

Entered June 24, 1958
A.L.P.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1459
Order No. R-1205

APPLICATION OF CONTINENTAL OIL
COMPANY FOR AN ORDER AUTHORIZING
A GAS-OIL DUAL COMPLETION IN THE
UPPER YATES FORMATION IN THE JALMAT
GAS POOL AND IN THE LOWER YATES
FORMATION IN THE JALMAT GAS POOL AND
FOR APPROVAL OF A 160-ACRE NON-STANDARD
GAS PRORATION UNIT IN THE JALMAT GAS
POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 28, 1958, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 18th day of June, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Continental Oil Company, is the operator of the Farney A-17 Well No. 3, located 1650 feet from the North line and 990 feet from the West line of Section 17, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico.
- (3) That the applicant proposes to dually complete the above-described Farney A-17 Well No. 3 in such a manner as to permit the production of gas from the Upper Yates formation in the Jalmat Gas Pool and the production of oil from the Lower Yates formation in the Jalmat Gas Pool through the casing-tubing annulus and the tubing respectively.
- (4) That the applicant further proposes to establish a 160-acre non-standard gas proration unit consisting of the NW/4 of said Section 17, said unit to be dedicated to the applicant's above-described Farney A-17 Well No. 3.

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(5) That the mechanics of the proposed dual completion are feasible and in accord with good conservation practices.

(6) That approval of the proposed dual completion and non-standard gas proration unit will not cause waste nor impair correlative rights.

(7) That the subject application should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, be and the same is hereby authorized to dually complete its Farney A-17 Well No. 3, located 1650 feet from the North line and 990 feet from the West line of Section 17, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico, in such a manner as to permit the production of gas from the Upper Yates formation in the Jalmat Gas Pool and the production of oil from the Lower Yates formation in the Jalmat Gas Pool through the casing-tubing annulus and the tubing respectively.

PROVIDED HOWEVER, That subject well shall be completed and thereafter produced in such a manner that there will be no commingling within the well-bore, either within or outside the casing, of gas, oil and gas, or oil produced from either or both of the separate strata,

PROVIDED HOWEVER, That prior to the actual dual completion the operator shall make pressure tests of the casing to prove that no casing leaks exist. In the event a casing leak is apparent the operator shall take appropriate steps to adequately repair the leak. The results of these tests shall be reported to the Commission on Form C-103.

PROVIDED FURTHER, That upon the actual dual completion of such subject well applicant shall submit to the appropriate District Office of the Commission copies of Oil Conservation Commission Form C-103, Form C-104, Form C-110, and Form C-122, outlining the information required on those forms by existing Rules and Regulations, and two copies of the electric log of the well.

PROVIDED FURTHER, That said subject well for dual completion and production shall be equipped in such a way that reservoir pressures may be determined separately for each of the two specified strata, and further, be equipped with all necessary connections required to permit recording meters to be installed and used at any time as may be required by the Commission or its representatives, in order that natural gas, oil, or oil and gas from each separate stratum may be accurately measured and the gas-oil or gas-liquid ratio thereof determined, and

PROVIDED FURTHER, That the operator shall make any and all tests, including segregation and packer-leakage tests upon completion and annually thereafter during the annual deliverability test period for the Jalmat Gas Pool, commencing in the year 1959, and

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whenever the packer is disturbed, but not excluding any other tests and/or determinations as deemed necessary by the Commission; the original and all subsequent tests shall be witnessed by representatives of offset operators if any there be at their election, and the results of each test, properly attested to by the applicant herein and all witnesses, shall be filed with the Commission within fifteen (15) days after the completion of such tests, and further, that applicant shall file with the Commission in duplicate a packer-setting affidavit, which affidavit shall be due within fifteen (15) days of the dual completion or whenever the packer is disturbed, and

PROVIDED FURTHER, That upon the actual dual completion of such subject well, applicant shall submit to the Commission a diagrammatic sketch of the mechanical installation which was actually used to complete and produce the seal between the strata, and a special report of production, gas-oil ratio or gas-liquid ratio, and reservoir pressure determination for each producing zone or stratum immediately following completion.

IT IS FURTHER ORDERED, That jurisdiction of this cause is hereby retained by the Commission for such further order or orders as may seem necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of applicant to comply with any requirement of this order after proper notice and hearing the Commission may terminate the authority hereby granted and require applicant or its successors and assigns to limit its activities to regular single-zone production in the interests of conservation.

(2) That a 160-acre non-standard gas proration unit in the Jalmat Gas Pool, consisting of the NW/4 of said Section 17 be and the same is hereby established, said unit to be dedicated to the applicant's above-described Farney A-17 Well No. 3.

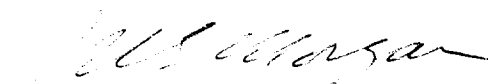
(3) That the said Farney A-17 Well No. 3 be granted an acreage factor for allowable purposes in the proportion that the above-described acreage bears to a standard proration unit for the Jalmat Gas Pool, subject to the Special Rules and Regulations for the Jalmat Gas Pool.

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


STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



MURRAY E. MORGAN, Member



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

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