## Case Number 1455

Application
Trascripts
Small Exhibits

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## BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION CONFERENCE HALL, STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO June 16, 1972 EXAMINER HEARING

IN THE MATTER OF:

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Application of Continental Oil Company for transfer of allowable, Lea County, New Mexico.

**CASE 4557** 

BEFORE: A. L. Porter, Jr.

Examiner

Alex Armijo Examiner

TRANSCRIPT OF HEARING

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MR. PORTER: We will now move on to Case I will announce that it is indicated on the Docket here that, at the request of the Applicant, Case 4557 will be continued. Mr. Hatch, I assume that the continuance is until the next regular meeting?

MR. HATCH: I recommend that the Case be continued to the regular Commission Hearing to be held August 16, 1972.

MR. PORTER: Without objection, Case 4557 will be continued to the regular August Hearing date.

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STATE OF NEW MEXICO COUNTY OF BERNALILLO

I, RICHARD E. McCORMICK, a Certified Shorthand Reporter, in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings to the best of my knowledge, skill and ability.

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MR. PORTER: We will now take up Case 4557.

MR. HATCH: Case 4557 is the application of Continental Oil Company for transfer of allowable, Lea County, New Mexico.

MR. KELLAHIN: If the Commission please, Jason Kellahin of Kellahin & Fox, Santa Fe, appearing for the applicant.

We request that this case be continued to the June 16th hearing of the Commission. I believe the proposal that Mr. Porter has outlined here will probably solve our problem and, at which time, of course, the Case will be dismised.

But we would like an opportunity to wait and see what is done.

MR. PORTER: Are there any objections to counsel's motion to continue Case 4557?

(No response)

MR. PORTER: Case 4557 will be continued until the regular hearing in June.

STATE OF NEW MEXICO SS COUNTY OF BERNALILLO

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Ruhard E. M. Grucek
CERTIFIED SHORTHAND REPORTER

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DALLY COPY, CONVENTIONS

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NEW MEXICO OIL CONSERVATION COMMISSION MORGAN HALL, STATE LAND OFFICE BUILDING

BEFORE THE

Case No. 4557

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MR. PORTER: We had one case to call while we are down here.

MR. HATCH: Case 4557, a De Novo. Application of Continental Oil Company for a transfer of allowable, Lea County, New Mexico. The applicant has requested the case be continued to the Hearing to be held on April 19th, in Hobbs, New Mexico.

MR. PORTER: If there is no objection, the case which is advertised as a De Novo Hearing will be continued, to the Hearing in Hobbs, on April 19th. This is the application by the Continental Oil Company.

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STATE OF NEW MEXICO 95 COUNTY OF BERNALILLO

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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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MR. PORTER: Next we will call Case 4557.

MR. HATCH: Another De Novo case, Application of Continental Oil Company for transfer of allowable, Lea County, New Mexico.

Applicant in this case has requested the continuance of the hearing, of hearing to be held February 16, 1972.

MR. PORTER: If there is no objection, the Commission will continue the hearing on Case 4557 to February 16, 1972, the regular hearing.

Are there any other cases, Mr. Hatch, to be considered?

MR. HATCH: No.

MR. PORTER: If not, the regular hearing will be adjourned.

The examiner hearing, would you like to reconvene that upstairs, Mr. Utz?

MR. UTZ: Yes, we will reconvene up there right after a coffee break.

MR. PORTER: Suppose we reconvene upstairs with the Examiner Hearing about 10:15.

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STATE OF NEW MEXICO SS COUNTY OF BERNALILLO

I, RICHARD STURGES, Court Reporter in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill, and ability.

SPECIALIZING IN DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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MR. PORTER: We will call Case 4557.

MR. HATCH: Case 4557. Application of Continental Oil Company for transfer of allowable, Lea County, New Mexico.

And the Commission has received a request that this case be continued, and I would move that it be continued to the same date, December 15, 1971.

MR. PORTER: Case 4557, if there are no objections, this case will be continued to December 15.

Looks like we're going to have a busy December. The others cases on the docket will be heard by Examiner Nutter.

We are going to have a recess at this time. The Regular Hearing has been concluded, and I believe that the Examiner Hearing will reconvene in the Spring River room, Mr. Nutter, unless there are too many people for that room.

We may have to remain in here. It would have to be clarified.

MR. NUTTER: That is a pretty small room. Let's have a show of hands of those that will attend that hearing. They'll fit.

It will take us a few moments to move over. I suggest we recess until ten o'clock, Mr. Porter.

MR. PORTER: Until ten o'clock? The Regular
Hearing has been concluded. The Examiner Hearing will reconvene
in the Spring River room at ten o'clock.

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STATE OF NEW MEXICO
 COUNTY OF BERNALILLO )
       I, LINDA MALONE, Court Reporter, do hereby certify that
  the foregoing and attached Transcript of Hearing before the
  New Mexico Oil Conservation Commission was reported by me;
  that the same is a true and correct record of the said
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  proceedings, to the best of my knowledge, skill and ability.
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BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION SANTA FE, NEW MEXICO June 30, 1971

EXAMINER HEARING

IN THE MATTER OF

Application of Continental Oil Company\_) Case No. 4557 for transfer of allowable, Lea County, ) New Mexico.

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING



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The hearing will come to order. MR. UTZ: MR. HATCH: Application of Continental Oil Company for transfer of allowable, Lea County, New Mexico. MR. KELLAHIN: If the Examiner please, Jason Kellahin, Kellahin and Fox, Santa Fe, New Mexico, appearing for the applicant. We have one witness I would like to have sworn. (Witness sworn) VICTOR T. LYON having been first duly sworn, testified as follows: DIRECT EXAMINATION BY MR. KELLAHIN: Would you state your name, please? Victor T. Lyon. By whom are you employed and in what position, Mr. Lyon? I am employed by Continental Oil Company as Conservation Coordinator, Hobbs Division Office, Hobbs, New Mexico. Have you testified before the Oil Conservation Commission and made your qualifications a matter of record? Yes, I have. MR. KELLAHIN: Are the witness' qualifications acceptable? MR. UTZ: Yes, they are. (Mr. Kellahin continuing) Are you familiar with the application of Continental Oil Company in Case 4557?

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Yes, sir.

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Briefly, what is proposed by the applicant in this case? Case 4557 is the application of Continental Oil Company for authority to transfer allowable between participating areas and the leases within the Maljamar Cooperative Area but outside the participating area in connection with the Maljamar-Greyburg-San Andres water flood project within the said Cooperative area.

(Whereupon, Applicant's Exhibit Number one was marked for identification)

Now referring to what has been marked as the Applicant's Exhibit Number One, would you identify that exhibit? Yes, sir. Exhibit Number One is a location plat showing the Maljamar Cooperative Area and the surrounding area. The Cooperative Area is shown by the dot-dash line, the heavy line embracing Section 14 through 23 and 26 -- no, excuse me, 25 through 36 in Township 17 South, Range 32 East and the West half of Section 30, in Township 17 South, Range 33 East. The participating area is shown by the dotted line which comprises a large portion but not all of the Cooperative area. The area within the dotted line, the participating area has been fully unitized and this unit agreement was approved by Order number R-2403. We also show in various colors on the map, the leases with-

in the Cooperative area but outside of the participating

areas which are owned and operated by Continental Oil
Company. These are the Mitchell B Leases which are
outlined in red in Section 17 and 18, the State B Lease
which is outlined in green in Section 16, the Gulf E
Lease which is outlined in blue in Section 16, the
Hudson Federal Lease which is outlined in yellow, Section
15, the Bash B Lease, which is outlined in red in Section
22, the Merrill B Lease which is outlined in blue in
Section 23, the Merrill BX Lease which is outlined in green
in Section 14, and the Taylor Lease, which is outlined
in yellow, in Section 14.

- Now, how did it occur that these Leases were excluded from the participating area?
- During the negotiation of the unit, which consists of the participating area, it was necessary to limit the producing the participating area to those tracts which have been developed by a given cut-off date and the wells which are outside of the participating area were drilled after this cut-off date.
- 20 Q Has the production of these leases been maintained on a separate basis?
- 22 A Yes, sir.
- No commingling with the production from the participating area?
- They are completely segregated except for the Merrill B

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and BX Leases, which is commingled under a commingling order approved by the Commission.

(Whereupon, Applicant's

Exhibit Number two was

marked for identification)

Q Now, referring to what has been marked as Exhibit Number
Two, would you discuss that exhibit?

Exhibit Number Two is a plat showing the same area as was shown on Exhibit Number One and this exhibit shows the injection wells by the triangles circumscribed around the well symbol. It shows the stages in which the water flood was expanded. The initial pilot area is shown in the triangle, the black triangle within the Southwest quarter of Section 21, and the Northwest quarter of Section 28. This pilot flood was then expanded to the area shown outlined in red in Sections 16, 21 and 28, and then the second expansion was -- include Section 20 and 29, then it was expanded into the area enclosed or outlined in blue in Sections 18, 19 and 30 and 31 and then the North Maljamar Area which is the area outlined in yellow in Sections 16, 17 and 18 and then, I believe, the Pearl Area which is in Sections 25 and 30 outlined in pink and then the State Four Area which is outlined in orange in Sections 22, 23, 26, 27, 33 and 34 and, then, finally the area outlined in brown in

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Sections 14 and 23. I believe this includes -- yes, the part of Section 22, the Bash B Lease.

- Now, these various expansions include both lands within the participating area and the lands outside the participating area, is that correct?
- A Yes, they did. Several of the expansions included both the participating area and the leases outside the participating area in the same water flood expansion order.
- Now, has the operator consistently held to an 80-acre five-spot development?
  - Yes, sir. We have consistently injected into wells which are located in the Northwest quarter and the Southeast quarter of each quarter section so that there is a uniform 80-acre five-spot pattern as to the injection, and this pattern extends throughout the entire Cooperative area so that actually, the entire Cooperative area has been developed as if it were one lease, and for the most part, this balances the injection, and producing wells vary and in those instances that it is not completely balanced is because there doesn't happen to be a well on the particular location which would be called for under this particular pattern.
- Q But, you have separately accounted for all the production from the participating area and outside of the participating

1		area?
2	Λ	Yes, sir. The square symbol in these various leases
3		indicates the location on the tank battery and the
4		from the those leases are produced
		into that tank battery and it is separately measured
5	er .	and sold from that individual battery.
6		Now, each of those expansions has been with the
7	Q	Now, each of the Oil Conservation Commission, the approval of the Oil Conservation Commission, the
8		approval of the OII commissioner of Public Lands, and the U. S. Geological
9		
10		Survey, has it not?
11	A	That's correct.
12	Q	Now, on the East-West line of the Cooperative area, you
13		Now, on the had have a number of wells drilled close to the line, is have a number of wells drilled close to the line, is
14		have a number of the duarter- that correct, drilled near the corners of the quarter-
go		
15	_	hamked on a program of in-fill drilling so
16	A	have been drilled right near the collision
17		guarter section in an area which 25
18		along the center East-West line ""
19	•	pay is the thickest and there are sufficient reserves
2	0	pay is the thickest and the pay is the pay
2	1	in there that we can justiff the state of the state of the state of the drilled, to date, approximately 34 wells in this in-fill drilled, to date, approximately 34 wells in this in-fill
2	2	drilled, to date, approximately
	23	drilling program.
٠.		drilling program.  O Now, some of these were re-completions from the Paddock
	24	Zone A?

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The in-fill drilling has two primary purposes. One was to evaluate the existence of economically recoverable reserves in the ninth massive zone which is below the zone which we were originally flooding and to recover desirable reserves in those areas of the pattern which are least efficiently drained or least efficiently flooded and to evaluate this program, we re-completed some of the Paddock Wells in there, and those being successful, we embarked on the in-fill drilling program. (Whereupon Applicant s

Exhibit Number Three was marked for (identification.)

- Now referring to what has been marked as Exhibit Number Three, would you discuss that Exhibit?
- I might point out, too, that until we started on this program, very few of the existing wells a year ago had Λ completely penetrated the ninth massive zone and, so, a large part of our program in the in-fill program is to operate the ninth massive in the areas where it is productive.
- Now, that ninth massive zone is subject to water flood Q under this project, is it not?
- Yes, it is within the San Andres Formation.
- Does that complete your testimony on Exhibit Two? 24

1	Λ	Yes, I believe so.
2	Q	Referring to Exhibit Three, would you identify that Exhibit?
3	Α	Exhibit Three is a production performance curve of the
4		NCA Unit participating area from beginning in 1963 to the
5		present and this curve reflects that we have increased
6		the producing rate from approximately 3,500 barrels in 1963
7		to about 12,500 barrels in April of 1971.
8	Q	Now, does this reflect substantial increase in the
9		producing rates within the participating area?
10	Α	Yes, it certainly does.
11	Q	Does that pose a problem to you?
12	Α	Well, it isn't a problem yet, but it appears that with
13		additional response to water flooding with the completion
14		of additional in-fill wells, there is almost certain to be
15		a problem of the allowable fitting our producing rate.
16	Q	It will, in other words, increase your production from the
17		participating area under the present assigned allowable?
18	A	Yes. We anticipate, that based on the 70 barrels per day
19		normal unit allowable, we will be able to exceed the
20		allowable within the next three to six months.
21	Q	Now, do you plan to continue drilling in-fill wells in the
22		project area?
23	Α	Well, provided that we are successful in this application
24	د د	and provided that the wells continue to be produced as
25		successfully as they have in the past, yes, we do intend

to drill additional wells. do you feel that that is certain for economic and operation 0 of the project? 3 Α Yes. It is economically justified, in your opinion, by the Q 5 additional reserves that will be recovered? Yes. It -- as you can tell from Exhibit Three, beginning Α in about 1968, there has been a steady increase in producing 8 The in-fill drilling program is accelerating the 9 income from this property which will have the effect of 10 shortening the producing life and it also has the effect 11 of recovering additional reserves which otherwise wouldn't 12 be recoverable. Based on these two factors, we can 13 economically continue the in-fill drilling program, but it 14 is essential that we be able to produce these wells at 15 capacity in order to justify the continued drilling. 16 If you don't continue the drilling, will it result in the 17 loss of oil that could be recovered? 18 Yes, in my opinion, it certainly will. 19 (Whereupon, Applicant's 20 Exhibit Number Four was 21 Marked for Identification) 22 Now, referring to what has been marked as Exhibit Number, 23 would you identify that Exhibit? 24 Exhibit Number Four is a production performance curve of the

