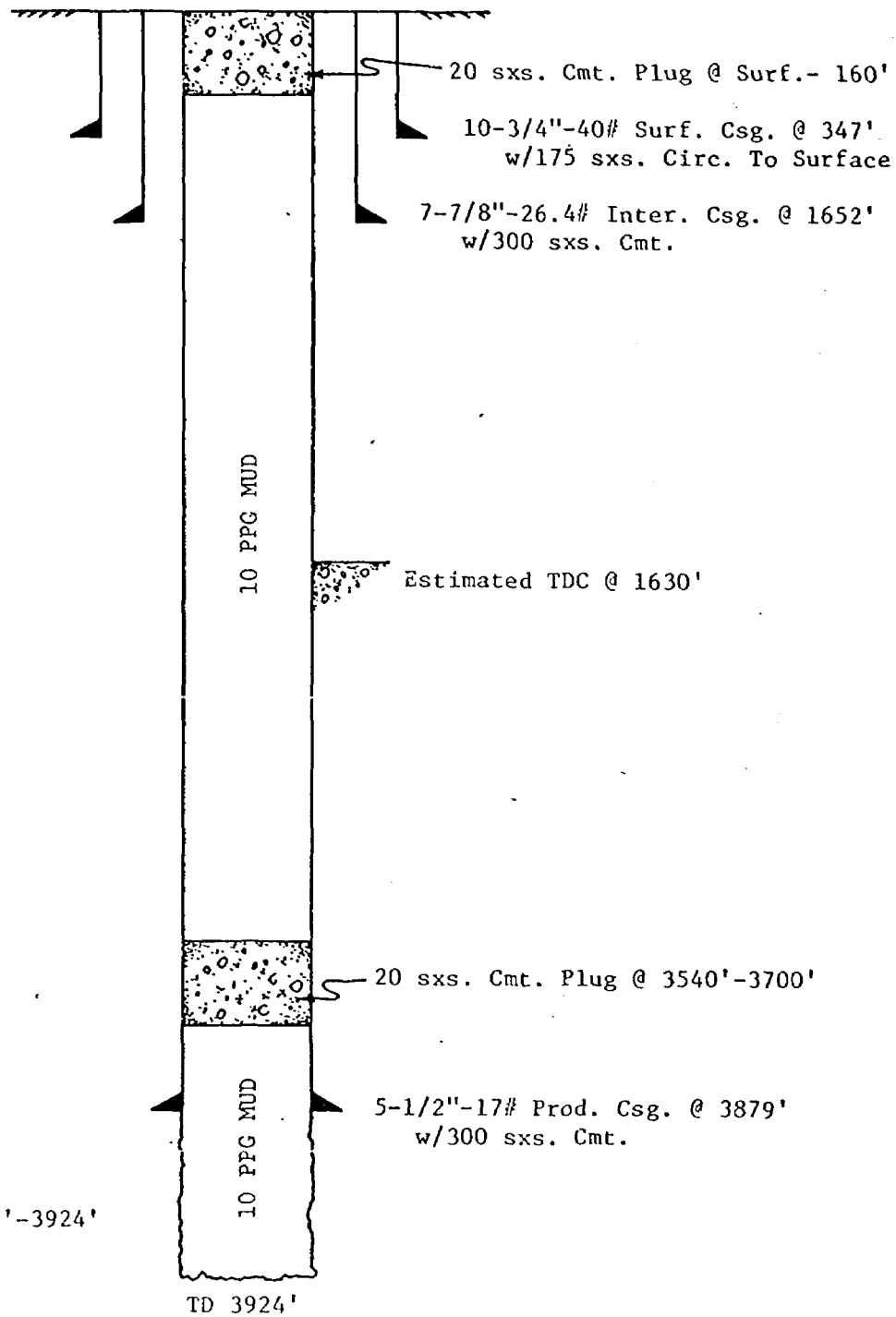
EXHIBIT #2

LOCKHART A-18 #2

Existing Wellbore Diagram

T. Salt - 1438'

KBM - N.A.



