

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1692

TRANSCRIPT OF HEARING

June 24, 1959

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE NEW MEXICO
Phone CHapel 3-6691

I N D E X

<u>WITNESS</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>
VICTOR T. LYON	4	10	

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
June 24, 1959

IN THE MATTER OF:)
)
)
 Application of Continental Oil Company)
 for the establishment of a non-standard)
 gas proration unit in the Tubb Gas Pool.)
 Applicant, in the above-styled cause,)
 seeks the establishment of a 160-acre)
 non-standard gas proration unit in the)
 Tubb Gas Pool consisting of lot 15, the)
 N/2 SE/4 and the SE/4 SE/4 of Section 3,)
 Township 21 South, Range 37 East, Lea)
 County, New Mexico, said unit to be)
 dedicated to applicant's Hawk-B-3 Well)
 No. 2-T, located 1650 feet from the)
 South and East lines of said Section 3.)
)

CASE NO.
1692

BEFORE:

ELVIS A. UTZ, Examiner.

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: The hearing will come to order, please.

There will be a slight shift in the order of the docket. The first two cases will be 1692, 1693. Then we will skip over the water plug cases. We are doing this so that the State Engineers Office will be able to hear this testimony. The third case will be 1196, 1185, 1699, 1704; the rest of the cases will be in order. The first case on the docket will be 1692.

MR. PAYNE: Case 1692. Application of Continental Oil Company for establishment of non-standard gas proration unit in the

Tubb Gas Pool.

MR. FOX: Robert Fox of Kellahin and Fox, Santa Fe, New Mexico, appearing for Continental Oil Company.

(Witness sworn.)

VICTOR T. LYON

called as a witness, having been first duly sworn on oath, testified as follows:

DIRECT EXAMINATION

BY MR. FOX:

Q State your name, please.

A Victor T. Lyon.

Q By whom are you employed, Mr. Lyon?

A Continental Oil Company.

Q And what is your position?

A District Engineer, Eunice District, located in Eunice, New Mexico.

Q Have you previously testified before the Commission as an expert?

A Yes, sir.

Q And have your qualifications been previously accepted by the Commission?

A Yes, sir.

Q Are you familiar with the application of Continental Oil Company in this Case No. 1692?

A Yes, sir, I am.

Q Will you explain it, please?

A This is the application of Continental Oil Company for a 160-acre non-standard gas proration unit in the Tubb Gas Pool to be allocated to it's Hawk B-3 No. 2-T Well located 1650 feet from the South and East lines of Section 3, Township 21 South, Range 37 East.

Q Now, there have been marked and handed to the Examiner Exhibits 1, 2, 3 and 4. Will you take Exhibit 1, Mr. Lyon, and explain what this is?

A Exhibit No. 1 is a location and ownership plat showing the Hawk B-3 lease and the immediately surrounding area. The Continental operated acreage is shown cross hatched in yellow. And the Hawk B-3 lease actually consists of three different tracts. One tract consisting of lots 1, 2, 3, 4, 7 and 8. Another tract consisting of lot 12, and the third tract which is involved in this case consists of lot 15 and 16, the north half of the southwest quarter and the southwest quarter of the southwest quarter of Section 3, the proposed gas proration unit.

Q Pardon me. You said southwest of the southwest. Would you check that?

A I beg your pardon. North half of the southwest and the southeast of the southeast. The proposed non-standard unit is shown outlined in red and consists of lot 15, the north half of the

southeast quarter and the southeast quarter of the southeast quarter of Section 3. It also shows the location of the unit well or proposed unit well circled in red. It shows the outlines of the adjacent approved Tubb Gas proration units outlined in green. And circled in green are the wells to which those units are allocated. The reason that we have excluded Lot 16 from this application is that well Number 1-T which is located in unit P or Lot 16 is an oil well producing from the Tubb formation.

MR. UTZ: Which well was that, Mr. Lyon?

A That was well No. 1-T and it is the well, I believe, that is designated No. 3.

MR. UTZ: All right, sir.

Q (By Mr. Fox) Will you take Exhibit No. 2, Mr. Lyon, and explain that, please?

A Exhibit No. 2 is a contour map showing the structural configurations of the Tubb formation based on the Tubb marker; and showing the proposed unit and the immediately surrounding area. The proposed unit again is outlined in red. The proposed unit well is circled in red. Other producing Tubb gas wells are shown circled in green. As can be seen from this exhibit, the structural location of the proposed unit and its relationship to other producing gas wells indicates that the entire unit is productive of gas in the Tubb formation.

Q Now, will you take the Log Exhibit No. 3, Mr. Lyon,

and explain that, if you please?