Mitchell B Lease which is that lease outlined in red on Exhibit One. And that reflects the same situation as shown on the Exhibit Three? We have experienced some increase in production beginning in 1969 but it appears to have leveled off. We don't know if it has the same sharp increase in production. (Whereupon, Applicant's 8 Exhibits Numbers Five, Six, 9 . Seven, Eight, and Nine were 10 marked for identification 11 Would you give the same discussion of Exhibits Five, Six, 12 Seven, Eight, and Nine? 13 Yes, sir. Exhibit Five is a production performance curve 14 on the State B Lease which is the lease marked in green on 15 Exhibit One. 16 Exhibit Number six is a performance curve on the Gulf 17 State E Lease which is outlined in blue on Exhibit Number 18 One. 19 Exhibit Number Seven is a performance curve on the Merrill 20 B Lease which is outlined in blue in Section 23 on Exhibit 21 Number One. 22 Exhibit Number Eight is the performance curve of the 23 Merrill BX Lease which is outlined in green on Exhibit 24 Number One and Exhibit Nine is a performance curve on the 25

Taylor Lease which is outlined in yellow. acres in Section 14 on Exhibit Number One. Now, these are all the leases that are outside the participating area, is that correct? No, there is one more, actually. Well, there is two more. One is the Hudson Federal which is outlined in yellow in 6 7 Section 15 which has only an injection well and the other 8 is the Pearl B Lease which is located -- it consists of the South half of the Southwest quarter of Section 30 in 9 Township 17 South, Range 33 East. This has only a producing 10 well on it. 11 Well, now, Exhibits Four through Nine inclusive don't 12 reflect the production from leases that are outside the 13 participating area? 14 Yes. I might point out that all of those leases are 15 available to it by virtue of Rule 701 and there being in 16 the project area, allowable which is not being utilized. 17 They do not have capacity to produce up to their maximum allowable. The allowable is not needed on those leases, at 19 least not at this time. It is needed or it will be needed 20 very shortly in the participating area. 21 Now, the primary recoveries from those leases was not as 22 great as the leases within the participating area, was it? 23 That is true. The pay is considerably thinner in there and 24 of much poorer quality on those leases and consequently

this is one reason that they were developed so late and it also explains why their performance have been so poor.  And, you would anticipate the water flood producing rates would be poor, also for the same reason?  Yes. I might also point out that those leases are owned loo percent by Continental Oil. We do not own 100 percent of the participating area and it is certainly to our interest to see that every barrel of oil is produced off those leases that we can produce.  Now, do you have lease-line agreements between the participating area and the adjoining leases?  We have lease-line agreements with operators of offset leases. We do not have agreements between Continental as operator of the participating area and Continental as operator of these other leases.  Only with the offset properties outside the Cooperative area?  Yes, sir.  Now, the purpose of the hearing here today is to seek transfer of this excess allowable to the participating area, is that correct?  Yes, sir.  Do you feel that there is an excess allowable which sho		13.
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A Yes, sir.  Now, the purpose of the hearing here today is to seek  Now, the purpose of the hearing here today is to seek  transfer of this excess allowable to the participating  area, is that correct?  Yes, sir.	17	area?
transfer of this excess allowable which sho		A Yes, sir.
area, is that correct?  21  Yes, sir.  Yes, sir.		Q Now, the purpose of the participating
Yes, sir.	20	transfer of the correct?
Yes, sir.  No you feel that there is an excess allowable which.  Do you feel that there is an excess allowable which.	21	area, 15 Chian sho
DO YOU TOUR TOUR YOUR TOUR TOUR TOUR TOUR TOUR TOUR TOUR T	22	A Yes, sir.
23	23.	in the inco
be transferrow and protection of correlative rights?	24	be trained be trained of correlative rights?

1	λ	Yes, sir, We feel that we can conduct this water flooding
2		more efficiently if we can produce it at the capacity of
3		the wells. We would like to do this so far as is possible
4		within the scope of Rule 701.
5	Q	Now, you do have some gas production, do you not?
6	A	Yes. We have some gas production and we have a gasoline
7	r ja s. S	plant at Maljamar which is capable of handling all of the
8		gas which is produced and anticipated to be produced from
9	i. Mail	this area.
10	Q	You have had no problem with flaring of gas at that
11		gasoline plant?
12	Α	Not except for very short times when there was some.
13	Q	Major?
14	A	Major problems which Mr. Ramey is aware of and I think we
15	1 Dec	were able to handle that without a problem. It has us
16		worried for a while, but I think we handled it.
17	Ď	Now, to summarize your testimony, you propose an aggressive
് <sub>18</sub>		in-fill drilling program in the participating area, is
19		that correct?
20	A	Yes, that is correct.
21	Q	And, that will increase your producing rates substantially
22	A	Yes, These wells have potential for about 200 barrels a
23		day or better, so every additional well that we complete -
24		You anticipate your producing rate will exceed the project
25		allowable?
20	· L	· · · · · · · · · · · · · · · · · · ·

da a complementa de la compacta de la completa del la completa de la completa de la completa de la completa de la completa del la completa de la completa del la completa de la completa del la completa della della della completa della della

Α	Yes, we feel certain that it will.
Q	The leases owned and operated by Continental Oil Company
	within the cooperative area but outside the participating
	area are having a response to water flood, are they not?
λ	Yes, they are responding but not to the same degree as of
	yet. I anticipate that they will respond further and I want
	to assure the Commissioner that those wells will be produced
	at their capacity so that they will not be held back
	at any time by virtue of any allowable transferred to the
	participating area. We will only transfer allowable which
	is not needed on those leases.
Q	And, the allowable transferred will not cause any damage
	to either the leases outside or inside the participating
	area, will it?
A	No, it will not.
Q	And, your gasoline plant facilities are capable of handling
	all the gas produced?
Α	Yes, sir.
Q	even with the increased production?
Α	Yes, sir.
Q	Were Exhibits One through Nine inclusive prepared by you
	or under your supervision?
λ	Yes, they were.
	MR. KELLAHIN: At this time, I would like to offer in
	evidence, Exhibits One through nine inclusive.

*j* 

MR. UTZ: Exhibits One through Nine, inclusive, will be entered into the record of this case. Any questions of the witness?

(Whereupon, Applicant's Exhibits One through Nine were entered in evidence)

MR. HATCH: I have one. Maybe it is to Mr. Kellahin. Is it the contention here that if I had a proration unit over here under one lease and another proration unit someplace else and I have a well capable of exceeding the top allowable on one unit but one not capable of meeting -- producing its top allowable on the other unit that the Commission would have authority to allow me to transfer part of the allowable from one proration unit to another?

MR. KELLAHIN: I don't think that is exactly the situation we have here. We have a Cooperative area which is -- was approved by this Commission some 20 years ago, was it not?

MR. UTZ: Longer than that.

MR. KELLANIN: It has been subject to the transfer of allowables historically throughout this area. This is nothing new here. What we are proposing now has a little different twist from the usual situation but we had, in effect, a water flood affecting the entire area. We have separate accounting, it is true, from one area to the other, but it is all under one project.

MR. HATCH: There has been transfer of the allowable in the participating area and non-participating area before?

THE WITNESS: No, there hasn't. I don't believe there has.

MR. KELLAHIN: I don't believe so.

THE WITNESS: In effect, the other agreement on this thing unitized the gas. There was a gas re-pressuring program, but the oil was not unitized until supplement Number Five of the Maljamar Cooperative agreement. I might point out that in Order R-2403, the project area consists of the cooperative area, the larger area, and there is a provision in there that says that "allowables will not be transferred between the participating area and the leases outside the participating area except after notice and hearing," so I feel that this situation was contemplated when that order was written and we are having our notice of hearing because we feel that there is a need to transfer this allowable.

MR. KELLAHIN: This was anticipated at the time of the original hearing when this project was approved by the Commission, but this project is unique in the State, there is no question about it.

THE WITNESS: Probably in this country.

MR. KELLAHIN: Probably in this country.

MR. RAMEY: Did you say that the Cooperative area

and the non-participating areas are all under the same project?

MR. KELLAHIN: That is correct.

THE WITNESS: Yes, under Order R-2403.

MR. RAMEY: If the allowable is needed back in the Cooperative area, it will be used there?

THE WITNESS: Yes, it will be used on the leases; as much of it as is needed for that lease will be used for the lease and any excess we have whatever is needed, will be transferred to the participating area.

MR. RAMEY: What if you get in a situation where you need all the allowable for both the participating and the non-participating in the participating area?

THE WITNESS: We haven't crossed that bridge yet, but I will be talking to you. We hope this will take care of us, at least during the period of a slight depression of allowables that we have now.

MR. UTZ: Are there other questions? The production of these leases is still on the increase, isn't that correct?

THE WITNESS: Yes, but is not very spectacular.

MR. UTZ: I notice two that are on the way down.

THE WITNESS: Some of them are pretty eratic.

MR, UTZ: I am not sure that I exactly understand the ownership of the participating area and the area

outside of the participating area but within the

Cooperative agreement yet. How does the interest vary?

THE WITNESS: Well, the area -- the participating

area is fully unitized.

MR. UTZ: That is as to everything, oil and gas?

THE WITNESS: Yes, within the Greyburg-San Andres
it is fully unitized so that ownership is identical in
every acre in the participating area. It is a unit
in every respect. The leases which are inside the
Cooperative area but not inside the participating area
are still owned by -- as if they were not any unit.
Continental owns all the leases that are marked to be
owned by Continental and there is one by Fair Oil
Company and there may be another one or two in there,
but those are not unitized and they are operated as an
individual lease.

MR'UTZ: All of them together or each individual lease?

THE WITNESS: Each individual lease.

MR. UTZ: But they are receiving response from the water flood in the cooperative area?

THE WITNESS: Yes, sir. See, we are also injecting on those leases on the same pattern that we are using in the Cooperative -- in the participating area.

MR. UTZ: And, the purpose of this case is to allow

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you to transfer allowable from any one or all of these leases to the participating area --

THE WITNESS: Yes.

MR UTZ: -- if the ownership between this participating area and this area is not the same?

THE WITNESS: That's right.

MR. UTZ: Is somebody going to get taken advantage of --

THE WITNESS: I don't think so.

MR. UTZ: --as far as royalty is concerned?

THE WITNESS: I don't believe any of those leases outside the participating area will be handicapped in any way. Now, a part of these leases, several of them have some acreage within the participating area.

MR. HATCH: I might interrupt here. I believe that the Commission has approved, in the past, some water flood projects that were not completely unitized and in which they allowed transfer of allowable if there are agreements between all the parties concerned; it could be done. I would have to look those orders up, now, but I think there are some orders.

MR. KELLAHIN: Mr. Hatch, I have a copy of the Order R-2403. In paragraph four, the lower portion, in regard to the last part of that paragraph covers this transfer.

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MR. UTZ: Is the injection of water in that proposed Cooperative area entered the same as the agreement?

MR. KELLAHIN: The order implies that it's part of

the old original Maljamar Cooperative area which was a re-pressuring program by gas injection.

MR. UTZ: I am going to leave it up to my attorney.

Are there other questions of the witness? The witness

may be excused.

(Witness excused)

MR. UTZ: Are there statements? The case will be taken under advisement.

	<u>I</u>	NDEX			
WITNESS:			PAGE		
Victor T. Lyon			2		
Direct Examination b	y Mr. I	Kellahin	2		
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EXHIBITS		MARKED	OFFERED AN ADMITTED		
Applicant's Exhibit	1	3	16		
	2	5 8	16 ⊙ 16		
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	5 - 9	<b>11</b>	<b>16</b>		
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STATE OF NEW MEXICO) COUNTY OF BERNALILLO) I, GLENDA BURKS, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability. heropy eartify that the foregoing is the properties to proceed the proceedings to the proceedings of the source. miner hearfas New Meal to 011 Condorvation 



# OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO P. O. BOX 2088 - SANTA FE 87501

August 8, 1972

GOVERNOR BRUCE KING CHAIRMAN LAND COMMISSIONER ALEX J. ARMIJO MEMBER STATE GEOLOGIST A. L. PORTER, JR. SECRETARY - DIRECTOR

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4557 Case No.\_\_\_ Re: R-4170-A Order No. Applicant: Continental Oil Company

Enclosed herewith are two copies of the above-referenced Dear Sir: Commission order recently entered in the subject case.

Very truly yours,

TO SECURE LINE WHEN DESCRIPTION OF THE PROPERTY OF THE PROPERT

A. L. PORTER, Jr. Secretary-Director

ALP/ir copy of order also sent to: Hobbs OCC\_ Artesia OCC Aztec OCC

Other\_



# OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO P. O. BOX 2088 - SANTA FE 87501

July 21, 1971

GOVERNOR **BRUCE KING** CHAIRMAN

LAND COMMISSIONER ALEX J. ARMIJO MEMBER

STATE GEOLOGIST A. L. PORTER, JR. SECRETARY - DIRECTOR

(1) 1	Re: Case No. 4557
Mr. Jason Kellahin Kellahin & Fox	Order No. R-4170
Attorneys at Law Post Office Box 1769	Applicant:
Santa Fe, New Mexico	Continental Oil Company
Dear Sir:	
Enclosed herewith are two copie Commission order recently enter	es of the above-referenced red in the subject case.