Queen OH Section @ 3879'-3924'

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

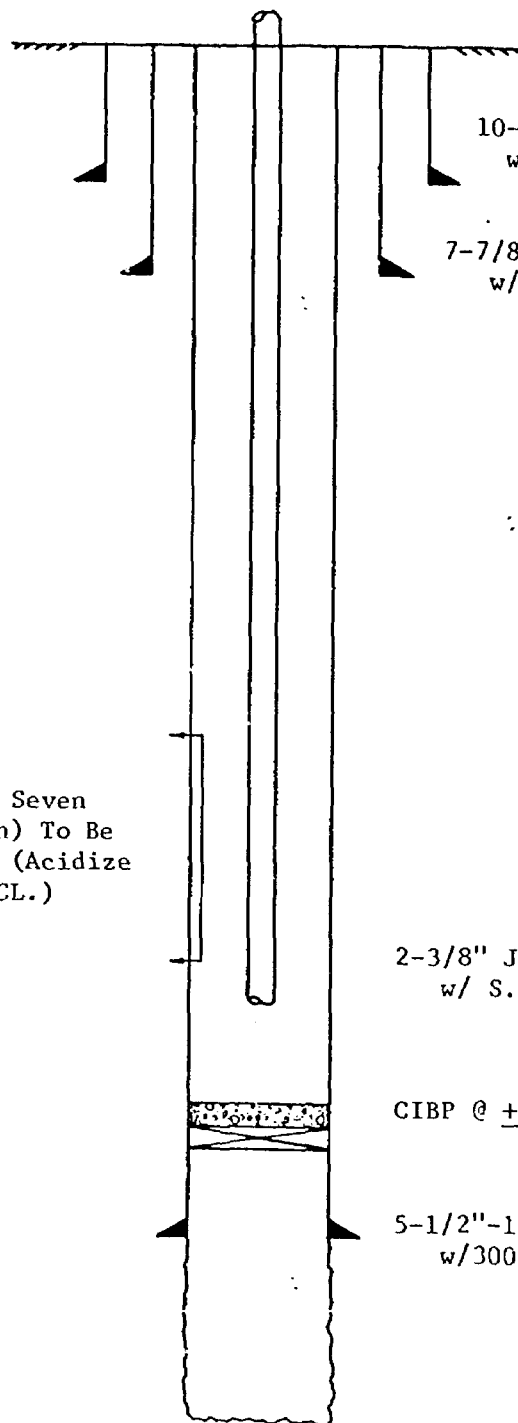
LOCKHART A-18 #2

Proposed Wellbore Completion

T. Salt - 1438'

KBM - N.A.

Proposed Perfs (Yates, Seven
Rivers, Queen Formation) To Be
Determined From Logs. (Acidize
w/200 Gal./Perf. 15% HCL.)



TD 3924'

2-3/8" J-55 EUE Tubing @ +3775'
w/ S.N. @ +3750'.

