

CASE 4731: Appli. of CONTINENTAL
OIL CO. FOR REDEDICATION OF
ACREAGE & SIMULTANEOUS DEDICATION,

Case Number

41731

Application

Transcripts

Small Exhibits

ETC.

dearnley, meier & mc cormick

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST ALBUQUERQUE, NEW MEXICO 87108

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
CONFERENCE HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

June 7, 1972

EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil
Company for rededication of
acreage and simultaneous dedication,
Lea County, New Mexico.

CASE NO. 4731

BEFORE: Daniel Nutter
Examiner

TRANSCRIPT OF HEARING

dearnley, meier & mc cormick

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1 MR. NUTTER: Call Case Number 4731.

2 MR. HATCH: Application of Continental Oil Company
3 for rededication of acreage and simultaneous dedication, Lea
4 County, New Mexico.

5 MR. KELLAHIN: Jason Kellahin, Kellahin & Fox,
6 appearing on behalf of the Applicant, Continental Oil Company.
7 We have one witness we would like to have sworn in this case.

8 (Whereupon, the witness was sworn by Mr. Hatch.)

9 * * * * *

10 VICTOR T. LYON,
11 called as a witness, after having been first duly sworn,
12 testified as follows:

13 MR. NUTTER: You may proceed, Mr. Kellahin.

14 * * * * *

15 DIRECT EXAMINATION

16 BY MR. KELLAHIN:

17 Q Would you please state your name, address, and occupation?

18 A Victor T. Lyon of Continental Oil Company, Box 460,
19 Hobbs, New Mexico.

20 Q How are you employed by Continental Oil, Mr. Lyon?

21 A I am a conservation coordinator in the Hobbs Division
22 Office.

23 Q Are you a geologist or petroleum engineer?

24 A I'm a petroleum engineer.

25 Q Have you previously testified before this Commission or

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1 one of its Hearing Examiners and had your qualifications
2 accepted and made a matter of record?

3 A Yes, sir, I have.

4 MR. KELLAHIN: Mr. Examiner, are the witness'
5 qualifications acceptable?

6 MR. NUTTER: Yes, they are.

7 Q (By Mr. Kellahin, continuing) Mr. Lyon, have you
8 examined and are you familiar with the facts surrounding
9 the Application by Continental Oil Company?

10 A Yes, sir, I have, and I am.

11 Q Have you prepared any Exhibits with regard to this
12 Application?

13 A Yes, sir.

14 Q Would you please state, briefly, what is sought by this
15 Application?

16 A The Application of Continental Oil Company is for
17 authority to dedicate, on a joint basis, 640 acre gas
18 proration unit in the Eumont Gas Pool to its Saunderson
19 A well number 12 and 13, and for administration to
20 allocate on a joint basis, additional Eumont wells which
21 may be reclassified in the future from oil wells to gas
22 wells.

23 Q Let me direct your attention to Exhibit Number 1. Can
24 you describe what information it contains?

25 A Exhibit Number 1 is a location in ownership plat showing

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1 Section 14, which is the gas proration unit south in
2 this, or, which has been approved for well number 13
3 and which is the subject of this case.

4 Section 14 is outlined in red. The plat also
5 shows the offsetting property and the wells thereon, and
6 the ownership thereof.

7 Section 14 has been communitized for Eumont gas
8 production and consists of the Saunderson A lease and
9 the Saunderson B-14 lease. The line which is situated
10 from the northwest corner, approximately to the southeast
11 corner, approximately, shows the boundary of these two
12 or the dividing line between the two leases. The
13 Saunderson A lease consists of the NE/4, the E/2 of the
14 NW/4. The E/2 of the NW/4 of the NW is the N/2 of the
15 SE/4, and the SE/4 of the SE/4 of Section 14.

16 The remainder of the Section is comprised of the
17 Saunderson B-14 lease. We have shown circled in red
18 well, number 1, which for many years has been the unit
19 wells for this proration unit.

20 It is located in unit G, and well number 12 is
21 circled in red, and it is located in unit P. Well
22 number 12 has recently been reclassified from an oil
23 well to a gas well in the Eumont Pool. It subsequently
24 was necessary, in order to continue producing the well,
25 to allocate some acreage to the well.

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1 Because of the fact that this proration unit has
2 been communitized, we feel it is essential that the
3 proration unit be assigned to these wells on a joint
4 basis.

