

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 25, 1961

EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil Company
for a 272.38-acre non-standard gas
proration unit, Lea County, New Mexico.
Applicant, in the above-styled cause,
seeks the establishment of a 272.38-
acre non-standard gas proration unit
in the Eumont Gas Pool, comprising
Lots 2, 3, 4, 5, 6, 7 and 8 of Section
1, Township 21 South, Range 36 East,
Lea County, New Mexico; said unit is
to be dedicated to the State F-1 Well
No. 6, located 660 feet from the North
and West lines of said Section 1.

CASE NO.
2404

BEFORE: Dan S. Nutter, Examiner.

TRANSCRIPT OF HEARING

EXAMINER NUTTER: We'll call Case No. 2404.

MR. MORRIS: Application of Continental Oil Company
for a 272.38-acre non-standard gas proration unit, Lea County,
New Mexico.

MR. KELLAHIN: Jason Kellahin, Kellahin & Fox, represent-
ing the Applicant. We will have one witness I would like to have
sworn.

(Witness sworn.)

JOHN A. QUEEN

called as a witness by and on behalf of the Applicant, having been



first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please.

A John A. Queen.

Q By whom are you employed and in what position?

A Continental Oil Company as division engineer, New Mexico division.

Q Mr. Queen, in your position as division engineer for Continental Oil Company, have you testified before this Commission as an expert and had your qualifications made a matter of record?

A I have.

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

EXAMINER NUTTER: Yes, sir.

Q (By Mr. Kellahin) Are you familiar with the application of Continental Oil Company in Case No. 2404?

A Yes, I am.

Q Would you state briefly what is proposed in this application?

A This is the application of Continental Oil Company for the enlarging of a gas proration unit to the State F-1 Well No. 6 from the present 160 acres to one of 272.38 acres consisting of Lots 2, 3, 4, 5, 6, 7 and 8 of Section 1, Township 21 South, Range 36 East, Lea County, New Mexico.

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Q Do you have a plat showing the area involved in this application?

A I do have. I might add I'd like to pass out copies of all three exhibits to the Commission.

Q Referring to what has been marked Exhibit No. 1 would you state what is shown on that?

A Exhibit No. 1 is a location ownership plat showing the State F-1 lease and the surrounding area. As shown the lease consists of Section 1, Township 21 South, Range 36 East, Lea County, New Mexico. The No. 6 well to which the enlarged unit is to be dedicated for gas proration purposes is circled in red and is located 660 feet from the north and west lines of Section 1, Township 21 South, Range 36 East. The proposed 272.38 acres consists of Lots 2, 3, 4, 5, 6, 7 and 8 is shown outlined in red. The Eumont gas wells are shown circled in green and the acreage allocated to them is shown in green. The proration unit consisting of Lots 3, 4, 5, and 6 presently assigned to the No. 6 well is also outlined in green. Not all of the Eumont gas proration unit lying on Exhibit 1 is outlined.

Q Referring to Exhibit 2, would you discuss the information shown on that Exhibit?

A Yes, sir. Exhibit 2 is a structural plat contoured showing the State F-1 lease and surrounding area. The No. 6 well to which Lots 2, 3, 4, 5, 6, 7 and 8 of Section 1 are proposed to be allocated for gas proration purposes is shown in red again and



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acreage proposed to be allocated to No. 6 is also in red. The offset Eumont gas wells are in green and as indicated from this Exhibit the formation extends under the State F-1 lease which is proven by other wells to be gas productive.

Q Now, referring to what has been marked Exhibit No. 3, would you discuss the information shown on that Exhibit?

A Exhibit 3 is a copy of El Paso Natural Gas form 15-30R, showing the most recent minimum contract test on the State F-1 No. 6. It is quite evident that the well is capable of producing a 272.38 acre allowable which we are requesting.

Q What is the status of the State F No. 1, No. 2 well?

A The well was completed as an oil well but reclassified as a gas well because of accessive GOR. This well, because of producing characteristics, is unable to produce in the gas transmission line. It is proposed to allocate Lots 2, 7 and 8 of Section 1 to the State F-1 No. 6 for the proposed enlarged gas proration unit in order to prevent draining and loss of revenue from the State F-1 lease.

Q Now, the No. 2 well, as I understand your testimony, is productive of gas, is that correct?

A That's correct.

Q On the basis of the fact that the No. 2 well is productive your well test as shown by Exhibit No. 3 and the information of the structure and offsetting well as shown by your Exhibit in your opinion is all of the area you propose to dedicate



productive of gas from the Eumont?

A It is, in my opinion.

Q Were Exhibits 1, 2 and 3 prepared by you or under your supervision?

A They were.

MR. KELLAHIN: At this time I would like to offer in evidence Exhibits 1 through 3.

EXAMINER NUTTER: They will be admitted in evidence.

MR. KELLAHIN: That's all we have.

EXAMINER NUTTER: Are there any questions of Mr. Queen?

EXAMINATION

BY EXAMINER NUTTER:

Q What is the ratio of the No. 2?

A In excess of one hundred thousand. The well is producing from the State 6. I do not have the exact production. It would not produce into the gas line so rather than flare it out over long period of time to ascertain accurately the well test, we have not produced at that rate.

Q Well, is it producing at all?

A No, it's shut in.

Q Do you contemplate leaving it shut in?

A Yes, sir, we do.

Q Is it completed in the Queen sand?

A It is completed in that interval. In the Eumont Pool.

Q Mr. Queen, in looking at your Exhibit No. 2 I don't see



any of these wells circled in green which would be gas wells in the Eumont Pool which are located as close as the No. 2 structurally. Are there any gas wells producing as gas wells?

A There is a gas well located in the southwest quarter of Section 6 which lies between the minus one hundred and minus seventy-five contour intervals and is gas productive and has a unit assigned to it. I cannot locate the exact number of the well and its proration unit and therefore it was left off of the Exhibit.

Q Is that the one marked minus eighty-four?

A Yes.

Q Is there a gas unit there?

A Yes. Also, the No. 2 well, the State F-1 No. 2 well is known to produce gas and this, in our opinion, is reasonable proof that this acreage is productive of gas.

Q What about the No. 4 well in Lot 1 of Section 1?

A That is a Eumont oil well. The majority of the wells to the east of Section 1 are Eumont oil wells and since there might have been some question as to the dual dedication and where some of the oil zone and part of the gas zone are open in that well, we left it out of our request for acreage dedication. The Eumont Pool could considerably affect things in the Yates to the base of the Queen. The zone of production in the oil wells and the gas zones are not necessarily in all cases the same. In many instances these zones are not even connected within the limits of



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the reservoir.

EXAMINER NUTTER: Are there any further questions of the witness?

EXAMINATION

BY MR. MORRIS:

Q Mr. Queen, does your No. 2 well carry an over or under produced status at the present time? Have you ever produced it as a gas well?

A No, sir, we have not.

MR. MORRIS: Thank you.

EXAMINER NUTTER: Are there any further questions of the witness?

The witness may be excused.

(Witness excused.)

MR. KELLAHIN: That's all we have.

EXAMINER NUTTER: The case will be taken under advisement.



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STATE OF NEW MEXICO)
) SS
COUNTY OF SAN JUAN)

I, THOMAS F. HORNE, Court Reporter, in and for the County of San Juan, 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.

Thomas F. Horne

Notary Public

My Commission expires:

10-2-65

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. *2404* heard by me on *10/25*, 19*64*.

[Signature], Examiner.
New Mexico Oil Conservation Commission