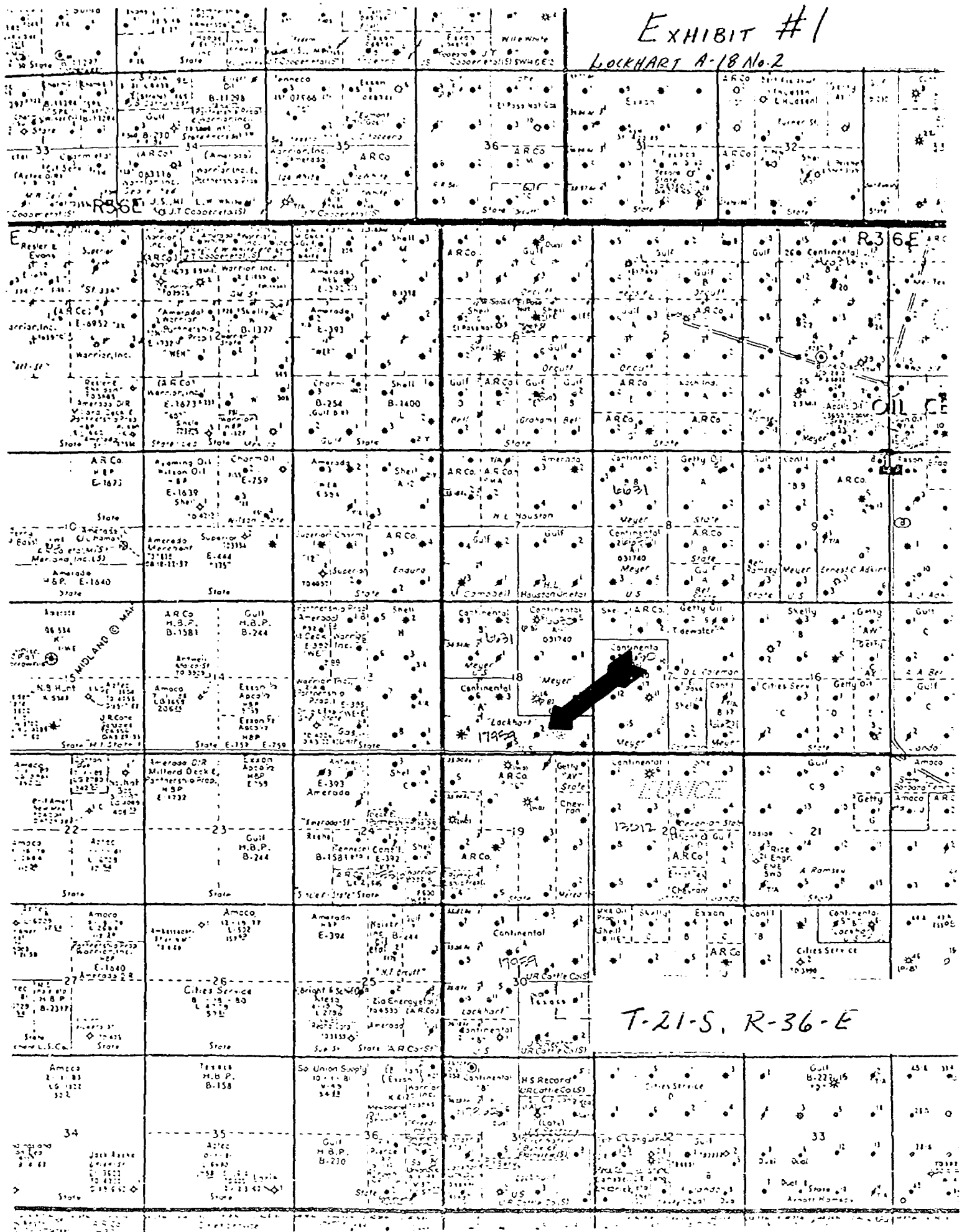
CIBP @ +3825' w/3 sxs. Cmt.

5-1/2"-17# Prob. Csg. @ 3879'
w/300 sxs. Cmt.

