

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
May 24, 1961

EXAMINER HEARING

IN THE MATTER OF:

CASE 2280

TRANSCRIPT OF HEARING

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IN THE MATTER OF: :

CASE 2280 Application of Continental Oil Company for a :
 non-standard gas proration unit and for an :
 unorthodox gas well location, Lea County, New :
 Mexico. Applicant, in the above-styled :
 cause, seeks the establishment of a 240-acre :
 non-standard gas proration unit in the Eumont :
 Gas Pool consisting of the E/2 E/2, SW/4 SE/4 :
 and the SE/4 SW/4 of Section 17, Township 21 :
 South, Range 37 East, Lea County, New Mexico, :
 to be dedicated to its Lockhart A-17 Well No. :
 2, at an unorthodox location 1980 feet from :
 the South line and 660 feet from the East :
 line of said Section 17. :

BEFORE:

Elvis A. Utz, Examiner.

T R A N S C R I P T O F P R O C E E D I N G S

MR. UTZ: The hearing will come to order. We will call Case 2280.

MR. MORRIS: Case 2280. Application of Continental Oil Company for a non-standard gas proration unit and for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 240-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the E/2 E/2, SW/4 SE/4 and the SE/4 SW/4 of Section 17, Township

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21 South, Range 37 East, Lea County, New Mexico, to be dedicated to its Lockhart A-17 Well No. 2, at an unorthodox location 1980 feet from the South line and 660 feet from the East line of said Section 17.

MR. KELLAHIN: KELLAHIN & FOX, Santa Fe, representing the Applicant. We'll have one witness, Mr. Lyon.

(Witness sworn.)

VICTOR T. LYON,

called as witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Will you state your name, please?

A Victor T. Lyon.

Q By whom are you employed and in what position?

A Continental Oil Company as District Engineer.

Q Have you previously testified before the Oil Conservation Commission and made your qualifications a matter of record?

A Yes I have.

MR. KELLAHIN: Are the witness's qualifications acceptable?

MR. UTZ: Yes, they are.

Q (By Mr. Kellahin) Are you familiar with the application of Continental Oil Company in Case Number 2280?

A I am, sir.

Q Will you state briefly what is proposed in the application?



A This is an application of Continental Oil Company for the enlargement of non-standard gas proration unit presently approved for its Lockhart A-17 Well No. 2, to one of 240 acres which consists of the east half of the east half of the southwest quarter of the southeast quarter and the southeast quarter of the southwest quarter of Section 17, Township 21 South, Range 37 East, Eumont Gas Pool.

Q 37 East?

A 37 East.

Q Have you an exhibit showing the location and ownership of the land in this area?

A Yes.

(Whereupon, Applicant's Exhibit 1 marked for identification.)

Q (By Mr. Kellahin) I hand you what has been marked Exhibit 1. Would you discuss that exhibit, please?

A Exhibit 1 is a location ownership plat of the area around Section 17, Township 21 South, Range 37 East. It shows the Lockhart A-17 lease, which is shown in yellow. It shows the Lockhart A-17 two well which is the well to which the acreage is to be allocated circled in red. It shows the Eumont Gas Well circled in green and acreage allotted to them outlined in green. Also lined in red is the proposed unit which I described before consisting of 240 acres.

Q Does that exhibit likewise show the offsetting proration



unit?

A Yes, sir, outlined in green.

(Whereupon, Applicant's Exhibit 2 marked for identification.)

Q (By Mr. Kellahin) I refer you to what has been marked as Exhibit Number 2. Would you discuss the information shown on that exhibit?

A Number 2 is a structure plat which shows the structural configuration of the top of the Penrose section of the Queen formation which is the main producing zone in this area for the Eumont Gas Pool. Continental Oil is cross-X'd in yellow. The proposed unit is outlined in red. The well is show circled in red, and the offsetting Eumont Gas producers are shown circled in green. As you can see from the location of the offsetting well, the structural location is, I think -- it's obvious that the proposed additional acreage is productive of gas from the Eumont Pool.

Q Mr. Lyon, the exhibit likewise shows five additional wells on that unit. What is the confliction of those wells?

A In the Penrose, I believe that is a hearty well, located in Unit N of Section 17, and Tidewater Hardy, No. 1 and 2, located in Unit T and O respectively. All produced from the Drinkard formation. On Continental Oil Company's Lockhart A-17 lease, No. 4 is a dual completion in the Drinkard and the Tubb. Well No. 3 is a Blinebry oil well and well 2 is a dual completion in the Drinkard and Eumont.



Q This application will not involve any dedication of acreage in the Eumont, will it?

A No, sir.

(Whereupon, Applicant's Exhibit 3 marked for identification.)