5 Q Let me direct your attention to Exhibit Number 2. Can
6 you describe that and the information it contains?

7 A Exhibit Number 2 is a plat showing the same area as
8 shown on Exhibit 1. Again, we have outlined Section
9 14 in red, and have circled in red, wells numbered
10 13 and 14 in Unit P and G, respectively. That's P
11 for Procter and G for Gamble. We have also shown,
12 circled in green, wells numbered -- well, we have shown
13 in Unit D Saunderson A-B, number 14, and Unit B, Saunder-
14 son Unit B, Number 5, and Unit -- Saunderson B, Unit
15 Number 3.

16 These wells are Eumont Oil Wells, which are located
17 within the boundaries of the gas proration unit. Logs
18 in this area are rather scarce, and to the best of my
19 ability, I have examined the producing interval in each
20 of the wells, and I find that well number 13, which is
21 the original well for this proration unit, is completed
22 in an interval, the bottom of which is approximately
23 100 feet above the Grayburg formation. Well number 12
24 is completed in an interval which is approximately 40
25 feet above the Grayburg -- top of the Grayburg formation.

1 The four wells circled in green are, to the best
2 of my ability, according to information which was
3 available to me, completed below the interval in number
4 12, with a small amount -- approximately 5 to 10 feet
5 opened, perhaps in the same interval that number 12 is,
6 but, broadly speaking, you might say they were in
7 approximately the same interval as number 12.

8 Not identical, but very nearly the same interval.

9 MR. NUTTER: Are they structurally lower, however?

10 MR. LYON: The structure tips to the SW in this
11 area and well number 12 and well number 13 up in Unit D are
12 almost level within two feet I believe it is. And well number
13 13, is as I recall, some 25 or 30 feet higher, and wells 3 and
14 5 are very close to the same level and they are, oh, I would
15 say, 50 feet lower than 12 and 13.

16 Q (By Mr. Kellahin, continuing) **Directing** your attention
17 to Exhibit Number 3, may I ask you to explain that and
18 the information in it?

19 A Exhibit Number 3 is a tabulation showing the production
20 data from Saunderson A number 13 which is the gas well
21 for the unit under consideration. I have shown, for
22 the most part, beginning in January and through April --
23 excuse me, beginning in January, 1971, through April of
24 1972. The production for the well for each month, the
25 nonmarginal allowable which a nonmarginal well would have

1 received for a 640 acre unit and in the last column
2 the difference between the production and the non-
3 marginal allowable.

4 Saunderson A number 13 is a marginal well and
5 consequently this is not the allowable that is in the
6 third data column. This is not the allowable that the
7 well was given, but the allowable the well would receive
8 if it were known. The amount of allowable has been lost
9 to the unit, because the well does not have the capacity
10 to produce the allowable.

11 You'll see the three months during the 16 month
12 period that the well produced the allowable and this
13 was during a period when the allowable was exceptionally
14 low.

15 Q Directing your attention to Exhibit Number 4, Mr. Lyon,
16 I'll ask you to explain that and the information it
17 contains.

18 A Exhibit Number 4 is a tabulation showing the oil-water-gas
19 production of the Saunderson A number 12 oil well, by
20 month, from the period January, 1971, through March, 1972.
21 As you can see, the well produced in the range of 5
22 barrels of oil per day, not water, and about four to
23 five hundred MCF gas per day.

24 The last column on the right shows the casinghead
25 gas allowable which is arrived at by multiplying the top

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1 allowable for the unit, Monument Oil Pool by its
2 gas-oil ratio. Excuse me -- the Eumont ratio by the
3 limiting ratio which is 10,000 cubic feet per barrel.
4 As you can see, the well is not to the top allowable,
5 either. It's incapable of producing.

6 Q State, briefly, why Continental Oil Company is seeking
7 approval of this particular application.

8 A As I mentioned, the proration units have been communitized.
9 Under the policy of the USGS, which is an agency
10 responsible for this federal land, they were authorized
11 to communitize a single proration unit. If we were to
12 subdivide this proration unit, then, it would have the
13 effect of terminating this and it would be necessary
14 to communitize for the two individually. In the event
15 that additional wells were completed or were reclassified
16 to gas wells, then, it would be necessary to communitize
17 again. As you can see, there is no gas well on the
18 Saunderson B 14 lease.

19 Consequently the termination of this communitization
20 without another communitization to take place or series
21 of them, would leave the Saunderson B 14 lease without
22 any gas production and gas allowable.