A. L. PORTER, Jr.

Secretary-Director De

Very truly yours,

ALP/ir	
Copy of order also	sent to:
Hobbs OCC x	
Aztec OCC	
Other_	

# BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

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

> CASE NO. 4557 (De Novo) Order No. R-4170-A

APPLICATION OF CONTINENTAL OIL COMPANY FOR TRANSFER OF ALLOWABLE, LEA COUNTY, NEW MEXICO.

## ORDER OF THE COMMISSION

## BY THE COMMISSION:

This cause came on for hearing de novo at 9 a.m. on June 16, 1972, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission" and was continued to August 16, 1972.

NOW, on this 7th day of August, 1972, the Commission, a quorum being present, having considered the record, and being fully advised in the premises,

### FINDS:

That Continental Oil Company's request for dismissal of the application for hearing de novo should be granted.

## IT IS THEREFORE ORDERED:

That the application for hearing de novo is hereby dismissed.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

BRUCE\_KING, Chairman

ALEX J, ARMIJO, Member

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

SEAL

dr/

# BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

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

> CASE NO. 4557 Order No. R-4170

APPLICATION OF CONTINENTAL OIL COMPANY FOR TRANSFER OF ALLOWABLE, LEA COUNTY, NEW MEXICO.

#### ORDER OF THE COMMISSION

#### BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 30, 1971, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 19th day of July, 1971, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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 Maljamar Participating Area of the MCA Unit and is the operator of leases outside the Participating Area but within the boundaries of the Maljamar Cooperative Area approved by Order No. R-2403, as amended.
- (3) That the applicant seeks authority to transfer allowable from wells on its leases that are within the Cooperative area but outside the Participating Area to wells that are within the Participating Area.
- (4) That Order No. R-2403, as amended, adopted a formula for the allocation of production to the Participating Area and other committed leases within the boundaries of the Maljamar Cooperative Agreement Area, Maljamar Grayburg-San Andres Pool, Lea County, New Mexico.

-2-CASE NO. 4557 Order No. R-4170

- (5) That Order (4) of said Order No. R-2403 provided that no allowable shall be transferred across the boundary of the Participating Area or across the boundary of any lease outside the Participating area without notice and hearing.
- (6) That approval of the subject application would permit wells within the Participating Area to produce more than their just and equitable share of the oil from the subject pool and would, therefore, violate the correlative rights of other operators in the pool.
  - (7) That the subject application should be denied.

## IT IS THEREFORE ORDERED:

- (1) That the subject application is hereby denied.
- (2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

BRUGE KING, Chairman

ALEX J. ARMIJO, Member

a. L. Perter

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

SEAL

dr/

### DOCKET: REGULAR HEARING - FRIDAY - JUNE 16, 1972

OIL CONSERVATION COMMISSION - 9 A.M. MORGAN HALL, STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO

ALLOWABLE: (1) Consideration of the oil allowable for July and August, 1972;

(2) Consideration of the allowable production of gas for July, 1972, from fifteen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico. Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico, for July, 1972; also presentation of purchaser's nominations for the period commencing August 1, 1972, and ending December 31, 1972, for that area.

CASE 4737: In the matter of the hearing called by the Oil Conservation Commission on its own motion for the amendment of certain rules and regulations of the Commission pertaining to oil proration.

The Commission will consider the amendment of Rules 503, 505, 701-E, 1104, and 1121 to establish depth bracket allowables for the oil pools of New Mexico based on a 100 percent market demand factor; to adopt a procedure for the establishment of market demand factors of less than 100 percent when necessary; to permit the adoption of special depth bracket allowables of more than or less than the regular depth bracket allowables for pools after notice and hearing; to provide for the issuance of oil provation schedules and supplements thereto as necessary; and to consider the assignment of the applicable depth bracket allowable to those pools for which special proportional factors for allowable purposes have been assigned.

CASE 4557:

(De Novo) This case will be continued.

Application of Continental Oil Company for transfer of allowable,
Lea County, New Mexico. Applicant, in the above-styled cause, seeks
authority to transfer allowable across boundaries of the participating
area and the leases outside said area, but within the Maljamar Cooperative Area, MCA Unit Area, Maljamar Grayburg-San Andres Pool, Lea
County, New Mexico.

Upon application of Continental Oil Company, this case will be heard De Novo under the provisions of Rule 1220

\* \* \* \* \* \* \* \* \* \* \* \* \* \* \*

CASE 4738: Southeastern nomenclature case calling for an order for the extension of certain pools in Lea County, New Mexico.

(a) Extend the Flying "M"-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, MAPA

(Case 4738 continued)

(b) Extend the Hobbs-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM SECTION 4: NE/4

(c) Extend the Teague-Blinebry Pocl in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM SECTION 34: NE/4

(d) Extend the Tres Papalotes-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 34 EAST, NMPM SECTION 4: NW/4 SECTION 5: NE/4

(e) Extend the Vada-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM SECTION 17: NW/4

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# NEW MEXICO OIL CONSERVATION COMMISSION SANTA FE, NEW MEXICO

# PROPOSED CHANGES IN COMMISSION SERIES 500 RULES GOVERNING OIL PRORATION AND ALLOCATION

RULES 501 AND 502: NO CHANGE

RULE 503. AUTHORIZATION FOR PRODUCTION OF OIL

- (a) Except as provided below, the daily top unit allowable for any oil pool shall be 100 percent of the depth bracket allowable for the pool determined pursuant to the provisions of Rule 505.
- (b) Every other month the Commission shall, within five days prior to the end of the month, make a determination as to the likelihood of the total producing capacity of all oil wells in the state being in excess of anticipated reasonable market demand for crude petroleum oil from this state.

If the Commission determines that such capacity may be in excess of the anticipated reasonable market demand, and that a market demand factor of less than 100 percent may be necessary to prevent waste, then it shall immediately institute proper proceedings for a hearing to be held before the 20th day of the following month to determine actual reasonable market demand for the next two succeeding months.

- (c) At said hearing the Commission shall consider all evidence of market demand for crude petroleum oil from this state, and if it is determined that the market demand percentage factor should be less than 100 percent, an order shall be issued establishing the market demand factor for the ensuing two-month period and setting a date for the next market demand hearing.
- (d) The market demand factor thus established shall be multiplied by the applicable depth bracket allowable for each well and each pool to determine its top unit allowable. Any fraction of a barrel shall be regarded as a full barrel in determining top unit allowable.

Upon initial establishment of a market demand factor, and from time to time thereafter, the Commission shall issue a proration schedule authorizing the production of oil from the various proration units in the various pools in the state. Any well completed or recompleted after the issuance of said schedule and for which Form C-104 has been approved, shall, by supplement to the schedule, be authorized a daily allowable equal to the ability of the well to produce up to and including the top unit allowable in effect. The allowable for such well shall become effective at 7:00 a.m. on the date of completion, provided Form C-104 is submitted and approved within ten days following date of completion; otherwise

the allowable shall be effective on the date the C-104 is approved. (As provided in Rule 1104, "date of completion" is the date when new oil is delivered into the stock tanks.)

(e) A non-marginal unit is defined as being a proration unit which is capable of producing top unit allowable for the pool in which it is located and to which has been assigned a top unit allowable. Any such non-marginal unit shall be permitted to produce said top unit allowable without waste and subject to the provisions of Rules 301, 502, and 506, and all other applicable rules. Top unit allowable will be assigned only to those units which by tests have demonstrated their ability to produce top unit allowable.

A marginal unit is defined as being a proration unit which is incapable of producing top unit allowable for the pool in which it is located as evidenced by well test, production history, or other report or form filed by the operator with the Commission. Any such marginal unit shall be permitted to produce any amount of oil which it is capable of producing without waste up to top unit allowable for the pool, subject to the provisions of Rules 301, 502, and 506, and all other applicable rules, provided that an allowable has been assigned to the unit to authorize such production.

A penalized unit is defined as being a proration unit to which, because of an excessive gas-oil ratio, an allowable has been assigned which is less than top unit allowable for the pool and also less than the ability of the well(s) on the unit to produce. Such penalized allowable shall be determined in accordance with the procedure set forth in Rule 506. In calculating a penalized allowable, any fraction of a barrel shall be regarded as a full barrel.

- (f) Any change in the allowable assigned to any unit-non-marginal, marginal, or penalized, shall be accomplished through issuance of a new proration schedule or by supplement to a previously issued proration schedule. A periodic tabulation of all supplements to the current proration schedule shall be made and distributed by the Commission.
- (g) The provisions of Rule 104(H) et seq. shall be adhered to in fixing top unit allowables.
  - (h) Same as 503(f) at present; no change.

RULE 504. NO CHANGE

RULE 505. DEPTH BRACKET ALLOWABLES

(a) Subject to the market demand percentage factor determined pursuant to the provisions of Rule 503, the daily oil allowable for each oil pool in the state shall be equal to the appropriate depth bracket allowable below. The depth of the casing

shoe or the top perforation in the casing, whichever is higher, in the first well completed in the pool shall determine the depth classification for the pool. Daily oil allowables for each of the several ranges of depth and spacing patterns shall be as follows:

POOL DEPTH RANGE

DEPTH BRACKET ALLOWABLE

	i Alasakilkan		40 Acres	80 Acres	160 Acres
0 to	0 4,999 1	feet	80 hbls.	160 bbls.	
5,000 to	5,999		107 "	187 "	347 bbls.
6,000 to	6,999		142 "	222 "	382 "
7,000 to	7,999		187 "	267 "	427 "
8,000 to	8,999	g <b>e</b> laga in the color of the factor of the	230 "	310 "	470 "
9,000 to	9,999	18	275 "	355 "	515 "
10,000 to	10,999	(a)	320 "	400 "	560 "
11,000 to	11,999		365 "	445 "	605 "
12,000 to	12,999	<b>U</b>	410 "	490 "	650 "
13,000 to	13,999		455 "	535 "	695 "
14,000 to	14,999	•	500 "	580 "	740 "
15,000 to	15,999	· tr	545 "	625 "	785 "
16,000 to	16,999		590 "	670 "	830 "
17,000 to	17,999	in.	635 "	715 "	875 "

- (b) The 40-acre depth bracket allowables shall apply to all undesignated wells not governed by special pool rules and to all pools developed on the normal 40-acre statewide spacing unit.
- (c) The 80-acre and 160-acre depth bracket allowables shall apply to wells governed by applicable special pool rules promul-gated by the Commission as an exception to the normal 40-acre statewide spacing unit.
- (d) The Commission may, where the same is deemed advisable, assign to a given pool a special depth bracket allowable at variance to the depth bracket allowable normally assigned to a pool of similar depth and spacing. Such special allowable may be more or less than the regular depth bracket allowable and shall be assigned only after notice and hearing.

In assigning a lesser than regular depth bracket allowable, the Commission may consider, among other pertinent factors, reservoir damage, casinghead gas production and disposition, water production and disposition, transportation facilities, the prevention of surface or underground waste, and the protection of correlative rights.

Assignment of a greater than regular depth bracket allowable shall be made only after sufficient reservoir information is available to ensure that said allowable can be produced without damage to the reservoir and without causing surface or underground waste. The Commission shall also consider the availability of crude oil transportation and marketing facilities, casinghead gas transportation, processing, and marketing facilities, water disposal

facilities, the protection of correlative rights, and other pertinent factors.

RULES 506, 507, 508, AND 509: NO CHANGE

In addition, certain non-substantive changes in various rules and definitions would be required in order to adapt the wording thereof to these proposed rules and procedures.

KELLAHIN AND FOX
ATTORNEYS AT LAW
54'2 EAST SAN FRANCISCO STREET
POST OFFICE BOX 1788
SANTA FE, NEW MEXICO B7501

JASON W. KELLAHIN ROBERT E. FOX

TELEPHONE 982-4315 AREA CODE 505

November 5, 1971

RECEIVED

NOV 8 1971

OIL CONSERVATION COMM.

SM-

Oil Conservation Commission of New Mexico P. O. Box 2088 Santa Fe, New Mexico 87501

Gentlemen:

This is to request that Case No. 4557, application of Continental Oil Company for transfer of allowables in the Maljamar waterflood project, and Continental's application for assignment of a special allowable to the project, both of which have been tentatively scheduled for hearing December 15, be continued to the next regular hearing of the Commission, February 16, 1972.

Yours very truly,

Jason W. Kellahin

JWK: abs

cc: Messrs. Paul Thompson Milt Barber

Continental Oil Company

CHAMM MARKED

Done 6-2-12

# NNZOIL UNITED, Ime.

WESTERN DIVISION OFFICE . WALL TOWERS WEST - MIDLAND, TEXAS . PHONE (915) 682-7316

RECEIVED

MIDLAND, TEXAS 79701

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SEP 3 0 1971

September 29, 1971

OIL CONSERVATION COMM.

New Mexico 011 Conservation Commission P. O. Box 2088 Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter, Jr. Secretary-Director

Re: Maljamar Grayburg - San Andres Pool Allowable Transfer (Case 4557) (De Novo) October 13, 1971

Gentlemen:

Pennzoil United, Inc., the operator of oil and gas leases located in portions of sections 17, 19, 20, 28, and 33, Township 17-S, Range 33-E, Lea County, New Mexico is offset by Continental Oil Company's Maljamar

This letter is filed in objection to Continental Oil Company's application to transfer allowables across the boundaries of the participating area and the leases outside the area but within the Maljamar Cooperative Area, MCA Unit Area, Maljamar Grayburg-San Andres Pool, Lea County, N.M. This case is set for October 13, 1971.

Pennzoil United, Inc. is in complete agreement with the Oil Conservation Commission's Order R-4170 dated June 30, 1971 in which this same application was denied. Our opinion is based on the fact that wells within the participating area would produce more than their equitable share of oil and that Pennzoil's correlative rights would be violated.

