

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
July 24, 1963

EXAMINER HEARING

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IN THE MATTER OF: )

Application of Continental Oil Company for )  
a non-standard oil proration unit, Lea )  
County, New Mexico. Applicant, in the )  
above-styled cause, seeks approval of a )  
48.99-acre non-standard oil proration unit )  
comprising Lots 2 and 3, Section 31, )  
Township 26 South, Range 32 East, North )  
Mason-Delaware Pool, Lea County, New Mex- )  
ico, to be dedicated to its Russell )  
Federal 31 Well No. 1, located in Lot 3 )  
of said Section 31. )  
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Case No. 2868

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

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EXAMINER HEARING

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IN THE MATTER OF: )

Application of Continental Oil Company for a )  
non-standard oil proration unit, Lea County, )  
New Mexico. Applicant, in the above-styled )  
cause, seeks approval of a 48.99-acre non- )  
standard oil proration unit comprising Lots )  
2 and 3, Section 31, Township 26 South, Range )  
32 East, North Mason-Delaware Pool, Lea County, )  
New Mexico, to be dedicated to its Russell )  
Federal 31 Well No. 1, located in Lot 3 of )  
said Section 31. )

CASE 2868

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TRANSCRIPT OF HEARING

MR. NUTTER: Call Case 2868.

MR. DURRETT: Application of Continental Oil Company for  
a non-standard oil proration unit, Lea County, New Mexico.

MR. KELLAHIN: Jason Kellahin, Kellahin and Fox, repre-  
senting the Applicant. We have one witness I would like to have  
sworn, please.

(Witness sworn.)

(Whereupon, Applicant's Exhibits  
Nos. 1 and 2 marked for identi-  
fication.)

MR. KELLAHIN: If the Commission please, in connection  
with the advertisement of this case, it was advertised as the

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well being located in the North Mason-Delaware Pool. At the present time this well is actually in an undesignated Delaware Pool. I don't believe that the question of the pool delineation would properly come before the Examiner at this time. However, we do want to point out that this is not in the North Mason-Delaware Pool as presently defined.

MR. NUTTER: It's not within the defined limits?

MR. KELLAHIN: Right. We do have some testimony that it is not within the defined limits, but we don't feel this is the proper time to present it unless the Commission wants to hear it. With that in mind, we will confine our presentation to the non-standard unit question solely.

E. D. COLTHARP

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A E. D. Coltharp.

Q By whom are you employed and in what position, Mr. Coltharp?

A Continental Oil Company as District Engineer for the Hobbs District.

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



A Yes, sir, I have.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. NUTTER: Yes, sir, they are.

Q (By Mr. Nutter) Are you familiar with the application of Continental Oil Company in Case 2868?

A Yes, sir. Case 2868 is the application of Continental Oil Company for the creation of a non-standard oil proration unit to consist of Lots 2 and 3, being 48.99 acres, located in Section 31, Township 26 South, Range 32 East, Lea County, New Mexico. This unit has been developed by one well located at 1650 from the north line and 3630 feet from the east line of the section boundaries.

Q Is this situation created by the governmental survey involved in this area?

A Yes, it is.

Q Just exactly where is this located in relation to the State line?

A It's located on the southern border of the State of New Mexico and on the norther border of the State of Texas.

Q Now referring to what has been marked as Exhibit No. 1, would you identify that exhibit and discuss the information shown on it?

A Exhibit No. 1 is a structure map contoured on top of the Lamar limestone underlying the Russell Federal 31 lease and



the surrounding area in New Mexico and Texas. The Russell Federal 31 lease is outlined in red. As shown, it consists of the North Half of the Northeast Quarter in Lots 2 and 3 of Section 31, Township 26 South, Range 32 East, and it contains a total of 128.99 acres. The location of the Well No. 1 is circled in red and described as being 1650 from the north line and 3630 feet from the east line of the section boundaries, Section 31, Township 26 South, Range 32 East. Lots 2 and 3 are indicated by the green circle around those lots.

Q Is that the unit that you propose to form in this application?

A Yes, sir, it is.

Q Consisting of Lots 2 and 3?

A Yes, sir.

Q Referring to what has been marked as Exhibit No. 2, would you discuss that exhibit?

A Exhibit No. 2 is an isopacous map of the undesignated Delaware Pool underlying the Russell Federal 31 lease and the surrounding area in New Mexico and Texas. Our interpretation of the productive limits of the pool indicates all acreage within this unit boundary may be reasonably considered productive.