A Exhibit No. 3 is a trace of the radio-activity log on our Hawk B-3 No. 2-T, which incidentally perhaps I should mention, was formerly our Hawk B-3 No. 4-E of our Ellenburger producer, producing oil from the Brunson Pool. This log shows the previous Ellenburger producing interval. The top of the Ellenburger, the top of the formation is successively above, including the top of the Drinkard and the top of the Tubb formations. It shows in a blue color the perforations in the Tubb formation.

Q All right. Will you take Exhibit 4, Mr. Lyon, and explain that?

A Exhibit No. 4 is a copy of the form C-122 showing the results of a 1. back pressure test, which was taken on this well. In order to conserve gas we took only 1., in as much as any gas that was produced during the test had to be vented to the atmosphere. This test shows that the well was flowed at a rate of 4,117 MCF per day at a tubing pressure of 1421 pounds, which is a draw down of only 141 pounds. Attached to this is a delivery-ability curve showing the calculated open flow based on a 1. slope drawn through this rate, which gives a calculated open flow of 37,000 MCF per day. If a slope of .5 were used instead of the 1., the deliveryability would be approximately 12,330 MCF per day.

Q Mr. Lyon, is the entire 160 acres available for allocation to this particular gas well proposed?

A Yes, sir. The 160 acres which we propose to allocate to this well is presently unallocated to any Tubb producing well.

Q In your opinion is the well in question capable of producing the allowable for a 160 acre unit?

A Unquestionably.

Q Is the proposed unit comprised of contiguous governmental subdivisions within a single governmental section?

A Yes, sir, it is.

Q And in your opinion is the entire unit reasonably proved to be productive of gas from the Tubb Pool?

A Yes, sir, in my opinion it is. The only question that I can see which would probably arise would be the existence of the No. 1 well as an oil producer. And the explanation for these Tubb oil wells is beyond me. However, I do find that the No. 1-T produces not only from the interval which is perforated in this well but also an interval which is approximately 40 feet lower.

Q In your opinion, Mr. Lyon, would the allowance or approval of the application be in the interests of preventing waste and protecting correlative rights?

A Yes, sir.

Q And as an expert would you recommend that the application be approved to the Examiner?

A Yes, sir, I would.

MR. FOX: I think that's all I have.

MR. UTZ: Did you offer your exhibits?

MR. FOX: I have not. I would like to move that Exhibits 1 through 4 be admitted in evidence.

MR. UTZ: Without objection Exhibits 1 through 4 will be admitted into evidence.

QUESTIONS BY MR. UTZ:

Q Mr. Lyons, there are no other Tubb oil wells on your proposed unit, is there?

A No, sir.

Q What formations are on the well shown on your Exhibits No. 2 producing from? You don't have to be specific.

A Well, we have production in this area from the Ellenburger, from the McKee, from the Drinkard, from the Blinebry and from the Tubb.

Q Are there any other Tubb oil wells offsetting this unit except your 1-T?

A Not to my knowledge.

Q The wells circled in green are Tubb gas wells?

A Yes, sir. The only other Tubb oil well of which I'm aware is our Nolan unit well located in Section 11 in the southwest quarter.

Q Was the Hawk B-3 No. 2 well -- did you test that lower zone that you think might be producing oil in your No. 1-T?

A No, sir. Of course, we didn't know what to expect

when we perforated that interval because of the fact that our No. 1-T was productive of oil, but we perforated the zone that appeared to have the greatest porosity and we found it to be gas productive with a ratio in excess of two hundred thousand to one.

Q Is this well connected to pipe lines as yet?

A Not yet.

Q Do you intend to run a 4. test on it when you do connect it to the pipe line?

A Yes, sir, immediately after connection.

MR. UTZ: Are there any other questions of the witness?

CROSS EXAMINATION

BY MR. PAYNE:

Q Yes, sir. Mr. Lyon, is this Hawk B-3 a new well?

A No, sir. This was formerly our Hawk B-3 No. 4-E, a Brunson oil well, and had been plugged back. It was plugged back in May of this year and recompleted in the Tubb formation.

Q And I believe you testified that there is no Tubb acreage dedicated to this well at present?

A None of the acreage which we propose to dedicate to this well is presently dedicated to other Tubb wells.

MR. PAYNE: Thank you. That's all.

MR. UTZ: Are there any other questions of the witness? If not the witness may be excused.

(Witness excused.)

MR. UTZ: Are there any other statements to be made in this case? If there are no other statements the case will be taken under advisement.

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, Ned A. Greenig, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached transcript of proceedings before the Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript by me and/or under my personal supervision and that the same is a true and correct record to the best of my knowledge, skill and ability.

Witness my hand and seal this the _____ day of July, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

NOTARY PUBLIC

My Commission Expires:
May 5, 1963

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of case No. 1692, heard by me on June 24, 1959.
Ned A. Greenig, Examiner
New Mexico Oil Conservation Commission