Thanking you for your attention on this matter, I am,

. C. Raney Petroleum Engineer

JCR:tb

cc: Operators in the Maljamar Grayburg-San Andres Pool

Mr. Jason Kellahin P. O. Box 1769 Santa Fe, New Mexico 87501 WHILED

For 4.19.72 Leany

## OPERATORS IN THE MALJAMAR GRAYBURG - SAN ANDRES POOL

Arwood, Ltd. P. O. Box 20200 Dallas, Texas 75220

Atlantic Richfield Company P. O. Box 1978 Roswell, New Mexico 88201

Aztec 0il & Gas Company P. O. Box 847 Hobbs, New Mexico 88240

Murphy Baxter 814 Bank of the Southwest Midland, Texas 79701

Chevron 011 Company P. O. Box 1660 Midland, Texas 79701

CIMA, Capital, Inc. 211 N. Ervay, Room 1413 Dallas, Texas 75201

Cities Service Oil Company P. O. Box 4906 Midland, Texas 79701

Maggie Suetta Cockburn P. O. Box 105 Artesia, New Mexico 88210

Continental 011 Company P. O. Box 460 Hobbs, New Mexico 88240

H. R. Denius P. O. Box 565 Artesia, New Mexico 88210

Great Western Drilling Company P. O. Box 1659 Midland, Texas 79701

Wm. A. & Edward R. Hudson of 1000 First National Bank Building Fort Worth, Texas 76100

Kennedy 0il Company P. O. Box 151 Artesia, New Mexico 88210 Kersey & Company P. O. Box 316 Artesia, New Mexico 88210

C. E. LaRue & B. E. Muncy, Jr. P. O. Box 196 Artesia, New Mexico 88210

Phillips Petroleum Company P. O. Box 791 Permian Building Midland, Texas 79701

Shenandoah (il Corporation 703 V&J Tower Midland, Texas 79701

E. D. Spears P. O. Box 763 Hobbs, New Mexico 88240

Sunset International Petroleum Corp. Suite 308-Wall Towers East Building Midland, Texas 79701

Tamarack Petroleum Company, Inc. 910 Building of the Southwest Midland, Texas 79701

Texaco, Inc. P. O. Box 3109 Midland, Texas 79701

J. Pete Thompson 1208 Great Plains Building Lubbock, Texas 79401

George H. Williams c/o Oil Reports & Gas Services P. O. Box 763 Hobbs, New Mexico 88240

Fair Oil Company P. O. Box 689 Tyler, Texas 75701

# BEFORE THE OIL CONSERVATION COMMISS OF THE STATE OF NEW MEXICO

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

M. Walliam View Co.

Case No. 4557 Order No. R-4170

APPLICATION OF CONTINENTAL OIL COMPANY FOR TRANSFER OF ALLOWABLE, LCA COUNTY, NEW MEXICO.

# APPLICATION FOR HEARING DE NOVO

Comes now Continental Oil Company, applicant in the above-captioned case, and pursuant to the provisions of Section 65-3-11.1, New Mexico Statutes Annotated, 1953 Comp., as amended, applies to the Oil Conservation Commission of New Mexico for a hearing de novo before the Commission in the above case, and in support thereof would show the Commission:

- 1. The above case was heard before the Commission's duly appointed examiner on June 30, 1971, and by order No. R-4170, entered July 19, 1971, the Commission denied Continental Oil Company's application.
- 2. Continental Oil Company is a party adversely affected by the Commission's order, and has a right to have said matter heard de novo before the Commission, as provided by law.

WHEREFORE applicant prays that this matter be set for hearing before the Commission, and that after notice and hearing as provided by Law, the Commission enter its order granting the relief prayed for in Applicant's original application filed in this case.

Respectfully submitted, CONTINENTAL OIL COMPANY

TASON W. KELLAHIN Kellahin & Fox

P. 0. Box 1769 Santa Fe, New Mexico 87501

ATTORNEY FOR APPLICANT

DOCKET MARKO

Date 10-1-71

## REGULAR HEARING - WEDNESDAY - APRIL 19, 1972

OIL CONSERVATION COMMISSION - 9 A. M. - THE HOBBS COUNTRY CLUB HOBBS, NEW MEXICO

#### ALLOWABLE:

- Consideration of the oil allowable for May and June, 1972;
- (2) Consideration of the allowable production of gas for May, 1972, from fifteen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico. Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for May, 1972.

## (De Novo) Continued from the February 16, 1972 Regular Hearing)

Application of Continental Oil Company for transfer of allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to transfer allowable across boundaries of the participating area and the leases outside said area, but within the Maljamar Co-operative Area, MCA Unit Area, Maljamar Grayburg-San Andres Pool, Lea County, New Mexico.

Upon application of Continental Oil Company, this case will be heard De Novo under the provisions of Rule 1220.

CASE 4691: In the matter of the hearing called by the Oil Conservation Commission on its own motion for the amendment of the General Rules and Regulations governing the prorated gas pools of New Mexico. The Commission will consider amendment of Rule 9 (D) and Rule 13 of Order No. R-1670, as amended, to permit the establishment of one-year proration periods beginning on January 1 of each year for the prorated gas pools of Northwest and Southeast New Mexico. The Commission will also consider amendment of Rule 11 of said order to permit the establishment of a minimum allowable of 1000 MCF of gas per month for each proration unit in Northwest New Mexico and Rule 21 (D) to remove any reference to Form C-114 and addresses.

- CASE 4692: In the matter of the hearing called by the Oil
  Conservation Commission on its own motion for the
  Conservation Commission on its own motion for the
  amendment of the gas well testing procedures promulgated by Order No. R-333-F, as amended, for Northwest New Mexico. The Commission will consider changing
  west New Mexico. The Commission will consider changing
  certain dates as set forth in said Order No. R-333-F,
  west New Mexico. The testing rules and procedures
  as amended, to adapt the testing rules and procedures
  for gas wells in Northwest New Mexico to a one-year
  for gas wells in Northwest New Mexico to a one-year
  proration period beginning January 1 of each year, and
  to incorporate said rules and procedures into one order.
  - CASE 4693: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider instituting gas prorationing in the South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico. The Commission will consider fixing the total allowable natural gas production from the South Carlsbad-Morrow Gas Pool, Eddy County, New the South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico, at an amount equal to reasonable market demand and to the capacity of gas transportation facilities.

    Mexico, at an amount equal to reasonable market demand and to the capacity of gas transportation of special and to the capacity of gas transportation of special and to the capacity of gas transportation among the wells for allocating the allowable production among the wells in the pool and a proration period of one year.
    - CASE 4694: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider instition Commission on its own motion to consider instituting gas prorationing in the South Carlsbad-Strawn Gas Pool, Eddy County, New Mexico. The Commission will consider fixing the total allowable natural gas production from the South Carlsbad-Strawn Gas Pool, Eddy County, tion from the South Carlsbad-Strawn Gas Pool, Eddy County, the Mexico, at an amount equal to reasonable market New Mexico, at an amount equal to reasonable market demand and to the capacity of gas transportation facilities. The Commission will also consider adoption of special rules and regulations for the pool including provisions rules and regulations for the pool including the wells for allocating the allowable production among the wells in the pool and a proration period of one year.
      - CASE 4695: Southeastern New Mexico nomenclature case calling for an order for the creation and extension of certain pools order for the creation and extension New Mexico.
        - (a) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and

Regular Hearing - April 19, 1972

Docket No. 9-72

(Case 4691 continued)

designated as the Millman-Morrow Gas Pool. The discovery well is the Hanagan Petroleum Corporation Millman Deep Com No. 1 located in Unit B of Section 4, Township 19 South, Range 28 East, NMPM, Said pool would comprise:

# TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM SECTION 4: E/2

(b) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Scoggin Draw-Morrow Gas Pool. The discovery well is the Amoco Production Company Malco "S" Federal No. 1 located in Unit F of Section 11, Township 18 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM SECTION 11: W/2

(c) Extend the Grayburg-Jackson Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM SECTION 18: NE/4 and N/2 NW/4

(d) Extend the Hobbs-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM SECTION 33: SE/4

(e) Extend the Rock Tank-Lower Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM SECTION 13: All

(f) Extend the Salado Draw-Delaware Pool in Lea County, New Mexico, to include therein:

# TOWNSHIP 26 SOUTH, RANGE 33 EAST, NMPM SECTION 15: SW/4

(g) Extend the East Shoe-Bar Devonian Pool in Lea County, New Mexico, to include therein:

# TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM SECTION 32: NW/4

(h) Extend the Shugart Pool in Eddy County, New Mexico, to include therein:

# TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM SECTION 24: NW/4 SE/4

(i) Extend the Sulimar-Queen Pool in Chaves County, New Mexico, to include therein:

# TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM SECTION 26: W/2 SW/4 and SE/4 SW/4

(j) Extend the Northwest Vacuum-Wolfcamp Pool in Lea County, New Mexico, to include therein:

# TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM SECTION 6: NE/4 SE/4

- CASE 4696: Northwest New Mexico nomenclature case calling for an order for the extension of Certain pools in Rio Arriba, san Juan and Sandoval Counties, New Mexico.
  - (a) Extend the Angels Peak-Gallup Oil Pool boundary in San Juan County, to include therein:

# TOWNSHIP 26 NORTH, RANGE 9 WEST, NMPM

SECTION 15: W/2

SECTION 16: All

SECTION 22: N/2

Regular Hearing - April 19, 1972 -5Docket No. 9-72

(Case 4696 continued)

(b) Extend the Aztec-Fruitland Pool boundary in San Juan County, New Mexico, to include therein:

## TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM

SECTION 15: S/2

SECTION 22: N/2 SECTION 26: NW/4 SECTION 27: E/2

SECTION 34: NE/4

(c) Extend the Aztec-Pictured Cliffs Pool boundary in San Juan County, New Mexico, to include therein:

## TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM SECTION 9: W/2 E/2 (partial)

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM

# TOWNSHIP 31 NORTH, RANGE 12 WEST, NMPM

SECTION 1: SW/4

SECTION 11: SE/4

SECTION 3: S/2 & NW/4

SECTION 10: SE/4

SECTION 11: W/2

(d) Extend the Ballard-Pictured Cliffs Pool boundary in Rio Arriba, San Juan & Sandoval Counties, New Mexico, to include therein:

## TOWNSHIP 23 NORTH, RANGE 3 WEST, NMPM SECTION 29: SE/4

## TOWNSHIP 25 NORTH, RANGE 6 WEST, NMPM

SECTION 28: SE/4

SECTION 33: NE/4

(e) Extend the Bisti-Lower Gallup Oil Pool boundary in San Juan County, New Mexico, to include therein:

## TOWNSHIP 26 NORTH, RANGE 14 WEST, NMPM

SECTION 10: SE/4

SECTION 11: S/2

SECTION 13: SW/4

SECTION 14: E/2

(f) Extend the Blanco-Mesaverde Pool boundary in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 7 WEST, NMPM

SECTION 9: E/2

SECTION 10: All

SECTION 14: All

SECTION 15: All

TOWNSHIP 28 NORTH, RANGE 9 WEST, NMPM

SECTION 7: All (partial)

(g) Extend the Blanco-Pictured Cliffs Pool boundary in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 8 WEST, NMPM

SECTION 5: SW/4

SECTION 17: NW/4

SECTION 18: E/2

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM

SECTION 1: NE/4

SECTION 0: NE/4

SECTION 12: NW/4

SECTION 14: SE/4

SECTION 15: NW/4

TOWNSHIP 31 NORTH, RANGE 10 WEST, NMPM

SECTION 29: W/2

SECTION 31: NW/4

TOWNSHIP 31 NORTH, RANGE 11 WEST, NMPM

SECTION 25: SE/4

(h) Extend the East Blanco-Pictured Cliffs Pool boundary in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 4 WEST, NMPM

SECTION 5: W/2

SECTION 6: SE/4

SECTION 8: NW/4

TOWNSHIP 30 NORTH, RANGE 4 WEST, NMPM SECTION 32: W/2

(i) Extend the South Blanco-Pictured Cliffs Pool boundary

(Case 4696 continued)

in Rio Arriba, San Juan & Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 1 WEST, NMPM SECTION 8: SW/4

TOWNSHIP 28 NORTH, RANGE 7 WEST, NMPM SECTION 19: E/2 SECTION 30: E/2

(j) Extend the Fulcher Kutz-Pictured Cliffs Pool boundary in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM SECTION 35: NW/4 & SE/4

(k) Extend the Gallegos-Gallup Oil Pool boundary in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 11 WEST, NMPM SECTION 2: W/2 SECTION 11: NW/4

(1) Extend the Gavilan-Pictured Cliffs Pool boundary in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 27 NORTH; RANGE 3 WEST, NMPM SECTION 10: All (partial)

TOWNSHIP 28 NORTH, RANGE 3 WEST, NMPM

SECTION 15: SW/4

SECTION 22: W/2

SECTION 27: W/2

**SECTION 34: W/2 & SE/4** 

(Case 4696 continued)

(m) Extend the Horseshoe-Gallup Oil Pool boundary in San Juan County, New Mexico, to include therein:

TOWNSHIP 30 NORTH, RANGE 15 WEST, NMPM SECTION 17: SW/4 NW/4 SECTION 18: S/2 & SE/4 NE/4

TOWNSHIP 30 NORTH, RANGE 16 WEST, NMPM SECTION 13: SE/4 SE/4

(n) Extend the Kutz-Gallup Oil Pool boundary in San Juan County, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANCE 11 WEST, NMPM SECTION 11: SW/4
SECTION 14: NW/4 & SW/4 NE/4

(o) Extend the West Lindrith Gallup-Dakota Pool boundary in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 4 WEST, NMPM SECTION 1: SW/4 SW/4 SECTION 2: S/2 SECTION 3: E/2 SECTION 11: NE/4 NE/4

(p) Extend the North Los Pinos-Fruitland Pool boundary in San Juan County, New Mexico, to include therein:

TOWNSHIP 32 NORTH, RANGE 8 WEST, NMPM SECTION 13: SE/4
SECTION 24: N/2 & SW/4

(q) Extend the Many Rocks-Callup Oil Pool boundary in San Juan County, New Mexico, to include therein:

TOWNSHIP 32 NORTH, RANGE 17 WEST, NMPM SECTION 28: SW/4 NE/4 & SE/4 NW/4

# (Case 4696 continued)

(r) Extend the Mesa-Gallup Oil Pool boundary in San Juan County, New Mexico, to include therein:

TOWNSHIP 32 NORTH, RANGE 17 WEST, NMPM SECTION 30: SW/4 & SW/4 SE/4 SECTION 31: NW/4 NE/4 11

TOWE SHIP 32 NORTH, RANGE 18 WEST, NMPM SECTION 15: NW/4 NE/4

(s) Extend the Otero-Gallup Oil Pool boundary in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 4 WEST, NMPM SECTION 31: NW/4

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM SECTION 14: S/2 SW/4

SECTION 15: S/2

SECTION 16: SE/4

SECTION 22: W/2

SECTION 25: SE/4 SE/4

SECTION 35: N/2 NW/4, SE/4 NW/4 & NE/4 SECTION 36: N/2

(t) Extend the Simpson-Gallup Oil Pool boundary in San Juan County, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 12 WEST, NMPM SECTION 21: NE/4 SE/4 SECTION 22: S/2 & SW/4 NW/4

Extend the Tapacito-Pictured Cliffs Pool boundary in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 3 WEST, NMPM SECTION 21: SE/4 SECTION 27: NW/4

TOWNSHIP 27 NORTH, RANGE 4 WEST, NMPM

SECTION 5: E/2

SECTION 8: E/2 SECTION 17: E/2

Docket No. 9-72

(Case 4696 continued)

(v) Extend the Ute Dome-Paradox Pool boundary in San Juan County, New Mexico, to include therein:

TOWNSHIP 31 NORTH, RANGE 14 WEST, NMPM SECTION 3: All

TOWNSHIP 32 NORTH, RANGE 14 WEST, NMPM SECTION 33: All SECTION 34: All

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aker#557 leard 6-28-71 Cec 7-7-71 propose outables outsido the MCA icipating area to the Rateipatur due should be Onder R- 2403 does not gene the commissione authority to do their but only to have a hearing to consider the Tuensfer of allowable outside the part. lanea + inse' Lethe Mc A Referens Jolly area remeticed for secondary seconen of the arealis a coop agg ment for presse endon this area on the part acea and instale the I com the standpoint of themseving allowables thou any the thoflogligich lees agreef to the

# BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

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

CASE No. 2718 Order No. R-2403

APPLICATION OF CONTINENTAL OIL COMPANY, AS OPERATOR, FOR APPROVAL OF A SUPPLE-MENTAL COOPERATIVE AGREEMENT UNITIZING CERTAIN LEASES, A PLAN OF OPERATION FOR CONTINUED GAS AND WATER INJECTION, MODI-FICATION OF ALLOCATION METHOD FOR TRANS-FER OF ALLOWABLES, CERTAIN ADMINISTRATIVE PROCEDURES, AND PERMISSION TO PRODUCE MORE THAN 16 WELLS INTO A SINGLE TANK BATTERY, MALJAMAR COOPERATIVE AGREEMENT AREA, MALJAMAR POOL, LEA COUNTY, NEW MEXICO.

#### ORDER OF THE COMMISSION

#### BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 6, 1962, at Santa Fe, New Mexico, before Daniel S. Mutter, 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 31st day of December, 1962, the Commission, a quorum keing present, having considered the application, the cylidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, by Order No. 485, the Commission approved the Maljamar Cooperative Repressuring Agreement, said agreement having been entered into on August 5, 1941, by the parties signatory thereto, for pressure maintenance in the Grayburg-San Andres formations under the Maljamar Cooperative Repressuring Agreement area in the Maljamar Pool, Lea County, New Mexico, unitizing gas in the area, making provisions for gas injection wells, and the expansion thereof by administrative approval. The order further provided that the proration units within the committed area

CASE No. 2718 Order No. R-2403

should not exceed the production of 44 barrels of oil daily; provided for expansion of the committed area by administrative provided for the management of said project by the approval; provided for the management of said project by the operators Committee; and included other provisions for the conduct of the repressuring program.

- (3) That, by Order No. 595, the Commission amended Order No. 485 and provided a method of allocation to the committed area No. 400 and provided a method of allocation to the committeed area and the reallocation to the respective proration units on a basis and the reallocation to the respective proration units on a basis which included an acreage allowable up to 15 barrels per day, a maximum marginal well allowable of 20 barrels per day, and a void space allowable determined by reservoir conditions as reflected by each well's bottombole pressure and das-oil ratio. by each well's bottomhole pressure and gas-oil ratio.
  - That numerous other orders have been entered approving (4) That numerous other orders have been entered approving additional injection wells for expansion of the repressuring program and for non-standard locations for both injection and producing wells. The order number or date of administrative approval providwells. The order number of date of administrative approval providing for the present injection wells or non-standard locations is set out in the attached Exhibit "A".
  - (5) That, by Order No. R-841, the Commission approved the injection of water into the Pearl "B" Well No. 26, located 2615 feet from the West line of Section feet from the South line and 25 feet from the West line New Mexico 30. Township 17 South Range 33 East NMPM Lea County New Mexico Teet from the South line and 45 feet from the west line of section 30. Township 17 South, Range 33 East, NMPM, Lea County, New Mexico. By Order No. R-1075 the Commission authorized the expansion of order No. R-841 to include the drilling and conversion of certain order No. K-841 to include the urilling and conversion of certain other wells to water injection wells, said wells also being listed other wells to water injection wells, said wells also being listed other wells to water injection of the water injection program. Trative approval for expansion of the water injection program. on Exhibit "A" attached. The order rurther provided for adminitrative approval for expansion of the water injection program.
    - (6) That by adoption of Supplement No. 4 to the Maljamar Oil Cooperative Repressuring Agreement, the applicant, Committee and the Company, was elected Chairman of the Operators Committee and the name was changed to the Maljamar Cooperative Agreement.
    - That the owners in the Maljamar Cooperative Agreement (7) That the owners in the Maljamar Cooperative Agreement area have adopted Supplement No. 5 to the Maljamar Cooperative area have adopted Supplement No. 5 to the Maljamar Cooperative Agreement with Continental Oil Company as Operator of the Partical Agreement with Continental Oil Company as Operator of the Partical Agreement Wo. 5 is to unitize all iguid hydrogarbons in the Gravburg-San Andres formations inderliquid hydrocarbons in the Grayburg-San Andres formations underliquid nydrocarbons in the Grayburg-San Andres Formactions under-lying the Participating Area, and to adopt a Plan of Operations for the expansion of the pressure maintenance program by gas and
      - (8) That the pressure maintenance program heretofore carried out has been successful and that approval of supplement No. 5 and water injection. the Plan of Operation contemplated thereunder, and a revision of the allocation method for transferring allowables should increase the allocation method for transferring of the pressure maintenance the efficiency and ultimate recovery of the pressure maintenance program.

-3-CASE No. 2718 Order No. R-2403

- (9) That said repressuring project was instituted during the early primary life of the Maljamar Pool; that the Maljamar Pool, without the benefit of fluid injection, would be in or approaching a "stripper" state of depletion, and that any secondary recovery project instituted at the present time would in all probability be classified by the Commission as a waterflood project subject to Commission Rule 701-E governing waterflood projects.
- (10) That to afford continuity of operations under the existing pressure maintenance rules, the present void space formula for the project should remain in effect, with the added privilege of allowable transfer for injection tracts, for wells shut-in for engineering reasons, and for wells incapable of making their computed share of the void space allowable. Provided however, that the maximum allowable assigned to any 40-acre proration unit should be limited to the Southeast New Mexico Waterflood Allowable Factor currently in effect or as modified by future orders of the Commission.
- (11) That, by application in this case, Continental Oil Company, as Chairman for the Maljamar Cooperative Agreement area and operator of the Participaring Area, seeks the consolidation of prior orders, modification of the allocation method for transfer of allowables, an administrative procedure for expansion or revision of the fluid injection program and expansion of the Participating Area within the Maljamar Cooperative Agreement boundaries; further, applicant seeks an exception to the provisions of Rule 309-A of the Commission Rules and Regulations to permit production of more than sixteen proration units into a single tank battery.
- (12) That the proposed program will promote conservation and will tend to prevent waste through the production of oil which might not otherwise be recovered.

#### IT IS THEREFORE ORDERED:

- (1) That the Maljamar Cooperative Repressuring Agreement and its supplements, including Supplement 4 which changed the name to Maljamar Cooperative Agreement and appointed Continental Oil Company as Chairman of the Operators Committee, are hereby continued in effect.
- (2) That Supplement No. 5, being a Supplemental and Amendatory Agreement to the Maljamar Cooperative Agreement, and the initial Plan of Operations pursuant thereto, are hereby approved.
- (3) That all oil produced from the Grayburg-San Andres formations under ying the Participating Area, as hereinafter

-4-CASE No. 2718 Order No. R-2403

defined, is fully unitized as provided in said Supplement No. 5, and all gas produced and utilized as provided in said Supplements No. 4 and No. 5 is fully unitized as provided therein.

(4) That the Cooperative Area, heretofore approved by this Commission for pressure maintenance of the Grayburg-San Andres following lands:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM

LEA COUNTY, NEW MEXICO

Sections 14 to 23, inclusive

Sections 25 to 35, inclusive

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM

LEA COUNTY, NEW MEXICO

Section 30: W/2

containing 13,786.66 acres, more or less.

That the following-described lands lying within such Cooperative Area are hereby designated and recognized as constituting the Participating Area for the Grayburg-San Andres forma-

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM LEA COUNTY, NEW MEXICO Section 15: SW/4 SW/4 Section 16: S/2 S/2, W/2 NW/4, and NE/4 NW/4 Section 17: E/2 E/2 and NW/4 NE/4, SE/4 NW/4, and S/2 SW/4 Section 18: SW/4 SW/4 Section 19: All. Section 20: All Section 21: **A11** Section 22: NW/4 NW/4, S/2 NW/4, S/2 NE/4, Section 23: W/2, S/2 NE/4, and SE/4 Section 25: N/2, N/2 SW/4, N/2 SE/4 and Section 26: N/2, SW/4, and NW/4 SE/4 Section 27: Section 28: All All Section 29: Al1 Section 30: All Section 31; NE/4 NW/4 Section 33: N/2 Section 34: W/2 NW/4, NE/4 NW/4, and NW/4 NE/4

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CASE No. 2718 Order No. R-2403

> TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM LEA COUNTY, NEW MEXICO 30: NW/4 and N/2 SW/4 Section 30:

containing 8,055.16 acres, more or less.

That the Participating Area described above and the following-described lands lying outside of the Participating Area but within the Cooperative Area, are hereby designated and recognized as constituting the committed acreage to the Maljamar Cooperative Agreement:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM LEA COUNTY, NEW MEXICO SW/4 (156.25 acres of 160acre tract), and E/2
NE/4, N/2 SE/4, and SE/4 NW/4
SW/4 NE/4, W/2 SE/4, N/2 NW/4,
SW/4 NW/4, and N/2 SW/4
E/2; E/2 W/2, and Lots 1, 2 and 3
N/2 NE/4 and NE/4 NW/4 Section 14: Section 16: section 17: section 18: section 22: N/2 NE/4SW/4 SE/4, and S/2 SW/4 NE/4 SE/4, and S/2 SE/4 E/2, SE/4 NW/4, E/2 SW/4, and Lots 1, 2, 3 and 4 section 23: Section 25: Section 26: Section 31: NE/4 and N/2 NW/4, below section 32: 5,000 feet only s/2section 33:  $\overline{N/2}$  SE/4 below 5,000 feet only, NE/4 NE/4, S/2 NE/4, Section 34: and SE/4 NW/4 section 35: W/2TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM

LEA COUNTY, NEW MEXICO

Section 30: Lot 4, and SE/4 SW/4

- (5) That the fully Unitized Area shall be those lands designated above as the Participating Area of the MCA Unit for the Grayburg-San Andres formation.
- That the Participating Area may be enlarged as provided in said Supplement No. 5 and additional acreage committed to the MCA Unit; provided, however, that administrative approval for the expansion of the Participating Area or the committed acreage must be obtained from the Secretary-Director of the Commission; and provided, further, that any extension of the Cooperative Area, or of the Unitized Area beyond the boundaries of the Cooperative Area as described herein, shall be made only after notice and hearing.

-6-CASE No. 2718 Order No. R-2403

(7) That the MCA Unit operator shall file with the Commission an executed original or executed counterpart of the Supplement No. 5 within thirty (30) days after the effective date thereof. In the event of subsequent joinder by any party or expansion of the Participating Area, the unit operator shall file with the Commission within thirty (30) days thereafter counterparts of the unit agreement reflecting the subscription of those interests having subsequently joined or ratified.

#### IT IS FURTHER ORDERED:

- (1) That the applicant, Continental Oil Company, as operator, is hereby authorized to continue the gas and water injection project authorized by Orders 485, 595, and R-841, and to continue and expand the water injection project as further authorized by Order No. R-1075 and as projected by the Plan of Operations submitted with Supplement No. 5.
- (2) That the MCA Unit approved gas and water injection wells shall be those wells listed in Exhibit "A" attached hereto. Additional wells may be drilled for gas or water injection, gas injection wells may be converted to water injection, water injection wells may be converted to gas injection wells, and producing wells may be converted to injection wells and injection wells to producing wells within the boundaries of the Maljamar Cooperative Agreement Area upon administrative approval of the Secretary-Director of the Commission without notice or hearing; provided, however, that all information required by Rule 701-B of the Commission Rules and Regulations shall be included in the application for administrative approval; and provided, further, that all offset operators to the well, if any there be, whose acreage is not included within the Participating Area, and the State Engineer shall also be notified by registered or certified mail of such request for administrative approval. The Secretary-Director may approve the application if no such offset operator or the State Engineer has objected within 20 days. The Secretary-Director may grant immediate approval of the application upon receipt of written waivers of objection from all such offset operators and the State Engineer.
- (3) That the allocation to the Participating Area and other committed leases within the MCA Unit Area and the reallocation to the respective proration units therein shall be made upon the following plan:
  - (a) The unit operator shall submit to the Commission for approval the nomination in total barrels daily and schedule of reallocation to the respective proration units. Said nomination and schedule shall be submitted to the Commission and a duplicate shall be supplied to the Hobbs District Office of

the Commission not later than the twentieth day of each month preceding the next proration month.