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

EXHIBIT #1

LOCKHART A-18 No. 2



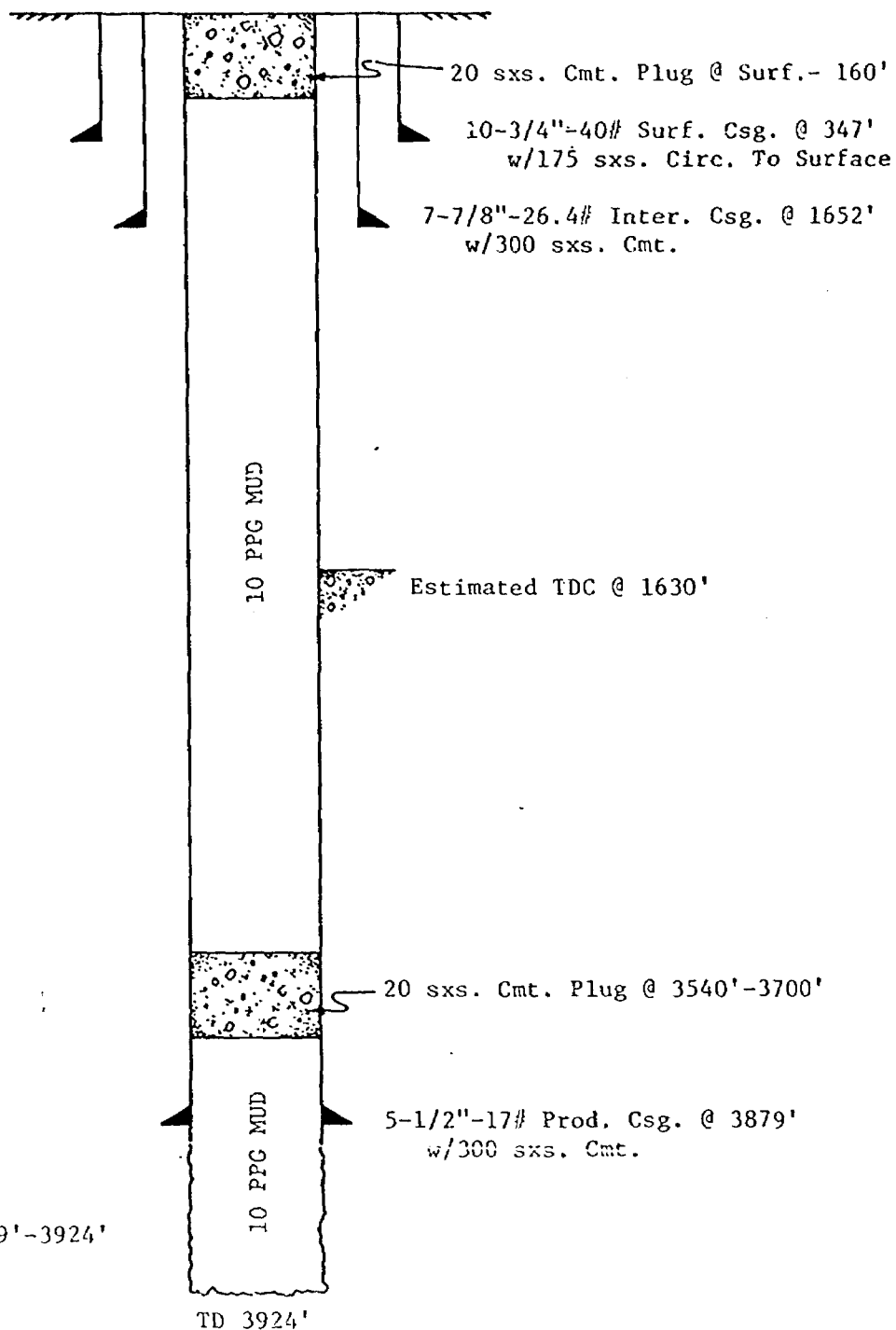
T-21-S, R-36-E

LOCKHART A-18 #2

Existing Wellbore Diagram

T. Salt - 1438'

KBM - N.A.