Q (By Mr. Kellahin) Referring to what has been marked as Exhibit Number 3, would you discuss the information shown on that exhibit?

A Exhibit 3 is a tracing of the radioactivity log on this well showing the intervals to this well and is completed in both the Drinkard and the Eumont. The perforations are shown block colored in red, the location of the packer is shown by appropriate symbols colored in green; the casing points, the top of the Queen, Penrose, the top of the Drinkard and intervening formations between the Penrose and the Drinkard are cut out.

Q Dual completion of this well has been previously approved by the Commission, has it not?

A Yes, it has.

(Whereupon, Applicant's Exhibit 4 marked for identification.)

Q (By Mr. Kellahin) Now, referring to what has been marked Exhibit 4, would you discuss the information on that exhibit, please?

A Exhibit Number 4 is a photostatic copy of the most recent test which was run by the producer, El Paso Natural Gas Company. It shows that the well is capable of delivering into their line



at a pressure of one hundred pounds, one million two hundred twenty-four thousand cubic feet of gas per day.

Q In your opinion, would the well make the allowable to be assigned to the proposed unit if approved?

A Yes, I think the well could produce the allowable without difficulty.

Q To sum up your testimony, Mr. Lyon, is all the acreage you propose to dedicate to the well available for dedication and not presently dedicated to the Eumont?

A Yes, sir, it is.

Q Is it productive of gas in your opinion?

A Yes, sir.

Q Is the approval of this application in your opinion in the interest of protecting correlative rights and preventing waste?

A Yes.

Q Were Exhibits 1 through 4 prepared by you or under your supervision with the exception of 4 which is a copy of a well test?

A Yes, sir.

Q Have you examined Exhibit 4 and is it in your opinion accurate?

A Yes, I believe it is.

MR. KELLAHIN: At this time I'd like to offer in evidence Exhibits 1 through 4 inclusive.

MR. UTZ: Without objection, Exhibits 1 through 4 will be entered into the records of this case.



MR. KELLAHIN: That's all the questions I have of this witness.

BY MR. UTZ:

Q The acreage that you now propose to dedicate to Lockhart No. 2, has this previously been dedicated to any unit at all?

A I'm not real certain of that, Mr. Utz, I don't believe it has, because so far as I can tell these wells produce only from the Drinkard.

Q And what pressure line will this well be located?

A Well, the pressure, the static pressure shown on Exhibit Number 4 is two hundred thirty-nine pounds which is, I believe, approximately the pressure of the line which the well is producing.

Q Well, then, the well would be somewhat less than 1267 as against the two hundred thirty-nine pounds, rather than the hundred pound line?

A Yes, sir, it produced 960.2 MCF gas production.

Q Do you know offhand what the allowable would be in this side unit?

A I haven't made an investigation recently, but as I recall, it would be somewhere around a half million cubic feet a day.

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

MR. MORRIS: Yes.

BY MR. MORRIS:

Q Do you have the order number available that authorized the one hundred twenty acre unit that presently exists?



A NST-447.

Q Now, that order, does that give you any exception for an unorthodox location?

A No, I don't believe one was necessary because it was less than 160 acres.

Q You don't believe an unorthodox location was necessary because the unit contained less than 160 acres?

A It was 660 feet from the nearest boundary and therefore would be entitled to have granted to it at least 160 acres.

Q I believe, Mr. Lyon, that when we look at Rule 1670 that if you have a hundred forty proration unit in the pool, then you are bound by the district requirement that would be applicable to the pool itself rather than the acreage that you have dedicated to any particular well.

A I don't believe you can locate this well nineteen hundred eighty feet --

Q If you will assume for the moment that I am correct in my assumption.

A All right.

Q You would agree that you need an unorthodox location for this well, would you not?

A Well, if you interpret it that way, that's true.

Q And you say there is no location in your proposed unit that would be a standard location according to the Rule?

A No, sir, I don't believe we could find a standard location

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on this one.

Q Because of the size and shape of your unit, then?

A Yes, sir; and really, I think it's more or less accidental but we have gotten the well fairly well located centrally in the unit. It's much better than having it on one end.

MR. MORRIS: I have no further questions; thank you.

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

THE WITNESS: I believe I forgot to read into the record the location of this well.

MR. KELLAHIN: It's in the advertising.

THE WITNESS: All right.

MR. UTZ: If there are no further questions, the witness may be excused. The case will be taken under advisement.

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STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, THOMAS F. HORNE, Court Reporter, in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in machine shorthand and reduced to typewritten transcript 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 12th day of June 1961, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Thomas F. Horne
NOTARY PUBLIC

My Commission expires:

May 4, 1965

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of case No. 2289 heard by me on May 24, 1961.
Thomas A. [Signature], Examiner
New Mexico Oil Conservation Commission

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