- (b) Each proration unit shall be assigned an acreage allowable in whatsoever amount it is capable of producing up to but not exceeding fifteen (15) barrels daily, exceeding the unit operator nominates a lesser amount per proration unit.
- (c) Each proration unit capable of producing the acreage allowable but incapable of producing the acreage allowable plus the producing the acreage allowable plus the allowable assignable through the application of the void space formula hereinafter provided shall be assigned an allowable provided to that volume of oil shown on its production test.
  - (d) All proration units capable of producing said acreage allowable plus the allowable allocated through the application of the allocated through the application of the void space formula shall be assigned a proportionate part of the total void proportionate part of the total void space allowable so that each said proraspace allowable so that each said proration unit will share in the void space tion unit will share in the void space allocation in inverse proportion to the amount of reservoir space voided as reflected by its production tests in strict accordance with the following formula:

Proration Unit Reciprocal

Void Space Factor

Void Space Factor

Summation of MCA Unit Re
Summation of MCA Unit Re
Ciprocal Void Space Factors

The reciprocal void space factors to be determined from the attached Exhibit "B", being a table of BARRELS OF RESERVOIR SPACE VOIDED IN PRODUCING ONE BARREL OF STOCK TANK VOIDED IN PRODUCING ONE BARREL OF STOCK TANK OIL, AND THE RECIPROCAL FACTOR THERETO, AT GIVEN GAS-OIL RATIOS AND RESERVOIR PRESSURES."

(e) A proration unit upon which is located a newly completed or reconditioned well shall be assigned an allowable in accordance with its acreage and void space allowable from the first day of production of new oil.

- (f) The proration units within the MCA Unit Area shall have a top daily oil allowable equal to the Joutheast New Mexico Waterflood Allowable Factor currently in effect or as modified by future orders of the Commission, subject to the acreage and void space allowable allocations. A proration unit must have either a producing well, an injection well or a shut-in well capable of production before it can receive an allowable assignment.
- (g) Bottomhole pressure surveys and gas-oil ratio tests shall be taken and filed with the Commission in accordance with the Commission Rules and Regulations every six (6) months or at such periods as the Commission in its discretion may prescribe from time to time. All bottomhole pressures shall be computed to a common datum of sea level.
- (h) In no event shall any well producing from horizons other than the Grayburg-San Andres formations be prorated under this plan of allocation.
- (4) That the operator is hereby authorized to transfer the top unit allowable from any proration unit containing only an injection well, or a well shut-in for engineering reasons and approved by the Commission, to any well or wells assigned a top unit allowable under the void space formula and capable of making the transferred allowable or portion thereof. Where a well is incapable of producing its calculated void space allowable, the difference between its capability and that allowable assigned by the void space formula may likewise be transferred to any well or wells assigned a top unit allowable under the void space formula capable of making the transferred allowable or a portion thereof. Provided however, that no allowable shall be transferred across the boundary of the Participating Area or across the boundary of any lease outside the Participating Area without notice and hearing.

<sup>(5)</sup> That an exception is hereby granted to the provisions of Rule 309-A of the Commission Rules and Regulations to permit the production of more than sixteen wells into a single tank battery. Operator shall notify the Commission of the location of any central tank battery at the time of its installation.

<sup>(6)</sup> That no well in the MCA Unit Area that is within the Participating Area and is closer than 1000 feet to the boundary thereof or that is outside the Participating Area and is closer than 1000 feet to the Participating Area or to another lease shall produce in excess of two times the top unit allowable for the MCA Unit Area. The Secretary-Director may, upon application

-9-CASE No. 2718 Order No. R-2403

filed in due form, approve production in excess of two times the top unit allowable if all offset operators have been notified of the application and no objection has been received within ten days. The Secretary-Director may grant immediate approval of such application upon receipt of written waivers of objection from all such offset operators.

- (7) That all previous orders pertaining to the MCA Unit are hereby superseded insofar as they are inconsistent with this order.
- (8) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

> STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

Jom Salack JACK M. CAMPBELL, Chairman

E. S. WALKER, Member

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

SEAL

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Carper Drilling Company Simon #9-N Sears No. 5		Pearsall A No. 14 Buffalo Oil Company		WELL NAME IN ORIGINAL ORDER  Kewanee Oil Company , Fearl 21 B
Carper Drilling Company Simon N No. 9 Sears Miller A No. 5	Baish A No. 20 Baish A No. 21 Baish A No. 1 State A No. 1	Pearsall A No. 14	indian district the experience in	PRESENT WELL NAME  PRESENT WELL NAME  PRODUCING  Continental Oil Company  Pearl B No. 21
1345' FEL, 1295' FSL, Sec. 29, T17S, R32E 1295' FSL, 1370' FWL, Sec. 26, T17S, R32E	2615' FNL, 1295' FNL, Sec. 21, T178, R32E 1395' FSL, 1347' FWL, Sec. 21, T178, R32E 250' FWEEL, Sec. 21, T178, R32E 250' FS&EL, Sec. 16, T178, R32E	1345' FNL, 2615' FEL, Sec. 33, T178, R32E	Sec. 25, 1175, R32E 2615' FSL, 1345' FWL, Sec. 25, 1175, R32E 1295' FSL, 2615' FSL, Sec. 27, 1175, R32E 2600' FNL, 25' FWL, Sec. 27, 1175, R32E 1345' FSEEL,	))   [62
<b>781</b>	793 821 Discovery Well Old Well	<b>R-484</b>	763 735 Administrative Approval 4-6-45 R-484	ORDER AUTHORIZ- ING NSL
	Drilled 7-16-26 Drilled 1927	for recompletion in Maljamer Pool Administrative Approval 4-3-57 for recompletion in Maljamar Pool	Administrative	ORDER NO2403 EXHIBIT "A" Page 4  REMARKS

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	New Well Kewanee Baish B No. IP 35	1 Beish B IP 1	Kewanee Pearl 26 B New Well Buffalo Baish A No. 21	Kewanee Pearl 21 B	Kewanee 011 Company (Continued) Pearl 24 B IP 44 Pearl 25 B IP 45	WELL NAME IN ORIGINAL
New Well	New Well Queen B No. 42 New Well	New Well Queen B No. 38	Pearl B No. 26  New Well  Baish A No. 21	Continental Oil Company Pearl B No. 21	Pearl B No. 24 Pearl B No. 25	PRESENT WELL NAME
Sec. 28, T1/S, K32E Sec. 28, T1/S, K32E 1325' FML, 2635' FWL, Sec. 28, T1/S, R32E	25' FSL, 1325' FWL, Sec. 21, T178, R328 75' FWL, 2560' FEL, Sec. 28, T178, R328 1325' FWL, 25' FWL,	Sec. 21, 11(3, 1025) 1325' FSI, 2615' FWI, Sec. 21, 1178, R32E 80' FNI, 25' FWI, Sec. 28, 1178, R32E	2615' FSL, 25' FWL, Sec. 30, T17S, R33E 25' FWL, 1325' FSL, Sec. 21, T17S, R32E 1395' FSL, 1347' FWL,	INJE 266 Sec	1345' FNEWL Sec. 25, T17S, R32E 1345' FNL, 2615' FEL, Sec. 25, T17S, R32E	LOCATION
R-1075	Administrative Approval 4-6-45 R-1075	Administrative Approval 4-6-45	R-1075	763	770	ORDER AUTHORIZ-
R-1075*	R-1075* R-1075*	R-1075* R-1075*	R-1075*	R-1075*	R-146	ORDER AUTHORIZ-

\*Approved but not in operation as injection wells.

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Simon N IP No. Simon 8-N Simon R Simon R Simon R 님 ᇅ 님 ŏ. No. **13** 2

Baish B No. Kewanee 011 Company Baish B-11 H.

Baish B

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けっぱらい Baish B tu 님 NO. No. K 8

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W H No. 3

Miller A No.

Mitchell B No. Miller A No. 님

Fearsall BXY No. IP 22

Pearsall 1 No.

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Pearl 22 B IP 42

# PRESENT WELL NAME

Simon H IP No. 13 Simon R Simon a Simon R Simon N-8, IP No. H IP No. 以 於 。 HO. B

Queen B No. Queen B No. Queen B Ho. 38 38

Queen B No. Queen B No.

Queen B No.

Queen B No.

Miller A No.

Miller A No.

King B No. 6

Pearsall BXY No. Pearsall A No. 15 N

Pearl B No. 22

## LOCATION

Sec. 29, T17S, K32E 2580' FNL, 2595' FKL, Sec. 29, T17S, K32E Sec. 30, T17S, R32E 2615 FSL, 140 FEL Sec. 30, T178, R32E 50' FNL, 2635' FWL, Sec. 30, T178, R32E

560' FSL, 1980' FEL, Sec. 27, 1175, R32E 260' FSL, 25' FWL, 25' FWL, 2600' FSL, 2470' FEL, Sec. 28, 1175, R32E 2505' FSL, 25' FWL, 25' FWL

25' FNEWL, Sec. 34, T17S, R32E 2615' FSL, 2615' FEL, Sec. 25, T17S, R32E

560' FSL, 1980' FEL, Sec. 29, T17S, R32E,

Administrative Approval 4-6-45

St-9-4 Tevorage

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**#85** 

1980' FS&EL, Sec. 23, T17S, R32E 40' FSL, 40' FEL, Sec. 17, T17S, R32E 50' FNL, 2500' FEL, Sec. 33, T17S, R32E

Approval 4-6-45 Approval 4-6-45 Administrative Approval 54-6-4 teacaddy Administrative Administrative 54-9-4 Tracador **Administrative** Administrative Toloudia dministrative 4-6-45

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Page 2

EXHIBIT "A"

ORDER NO.

R-2403

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# NMOCC ORDERS AND ADMINISTRATIVE APPROVALS AFFECTING

ORDER NO. R-2403
EXHIBIT "A"
Page 1

MCA UNIT INJECTION WELLS AND NON-STANDARD LOCATIONS

	Saish B No. IP 27	Baish & No. IP 26	Balsh B No. IP 20	Beish A No. IF 19	Baish B No, IP 10	Nm. Mitchell B-IP No. 36	vm. Mitchell B-IP No. 18	wm. Mitchell B No. 17	Ha. Micchell B-IP No. 12	Mm. Mitchell B No. IP 5	Em. Micchell B No. IP 4	ler	Baish A-8  Range Cockhurn		ORDER :
\	## # # # # # # # # # # # # # # # # # #	Saish A No. 26	Baish B No. 17	Beten & Mo. 28	Baish B No. 16	Wm. Mitchell B No. 36	Wm. Mitchell B No. 45	Wm. Mitchell B No. 17	Wm. Mitchell B No. 44	Wm. Mitchell B No. 42	Wm. Mitchell B No. 33	Miller A No. 6	Continental Oil Company Baish A No. 8		PRESENT WELL NAME
Sec. 22, TITS, R32E	21, T178,	22, T178, R FN&WL	Sec. 21, 1178, R32E 2555' FNL, 2615' FNL,	9'10 TINE'S	Sec. 20, T17S, R32E 25' RSL, 50' FWL,	20, 1178,	17, ET/S,	FSWIL,	. TERS:	SE T	2610' FSL, 2640' FEL,	1980' FNL, 660' FWL. Sec. 26, T178, R32E	1980' FNI, 660' FNI, Sec. 21, T178, R32E	INJECTION WELLS	LOCATION
Approval 4-6-45	Approval 4-6-45	Approval 4-6-45	Approval 11-27-51 Administrative	Approval 4-6-45	Approval 4-6-45 Administrative	Approval 4-6-45	Administrative	Approval 4-6-45	Approval 4-6-45	Administrative	Administrative				ORDER AUTHORIZ-
Approval 4-6-45	54~9~4 levozdět	Approval 4-6-45	Approvel 11-27-51 Administrative	Meproval 4-6-45	Approvel 4-5-45 Administrative	Administrative	Approval 4-25-57	Approval 4-6-45 Administrative	Approval 4-6-45. Administrative	Approval 4-6-45	Administrative	*85	165 165 165 165 165 165 165 165 165 165		ORDER AUTHORIZ-