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

EXHIBIT #3

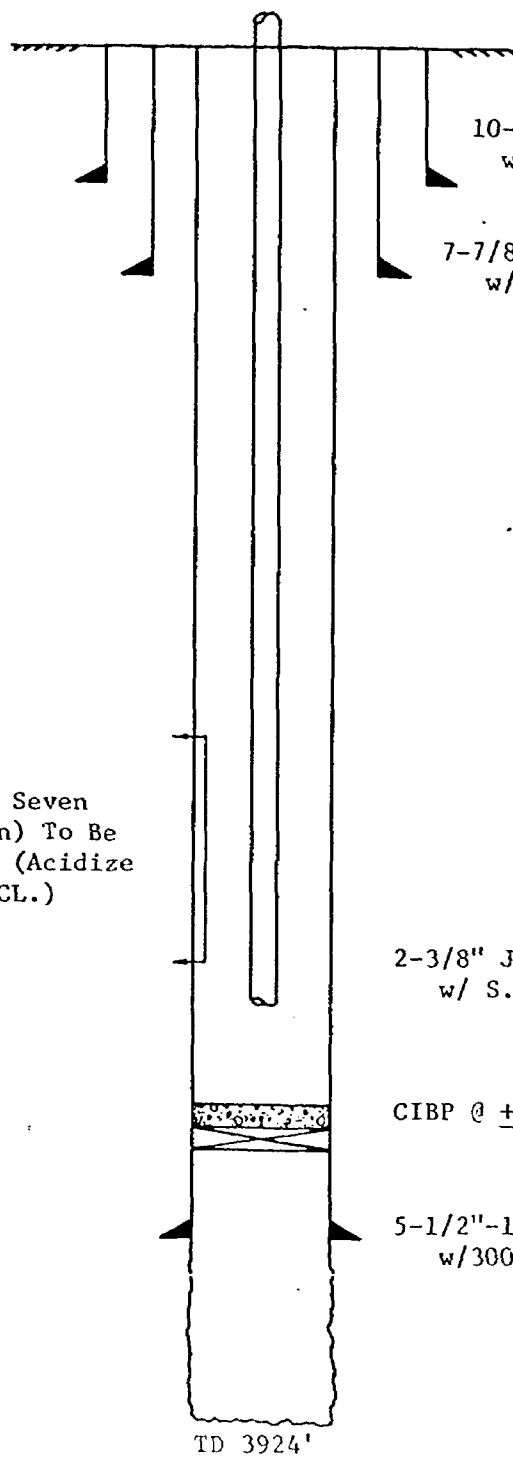
LOCKHART A-18 #2

Proposed Wellbore Completion

T. Salt - 1438'

KBM - N.A.

Proposed Perfs (Yates, Seven
Rivers, Queen Formation) To Be
Determined From Logs. (Acidize
w/200 Gal./Perf. 15% HCL.)



10-3/4"-40# Csg. @ 347'
w/175 sxs. Cmt. to Surf.

7-7/8"-26.4# Csg. @ 1652'
w/300 sxs. Cmt.

2-3/8" J-55 EUE Tubing @ $\pm 3775'$
w/ S.N. @ $\pm 3750'$.

CIBP @ $\pm 3825'$ w/3 sxs. Cmt.

5-1/2"-17# Prob. Csg. @ 3879'
w/300 sxs. Cmt.

TD 3924'