Q Now in that connection have you taken into consideration what appears to be a dry hole on the C. B. Reid lease to the north?

A Yes, sir. In our interpretation of the logs and core analysis of that well, we would have given that well three foot of



productive capacity. However, they did not feel that was a commercial well and therefore did not set pipe on the well to attempt completion.

Q But in your opinion it was not necessarily a dry hole, is that correct?

A No, sir.

Q Do you have any production to the south that would indicate that the acreage you propose to dedicate is productive?

A Yes, sir. There's a well drilled near the Lovington County line -- it says the "G" part of the Lovington County. If you'll notice, there's a well in that north -- it's in the Northeast of the Northeast corner of Section 2 down there in Township 1, Block 55 of T & P Railroad Survey, Lovington County.

Q You mean Loving County?

A Loving County, Texas.

Q You are talking about the "G" in Loving, and not Unit G in the Section?

A No, I'm talking about the "G" in the name Loving. The well was drilled and completed since this map was originally made.

Q Is that a producing well?

A Yes, it's producing at the present time.

Q Is it producing from the Delaware formation, the same formation as involved in your well?

A Yes, sir, it's producing from the Ramsey sand.

Q Now, has there been any other unit similar to this



formed in this immediate vicinity?

A Yes, sir. The C. B. Reid Well No. 3 in Lots 4 and 5 was granted a non-standard proration unit in Case No. 2733, R-2416 set by the Commission.

Q That is approximately the same acreage as you are asking for here, is that correct?

A Yes, sir, it is.

Q In your opinion, will the granting of this application tend to prevent waste?

A Yes, sir, it would.

Q In what way?

A As shown, these lots contain 25 acres, or slightly less than 25 acres. It's not practical to drill, we feel it's not practical to drill any more than one well per 40 acres on this location, and the single well will drain this 40 acres and we have tried in the initial planning to put the well as near as we possibly could, under the present rules and regulations of the Commission, as near as we could to the center of the proration unit.

Q Is Continental asking that its allowable be adjusted in proportion to the acreage dedicated to the well?

A Yes, sir.

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

A Yes, they were.



MR. KELLAHIN: At this time I would like to offer in evidence Exhibits 1 and 2.

MR. NUTTER: Continental's Exhibits 1 and 2 will be admitted in evidence.

(Whereupon, Applicant's Exhibits Nos. 1 and 2 admitted in evidence.)

MR. KELLAHIN: That's all the questions I have on direct examination.

MR. NUTTER: Does anyone have any questions of Mr. Coltharp?

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Coltharp, this well has been completed, is that correct?

A Yes, sir, it has.

Q What's it capable of producing at the present time?

A It's capable of producing in excess of 50 barrels a day. We have tested the well, we are testing it now at 36 barrels, 35, 37 barrels. Initial completion was approximately 60 barrels of oil per day.

Q Is it a flowing well or pumping well?

A Flowing well.

Q What's the capacity of Reid's No. 1 north of it?

A It's carried as a top allowable at the current time.

Q Is it making its top allowable, do you know?



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A Yes, sir, according to the last reports we had, it was making its top allowable, flowing.

Q How about Reid's 3 to the east?

A That well is a pumping well and not making its top allowable.

Q Making top allowable on pump?

A No, it's not making top allowable. It's making some water with it.

Q Do you know how much it can make?

A I can only go by the Commission records, which the last I recall was 15 barrels of oil per day.

Q Is that well south of your proposed unit the Marathon well?

A It was a farmout from Marathon.

Q How much is that well capable of making?

A It's a flowing well and we do not have -- it's just recently completed and we do not have its capabilities right now.

Q Do you know what the allowable assigned to that well is?

A That I do not know. No, sir, it's a Texas well.

Q Now this No. 8 Well in Section 25, is that an abandoned location or is that an abandoned producer?

A It's abandoned -- well, it's a dry hole. It was drilled.

Q It was drilled?

A Drilled, yes, sir, and it's a dry hole.



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Q How about the Marathon "D" No. 2 down there in Section 2?

A Yes, sir.

Q Is that an abandoned producer or drilled dry hole?

A Drilled dry hole.

Q Do you know what the actual defined limits of the North Mason-Delaware Pool are in this area?

A No, sir. I do not know exactly the over-all limits.

MR. NUTTER: Are there any other questions of the witness? He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: Nothing, that's all, Mr. Nutter.

MR. NUTTER: Does anyone have anything they wish to offer in Case 2868? We will take the case under advisement.

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