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		BARRELS OF RESERVOIR SPACE WIDED IN PRODUCING ONE BARREL OF STOCK TANK-OIL, AND THE RECIPROCAL PACTOR THEREOF, AT GIVEN GAS OIL RATIOS AND RESERVOIR PRESSURES												Order No. R-2403 Exhibit "B" Page 1			
								Ratios <u>1200</u>	1400	1600	1800	2000	2200	2400	2600		
	700	500	€∞2	200	<u>800</u>	<u>900</u>	1000	Total said		3	1 (A)		The second second	4.30			
1300	1.11	1.27 .787	1.43	1.59 .630	1.75 .571	1.91 .524	2.07 .483	2.39 .418	2.70 .370	3.02 .331	3.34 .299	3.66 .273	3.98 .251	•233	4.61 .217		
1250	1.10	1.27	1.44	1.61 .621	1.77 .565	1.94 .515	2.11	2.44 .410	2.78 .360	3.11	.290	3.78 .265	4,12 ,243	4.45 .225	4.78 .209		
1200	1.10 •909	1.28 .781	1.45	1.63 .613	1.80 .556	1.98 .505	2.15	2.51	2.86 .350	3.21	3.56 .281	·3.91 .256	4.26 .235	4.62 .216	4.97 .201		
1150	1.09	1.28 .781	1.46	1.65	1.83 .546	2.02 .495	2.20	2.57 •389	2.94 .340	3.31 .302	3.68 .272	4.05 .247	4.42 .226	4.79 .209	5.16 .194		
1100	1.08	1.28 .781	1.47	1.67	1.86 .538	2.06 .485	2.25 .444	2.65 •377	3.04	3.43	3.82 .262	4.21 .238	4.60 .217	5.00 .200	5.39 .186		
1050	.926 1.07	1.28	1.48	1.69	1.90 .526	2.11 .474	2.31 .433	2.73	3.14 .318	3.55	3.97	4.38 .228	4.80 .208	5.21 .192	5.63 .178		
0000 1000	.935 1.06	.781 1.28	.676 1.50 .667	1.72 .581	1.94	2.16 .463	2.37	2.81 .356	3.25	3.69	4.13 .242	4.57	5.00	5.44 .184	5.88 .170		
S 950	•943 1.07 •934	.781 1.31 .763	1.54	1.78	2.01	2.24	2.47	2.94 .340	3.41 .293	3.87	4.34 .230	4.81 .208	5.27 .190	5.74 .174	6.21 .161		
는 900	1.09	.763 1.34 .746	.649 1.59	.562 1.84	.498 2.09 .478	2.34 .427	2.58 .388	3.08	3.58 .279	4.08 .245	4.58 .218	5.08	5.57 .180	6.07°	6.57 .152		
850	.917	1. 1. July 41.	.630 1.64	.543 1.91 .524	2.18 .459	2.45 .408	2.71 .369	.325 3.24	3.78 .265	4.31	4,84 .207	5.38 .186	5.91 .169	6.44	6.98		
ନ୍ଦ୍ର 800	1.11 .900	1.38 .725	.610 1.71	2.00	2.28 .439	2.57 .389	2.85 .351	3.42 .292	4.00	4.57	5:14 .195	5.71 .175	6.29	6.86 .146	7.43 .135		
	1.13 .885	.704	1.71 .585	• 500	.439 2.40	100	3.01	3.63 .275	.250 4.25	.219 4.86	5.48 .182	6.10 .164	6.71 .149	7.33 .136	7.94 .125		
750	1.16 .862	1.47 .680	1.78 .562	2.09 .478	.417 2.54	2.71 .369	.332	4.5	•235 4.54	.206 5.21	5.88	6.54	7.21 .139	7.88 .127	8.55 .117		
700	1.20 .833	1.54 .649	1.87 .535	2.21 .452	•394	2.87 .348	3.20 .313	3.87 .258	4.54 .220	.192	.170	.153 2.06	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	8.52			
650	1.25 .800	1.61 .621	1.97 .508	2.34	2.70 .370	3.07	3.43 .292	4.15 .243	4.88 .205	5.61 .178	6, 34 .158	7.06 .142	7.79 .128	.117	9.25		
600	1.30	1.70 .588	2.10 .476	2.50	2.89 .346	3.29	3.68 .272	4.48 .223	5.27	6.06 .165	6.86 .146	7.65 .131	8.45 .118	9.24 .108	10.03 .100		
550	1.37	1.81 .552	2.25 .444	2.69 •372	3.12	3.56 .281	3.99 .251	4.87	5.74	6.62	7.49 .134	8.36 .120	9.24 .108	10.11 .099	10.98 .091		
500	1.46	1.95 .513	2.43 .412	2.92 .342	3.40 .294	3.89	4.37	5.33 .188	6.30	7.27 .138	8.24 .121	9.21 .109	10.18 .098	11.15 .090	12.11 .083		
450	1.58 .633	2.12 .472	2.66	3.21	3.75	4.29 .233	4.83 .207	5.92 .169	7.00 .143	8.09 .124	9.18	10.26 .097	13.35 .088	.080	13.52 .074		
400	.033 .1.73 .528	2.34	2.95	3.57	4.18 .239	4.80	5.41 .185	6.64	7.87	9.10 .110	10.33	11.55	12.78 .078	14.01 .071	15.24		

16.2							Order No. R-24
SERVOIR	SPACE VO IDED	IN PRODUCING C	NE BARREL OF	STOCK TANK-OIL,	AND		Exhibit "B"
L FACTOR	THEREOF, AT	GIVEN GAS OIL	RATIOS AND R	ESERVOIR PRESSUR	88		Page 2
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	•		BARRELS OF RESERVOIR SPACE WIDED IN PRODUCING ONE BARREL OF STOCK TANK-OIL, AN THE RECIPROCAL FACTOR THEREOF, AT GIVEN GAS OIL RATIOS AND RESERVOIR PRESSURES									ND.	Orde Ex		
e e			Gas Oil Ratios							14					
		2800	3000	3200	3400	3600	3800	4000	4200	<u>₩</u>	7600	<u>4800</u>	5000		
	1300	4.93 .203	5.25 .190	5.57 .180	5.89 .170	6.21 .161	6.53 .153	6.84 .146	7.16 .140	7.48 .134	7.80 .128	8.12 .123	8. կ.կ. . 118		
A. series of	1250	5.12 .195	5.45 .183	5.79 .173	6.12 .163	6.46 .155	6.79	7,13 ,140	7.46 .134	7.80 .128	8.13 .123	8.46 .118	8.80 .114		
•	1200	5.32 .188	5.67	6.02 .166	6.38 .157	6.73 •149	7.08 .141	7.43 .135	7.78 .129	8.14 .123	8.49 .118	8.84 .113	9.19 .109		
<b>⊙</b>	1150	5.53 .181	5.90 .169	6.27	6.64 .151	7.01 .143	7.38 .136	7.75 .129	8.12 .123	8.49 .118	8.86 .113	9.23 .108	9.60 .104		
	1100	5.78 .173	6.17 .162	6.56	6.95 •144	7.34 .136	7.74 .129	8.13 .123	8.52 .117	8.91 .112	9.30 .108	9.69 .103	10.08		
	1050	6.04 .166	6.45	6.87 .146	7.28 .137	7.70 .130	8.11 .123	8.52 .117	8.9%	9.35 .107	9.77	10.18	10.59		
. 891	1000	6.32 .158	6.76 .148	7.20 •139	7.63 .131	8.07	8.51 .118	8.95 .112	9.39 .106	9.83	10.26	10.70	11.14		
ressur	950	6.67	7.14 .140	7.61 .131	8.07 .124	8.54 .117	9.01 .111	9.47	9.94	10.41	10.87	11.34	11.81		
· 24	900	7.07 .141	7.57 .132	8.07 .124	8.56 .117	9.06 .110	9.56 .105	10.06	10.56	11.06	11.55	12.05	12.55 •080		
(v10)	850	7.51 .133	8.05 .124	8.58 .117	9.11 .110	9.65 .104	10.18	10.71	11.25	11.78	12.31 .081	12.85 .078	13.38 •075		
Reservior	800	8.00 •125	8.58 .117	9.15 .109	9.72 .103	10.29	10.86	11.44 •087	12.01	12.58	13.15	13.73 .073	14.30		
	750	8.56 .117	9.18 .109	9.79 .102	10.41	11.03	11.64 .086	12.26	12.87	13.49	14.11	14.72 .068	15.34		
	700	9.22 .108	9.88 .101	10.55	11.22	11.89 .084	12.56	13.22	13.89	14.56	15.23	15.90	16.56		
	650	9.97 .100	10.70	11.43 <sup>(</sup>	12.16	12.88	13.61	14.34	15.07	15.79	16.52 .061	17.25 .058	17.97		
	600	10.83 .092	11.62	12.41 .081	13.21	14.00	14.80 .068	15.59 .064	16.38 .061	17.18 .058	17.97 .056	18.76	19.56		
	550	11.86	12.73	13.61	14.48	15.35	16.23 .062	17.10	17.97	18.85 .053	19.72 .051	20.60	21.47		
	500	13.08	14.05	15.02	15.99	16.96	17.92 .056	18.89	19.86	20.83	21.80	22.77	23.73		
	450	14.60	15.69	16.77 .059	17.86 .056	18.95 .053	20.03	21.12	22.20	23.29	24.37 .041	25.46 .039	26.55	 )	
	400	16.47	17.70	18.93	20.15	21.38	22.61	23.84	25.07	26.30 •038	27.53 .036	28.76 .035	29.98 •033		
			,-	*****					.0.0	•030	1436	•037	••33		

### BEFORE THE OLD CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

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

> CASE No. 4304 Order No. R-2403-A

APPLICATION OF CONTINENTAL OIL COMPANY FOR AN UNORTHODOX OIL WELL LOCATION AND AMENDMENT OF ORDER NO. R-2403, LEA COUNTY, NEW MEXICO.

### ORDER OF THE COMMISSION

### BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 4, 1970, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 9th day of February, 1970, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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, as operator of the MCA Unit approved by Commission Order No. R-2403, seeks authority to drill its MCA Unit Well No. 251, a producing oil well, at an unorthodox location 1100 feet from the South line and 2600 feet from the West line of Section 21, Township 17 South, Range 32 East, NMPM, Maljamar Grayburg-San Andres Pool, Lea County, New Mexico, as an infill well in said MCA Unit project area.
- (3) That the proposed unorthodox location is necessary to provide an efficient oil producing pattern.
- (4) That the applicant also seeks the amendment of said Order No. R-2403 to provide for the establishment of an administrative procedure whereby the Secretary-Director of the Commission

-2-CASE No. 4304 Order No. R-2403-A

may authorize additional producing wells and injection wells at unorthodox locations within said MCA Unit Area as may be necessary to complete an efficient production and injection pattern.

(4) That approval of the aforesaid amendment will afford the applicant the opportunity to produce its just and equitable share of the oil in the Maljamar Grayburg-San Andres Pool, and will otherwise prevent waste and protect correlative rights, provided said producing wells and injection wells are drilled no closer than 330 feet to the outer boundary of said MCA Unit nor closer than 10 feet to any quarter-quarter section or subdivision inner boundary.

### IT IS THEREFORE ORDERED:

That the applicant, Continental Oil Company, is hereby authorized to drill its MCA Unit Well No. 251, a producing oil well, at an unorthodox location 1100 feet from the South line and 2600 feet from the West line of Section 21, Township 17 South, Range 32 East, NMPM, Maljamar Grayburg-San Andres Pool, Lea County, New Mexico, as an infill well in its MCA Unit Area approved by Commission Order No. R-2403.

### IT IS FURTHER ORDERED:

(1) That Order (2) of "IT IS FURTHER ORDERED" of Order No. R-2403, as amended by Order No. R-3375, is hereby further amended by the addition of a second paragraph as follows:

"The Secretary-Director of the Commission is hereby also authorized to approve such additional producing wells and injection wells at unorthodox locations within the boundaries of the Maljamar Cooperative Agreement Unit Area as may be necessary to complete an efficient production and injection pattern; provided said wells are drilled no closer than 330 feet to the outer boundary of said MCA Unit nor closer than 10 feet to any quarter-quarter section or subdivision inner boundary, and provided further, that the application therefor has been filed in accordance with Rule 701-B of the Commission Rules and Regulations, and provided further, that a copy of the application has been sent to all operators owning acreage offsetting the quarter-quarter section upon which the well is to be located, if any there be, and no such operator has objected within 20 days. The Secretary-Director may grant immediate approval of the

-3-CASE No. 4304 Order No. R-2403-A

application upon receipt of written waivers of objection from all such offset operators."