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



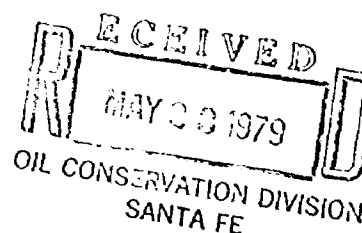
L. P. Thompson
Division Manager

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

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

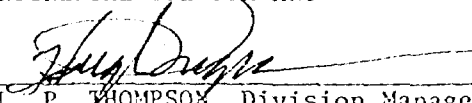
APPLICATION

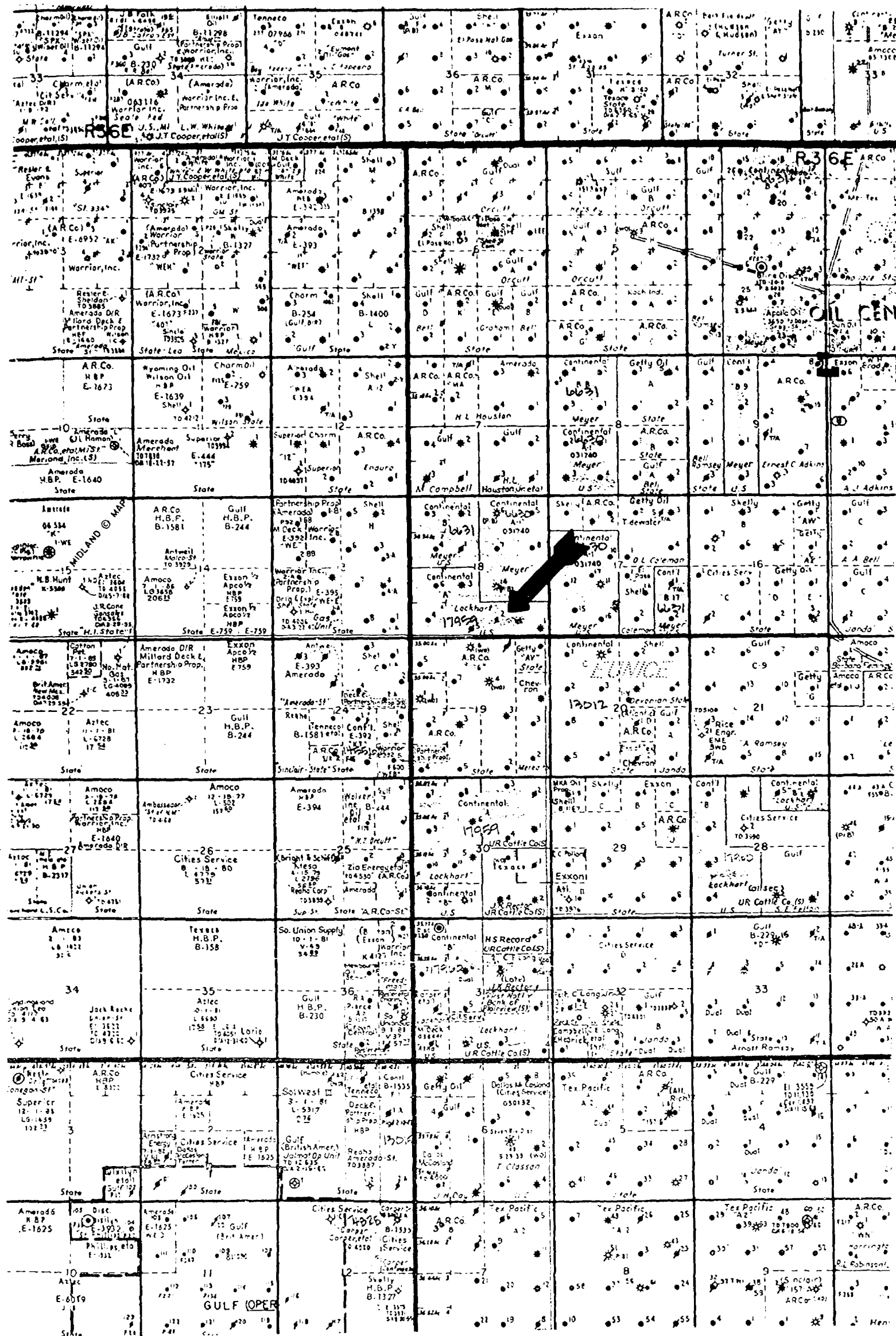
Applicant, CONTINENTAL OIL COMPANY, respectfully requests approval of a 228-acre non-standard gas proration unit in the Eumont Gas Pool, consisting of the SW/4 and S/2 SE/4 of Section 18, T-21-S, R-36-E, Lea County, New Mexico, and for the joint allocation of said unit to its Lockhart A-18 Wells Nos. 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

By 
for L. P. THOMPSON, Division Manager of Production



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 6920


APPLICATION

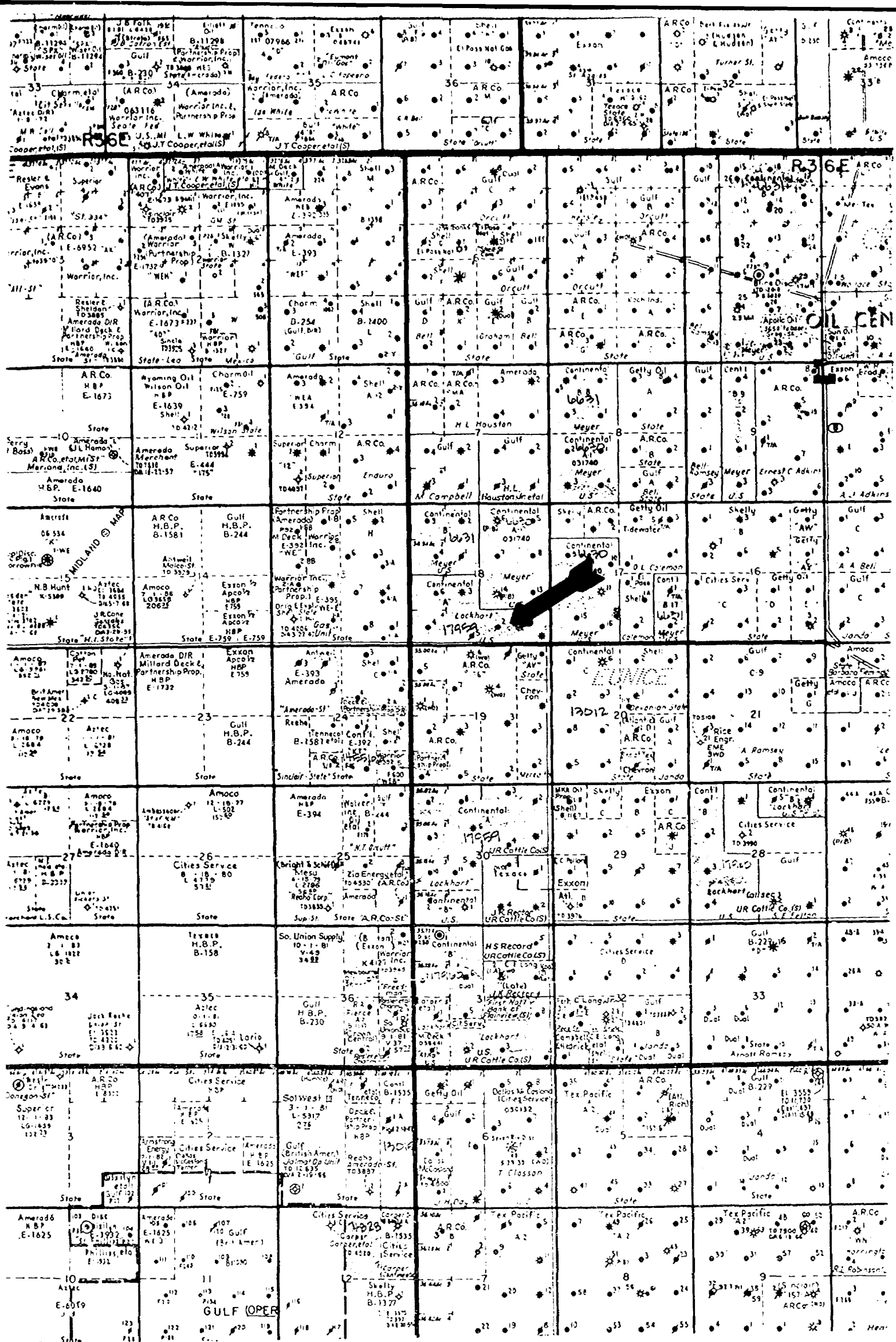
Applicant, CONTINENTAL OIL COMPANY, respectfully requests approval of a 228-acre non-standard gas proration unit in the Eumont Gas Pool, consisting of the SW/4 and S/2 SE/4 of Section 18, T-21-S, R-36-E, Lea County, New Mexico, and for the joint allocation of said unit to its Lockhart A-18 Wells Nos. 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