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

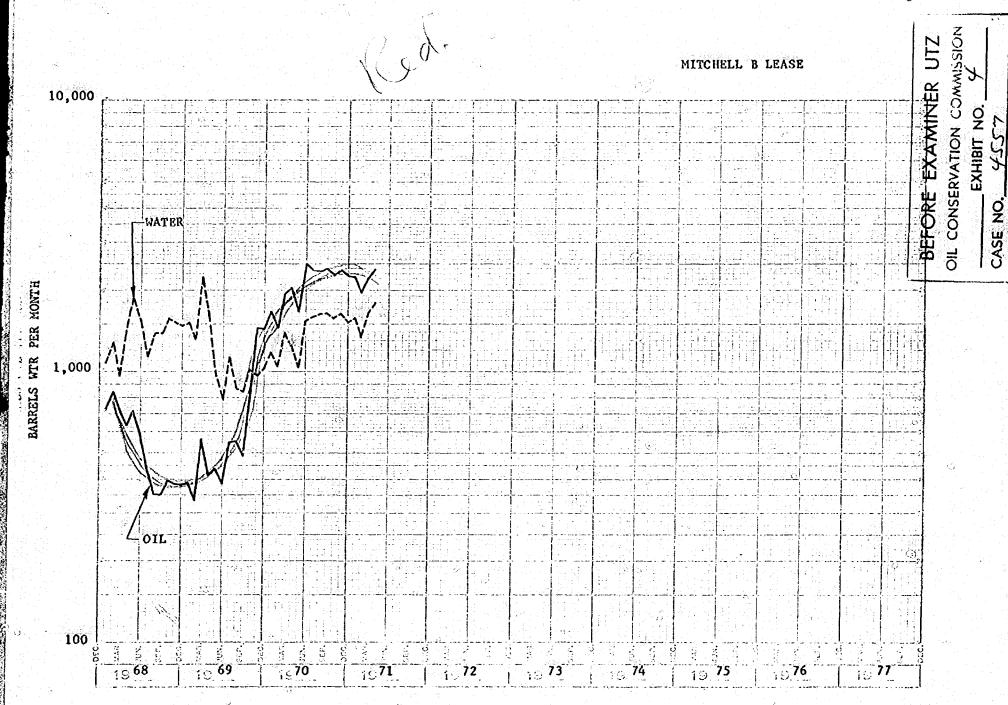
DAVID F. CARGO, Chairman

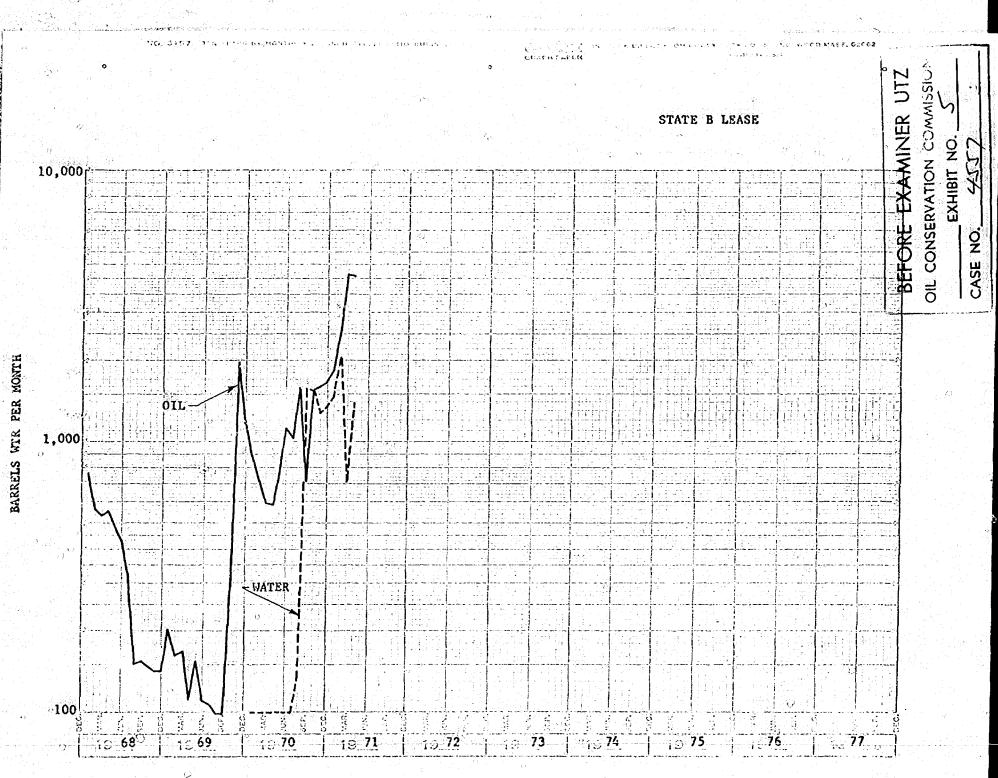
ALEX J. ARMIJO, Member

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

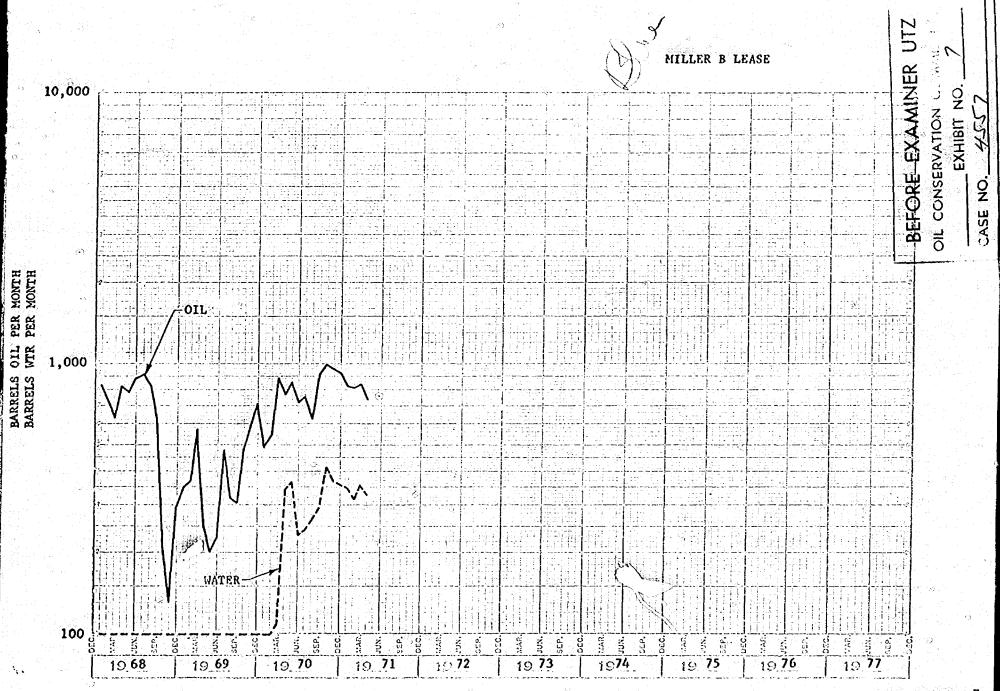
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OIL CONSERVATION CUMMISSION BEFORE EXAMINER UTZ 1,000 WATER-COIL CASE NO. BARRELS WIR PER MONTH 100 10 ig **71** 9 1969 ် ၌ 19.**72** 19 **74** 3,00 i⊜ 76 ≕ EXHIBIT NO. 6



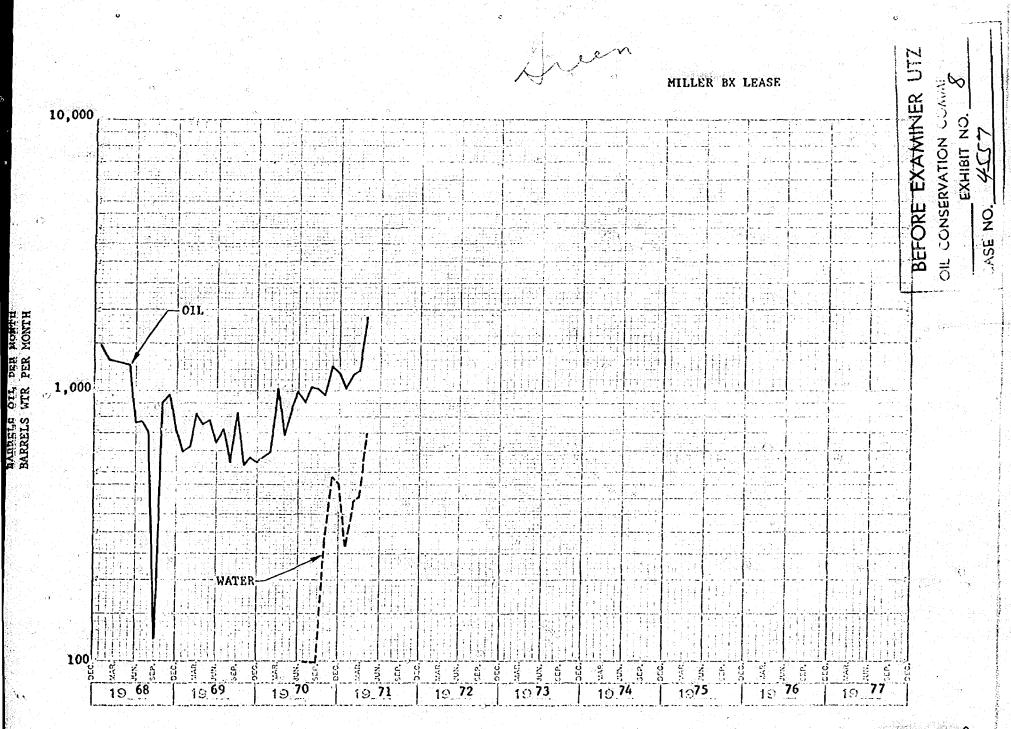
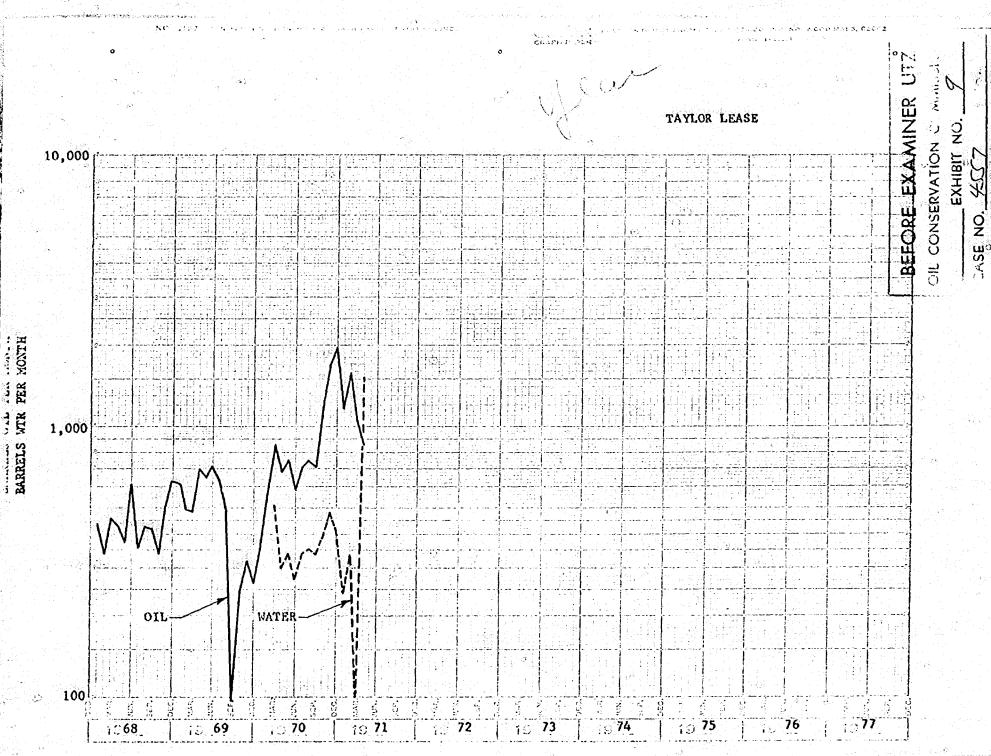


EXHIBIT NO.8



BEFORE THE OIL CONSERVATION COMMISSION

OF THE

STATE OF NEW MEXICO

APPLICATION OF CONTINENTAL OIL COMPANY FOR AUTHORITY TO TRANS-FER ALLOWABLE BETWEEN THE PARTICIPATING AREA AND THE LEASES WITHIN THE MALJAMAR COOPERATIVE AREA, BUT OUTSIDE THE PARTICIPATING AREA IN CONNECTION WITH THE MALJAMAR (GRAYBURG-SAN ANDRES) WATERFLOOD PROJECT BEING CONDUCTED WITHIN SAID COOPERATIVE AREA.

Care 4557

### APPLICATION

Comes now Continental Oil Company, and respectfully requests authority to transfer allowable across the boundaries of the Participating Area and the leases outside said Participating Area but within the Maljamar Cooperative Area in connection with the Maljamar (Grayburg-San Andres) waterflood project being conducted within the said Maljamar Cooperative Area and in support thereof would show:

- 1. Applicant is the operator of the Maljamar Participating Area and is the owner and operator of leases outside the said Participating Area within the boundaries of the Maljamar Cooperative Area as described in Order No. R-2403.
- 2. Applicant has installed and developed a waterflood project within the boundaries of said Maijamar Cooperative Area under the provisions of Orders No. R-2403 and R-2403A and various administrative orders of the Commission.
- 3. As a result of the waterflood operations, the producing rate within the Participating Area is nearing the maximum allowable assignable to said Participating Area and is projected to exceed that allowable within the near future.
- 4. That in the interest of efficient waterflooding and preventing waste, allowable should be transferred across the boundaries of the Participating Area and the leases outside the Participating Area but within the Cooperative Area.

DEXERT MALED

5. That said allowable can be transferred without impairment of correlative rights.

Wherefore, Applicant respectfully requests that this application be set for hearing before the Commission's duly appointed Examiner and that upon hearing an order be entered approving the transfer of allowable as described above.

Respectfully submitted,

CONTINENTAL OIL COMPANY

L. P. Thompson Division Manager

rw



BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

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

CASE NO. 4557 (De Novo) Order No. R-4/70-A

APPLICATION OF CONTINENTAL OIL COMPANY FOR TRANSFER OF ALLOWABLE, LEA COUNTY, NEW MEXICO.

### ORDER OF THE COMMISSION

### BY THE COMMISSION:

This cause came on for hearing de novo at 9 a.m. on June 16, 1972, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission." only was Continued to Enquet 16, 1972. \_\_\_\_, 1972, the Commission, NOW, on this day of a quorum being present, having considered the record, and being fully advised in the premises,

### FINDS:

That Continental Oil Company's request for dismissal of the application for hearing de novo should be granted.

### IT IS THEREFORE ORDERED:

That the application for hearing de novo is hereby dismissed. DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

GMH/dr

(dri)

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

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

ANA

CASE No. 4557

Order No. R-

APPLICATION OF CONTINENTAL OIL COMPANY FOR TRANSFER OF ALLOWABLE, LEA COUNTY, NEW MEXICO.

### ORDER OF THE COMMISSION

### BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 30 , 1971 at Santa Fe, New Mexico, before Examiner Elvis A. Utz

NOW, on this day of July 1971, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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 Maljamar Participating Area of the MCA Unit and is the operator of leases outside the Participating Area but within the boundaries of the Maljamar Cooperative Area approved by Order No. R-2403, as amended.

CASE NO. 4557 Order No. R-

- (3) That the applicant seeks authority to transfer allowable from wells on its leases that are within the Cooperative area but outside the Participating Area to wells that are within the Participating Area.
- (4) That Order No. R-2403, as amended, adopted a formula for the allocation of production to the Participating Area and other committed leases within the boundaries of the Maljamar Cooperative Agreement Area, Maljamar Grayburg-San Andres Pool, is County, New Mexico.
- (5) That Order (4) of said Order No. R-2403 provided that no allowable shall be transferred across the boundary of the Participating Area or across the boundary of any lease outside the Participating area without notice and hearing.
- (6) That approval of the subject application would permit wells within the Participating Area to produce more than their just and equitable share of the oil from the subject pool and would, therefore, violate the correlative rights of other operators in the pool.
  - (7) That the subject application should be <u>defied</u>.

    IT IS THEREFORE ORDERED:
  - (1) That the subject application is hereby denied.
- (2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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