By 
for L. P. THOMPSON, Division Manager of Production



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

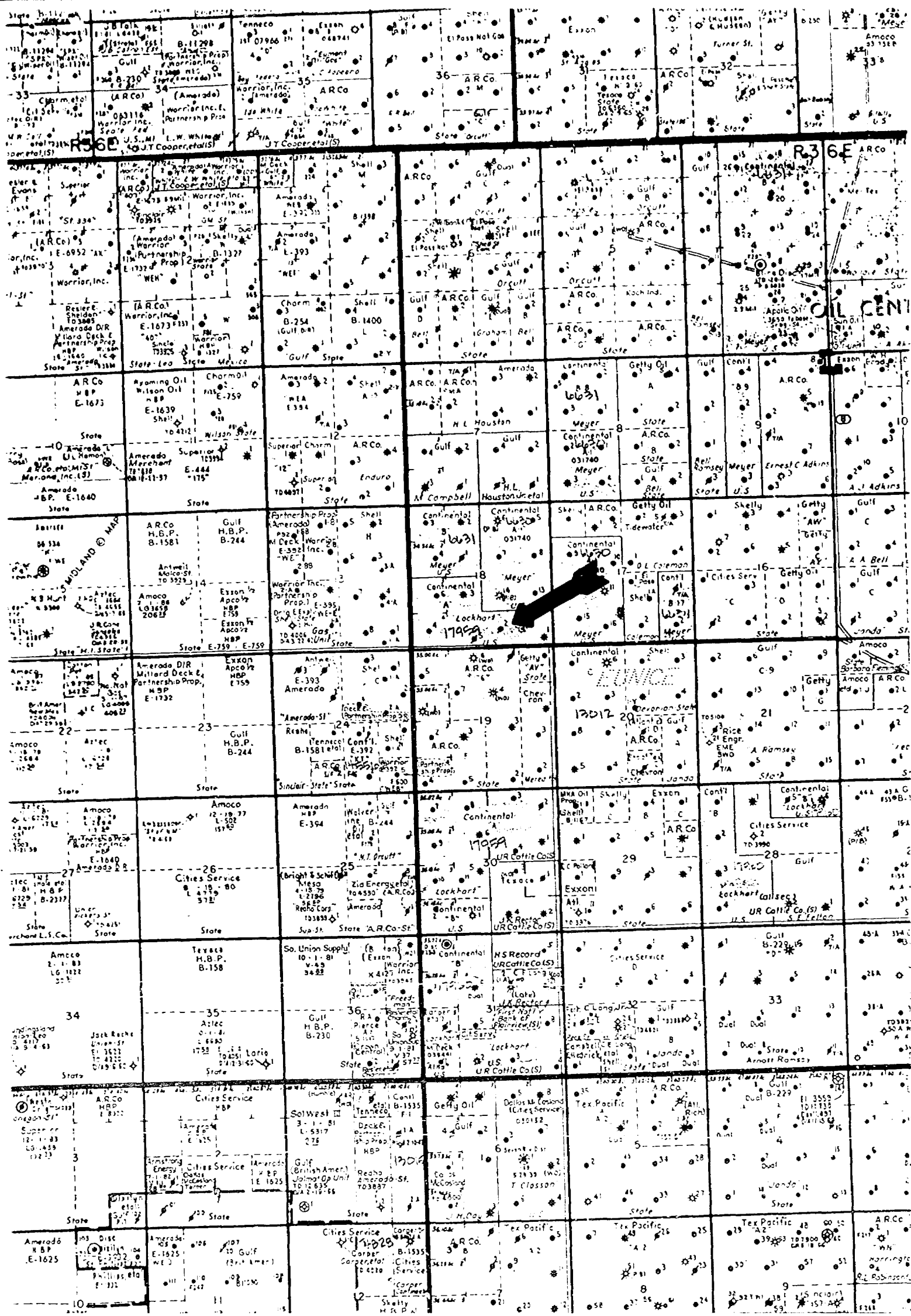
Applicant, CONTINENTAL OIL COMPANY, respectfully requests approval of a 228-acre non-standard gas proration unit in the Eumont Gas Pool, consisting of the SW/4 and S/2 SE/4 of Section 18, T-21-S, R-36-E, Lea County, New Mexico, and for the joint allocation of said unit to its Lockhart A-18 Wells Nos. 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

By 
for L. P. THOMPSON, Division Manager of Production



DRAFT

dr/

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 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, ~~authority for a previously approved~~ 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, NMPM, to be simultaneously dedicated to its Lockhart A-18 Wells Nos. 2, 3, and 4, located in M, respectively, Units 0, K, and of said Section 18.

~~(3) That the entire non-standard proration unit may reasonably be presumed productive of gas from the Eumont Gas Pool Gas Pool and that the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid well.~~

(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 A-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.

IT IS THEREFORE ORDERED:

" 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/dedicated to ~~its~~ ^{simultaneously} ~~the Continental Oil Company~~ ^A 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 hereinabove designated.

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