23 Since Well number 12 was reclassified to a gas
24 well, in the Eumont Pool, we can no longer produce it
25 as an oil well because, under your rules, it is not an

1 oil well. Gas is now dry gas and consequently the
2 dry gas is dedicated to the El Paso Gas Company, whereas
3 casing gas is not.

4 Normally, if this situation had arisen and number
5 13 had the capacity to produce the allowable, we would
6 merely shut-in number 12 since number 13 produces all
7 of the gas that the unit is entitled to produce.

8 However, well number 13 is a marginal well.

9 Q In your opinion, then, would the granting of this
10 Applicant prevent waste and protect correlative rights?

11 A Yes, sir. The unit will be underproduced and perhaps
12 some of the gas may be lost.

13 Q Were Exhibits 1 through 4 prepared by you or under your
14 supervision and direction?

15 A Yes, sir, they were.

16 MR. KELLAHIN: Mr. Examiner, I now offer Exhibits
17 1 through 4.

18 Applicant has nothing further to present.

19 MR. NUTTER: Taking a look at the gas production
20 from number 13 as depicted by Exhibit Number 4 and the shortage
21 of capacity, there would still be a marginal unit even with
22 number 12 in there?

23 MR. LYON: Very possibly.

24 Q Do you anticipate doing something to the number 12 to
25 try and enhance its production?

1 A I don't know. We have plans to review all of our
2 gas units and see if there is not something that can be
3 done which would increase the production of our wells.
4 I'm not aware of any specific plans made, at this time.

5 MR. NUTTER: For number 12 or 13, either one?
6 All the others weren't on the Saunderson A lease. What pools
7 were they producing from?

8 MR. LYON: Those are producing from the Monument
9 Oil Pool units.

10 MR. NUTTER: The original four Eumont pools are the
11 ones circled on Exhibit Number 2?

12 MR. LYON: Yes, sir. There were five. Number 12
13 was reclassified to a gas pool. Actually, it was simultaneously
14 an oil pool and gas pool, but this has been going on for quite
15 some time. There is not going to be anymore gas produced as
16 a result of this Application, but number 12 has been changed
17 in classification from casinghead gas to dry gas.

18 MR. NUTTER: It's been producing its capacity of gas
19 and number 13 has been producing its capacity of gas?

20 MR. LYON: Right.

21 MR. NUTTER: Are there any further questions of the
22 witness?

23 (No response.)

24 MR. NUTTER: You may be excused.

25 (Witness excused.)

1 MR. NUTTER: Do you have anything further, Mr.
2 Kellahin?
3 MR. KELLAHIN: We have the next case.
4 MR. NUTTER: Does anyone have anything further?
5 (No response.)
6 MR. NUTTER: We'll take the case under advisement.
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1 STATE OF NEW MEXICO)
2) ss
3 COUNTY OF BERNALILLO)

4 I, ROSALIE E. CLAUSSEN, a Shorthand Reporter, in and for
5 the County of Bernalillo, State of New Mexico, do hereby
6 certify:

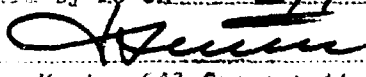
7 That the foregoing and attached Transcript of Hearing
8 before the New Mexico Oil Conservation Commission was reported
9 by me;

10 That the same is a true and correct record of the said
11 proceedings to be best of my knowledge, skill and ability.

12 

13 ROSALIE E. CLAUSSEN

14 Dated at Albuquerque, New Mexico,
15 this 31st day of July, 1972.

16
17
18
19
20
21
22 I do hereby certify that the foregoing is
23 a complete record of the proceedings in
24 the hearing hearing of Case No. 4731
25 heard by me on 6/7 1972

New Mexico Oil Conservation Commission

I N D E XWITNESS:PAGEVICTOR T. LYON

Direct Examination by Mr. Kellahin

3

E X H I B I T SAPPLICANT'SOFFEREDADMITTED

Exhibit Number 1

4

10

Exhibit Number 2

6

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Exhibit Number 3

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10

Exhibit Number 4

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10



OIL CONSERVATION COMMISSION

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

GOVERNOR
BRUCE KING
CHAIRMAN

**LAND COMMISSIONER
ALEX J. ARMUJO
MEMBER**

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

July 10, 1972

Mr. Tom Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: Case No. 4731
Order No. R-4332
Applicant:

Continental

Dear Sir:

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

Very truly yours,

A. L. Porter

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
Artesia OCC _____
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. 4731
Order No. R-4332

APPLICATION OF CONTINENTAL OIL
COMPANY FOR REDEDICATION OF
ACREAGE AND SIMULTANEOUS
DEDICATION, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 7, 1972,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 7th day of July, 1972, 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 and co-owner of the Sanderson A-B-14 communitized gas
unit comprising all of Section 14, Township 20 South, Range 36
East, NMPM, Eumont Gas Pool, Lea County, New Mexico, dedicated
to its Sanderson "A" Well No. 13, located 1650 feet from the
North line and 1650 feet from the East line of said Section 14.

(3) That the applicant's Sanderson "A" Well No. 12,
located 660 feet from the South line and 660 feet from the East
line of said Section 14 has been reclassified from an oil well
to a gas well in the Eumont Gas Pool.

(4) That the applicant seeks the authority to simultaneously
dedicate the above-described 640-acre gas unit to said Wells
Nos. 12 and 13 and produce the allowable assigned to the unit
from the two wells in any proportion.

(5) That the applicant further seeks a procedure whereby
the allowable for the above-described proration unit may be
produced by any or all wells located within the unit and
classified as Eumont gas wells.

-2-

CASE NO. 4731
Order No. R-4332

(6) That the subject unit can be efficiently and economically drained and developed by the above-described Wells Nos. 12 and 13.

(7) That the applicant's request for a procedure whereby the allowable for the above-described proration unit may be produced by any or all wells located within the unit and classified as Eumont gas wells without the necessity of notice and hearing should be denied.

(8) That approval of the application, subject to Finding No. (7), above, will afford the applicant the opportunity to produce its just and equitable share of the gas in the Eumont Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, will avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That, effective, as of July 1, 1972, the applicant, Continental Oil Company, is hereby authorized to simultaneously dedicate its Sanderson A-B-14 communitized gas unit comprising all of Section 14, Township 20 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, to its Sanderson "A" Well No. 13, located 1650 feet from the North line and 1650 feet from the East line and its Sanderson "A" Well No. 12, located 650 feet from the South line and 650 feet from the East line of said Section 14.

(2) That the operator may produce the allowable assigned to the above-described unit from the said Wells Nos. 12 and 13 in any proportion.

(3) That the applicant's request for a procedure whereby the allowable for the subject unit may be produced by any or all wells located within the unit and classified as Eumont Gas wells is hereby denied.

(4) 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


Bruce King
BRUCE KING, Chairman

Alex J. Armiijo
ALEX J. ARMIJO, Member

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

(Case 4729 continued)

of Federal, State and Fee lands in Sections 19, 20, 21, 28, 29, 30, 31, 32, and 33, Township 21 South, Range 25 East, Eddy County, New Mexico.

CASE 4730: Application of Stoltz, Wagner & Brown for salt water disposal, Lea County, New Mexico. Applicants, in the above-styled cause, seek authority to dispose of produced salt water into the Devonian formation in the interval from 11224 to 11234 feet in their Soldier Hill State AE Well No. 1 located 800 feet from the North line and 1800 feet from the West line of Section 23, Township 12 South, Range 32 East, East Caprock Devonian Pool, Lea County, New Mexico.

CASE 4731: Application of Continental Oil Company for rededication of acreage and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dedicate a standard 640-acre gas proration unit comprising all of Section 14, Township 20 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to its Sanderson "A" Wells Nos. 12 and 13 located, respectively, in Units P and G of said Section 14. Applicant further seeks authority to produce the allowable for the unit from either well in any proportion. Applicant further seeks the establishment of a procedure whereby the allowable for the above-described proration unit may be produced by any or all Eumont gas wells located within said unit without the necessity of notice and hearing.

CASE 4732: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Skaggs-Glorieta, East Weir-Blinbry, and Skaggs-Drinkard Pools in the wellbore of its Skaggs "B" Well No. 5 located 990 feet from the North line and 1700 feet from the West line of Section 12, Township 20 South, Range 37 East, Lea County, New Mexico.

CASE 4709: (Continued from the May 5, 1972, Examiner Hearing)

Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Eumont Gas Pool and the Penrose Skelly Oil Pool in the wellbore of its Lockhart A-17 Well No. 1 located in Unit L of Section 17, Township 21 South, Range 37 East, Lea County, New Mexico.

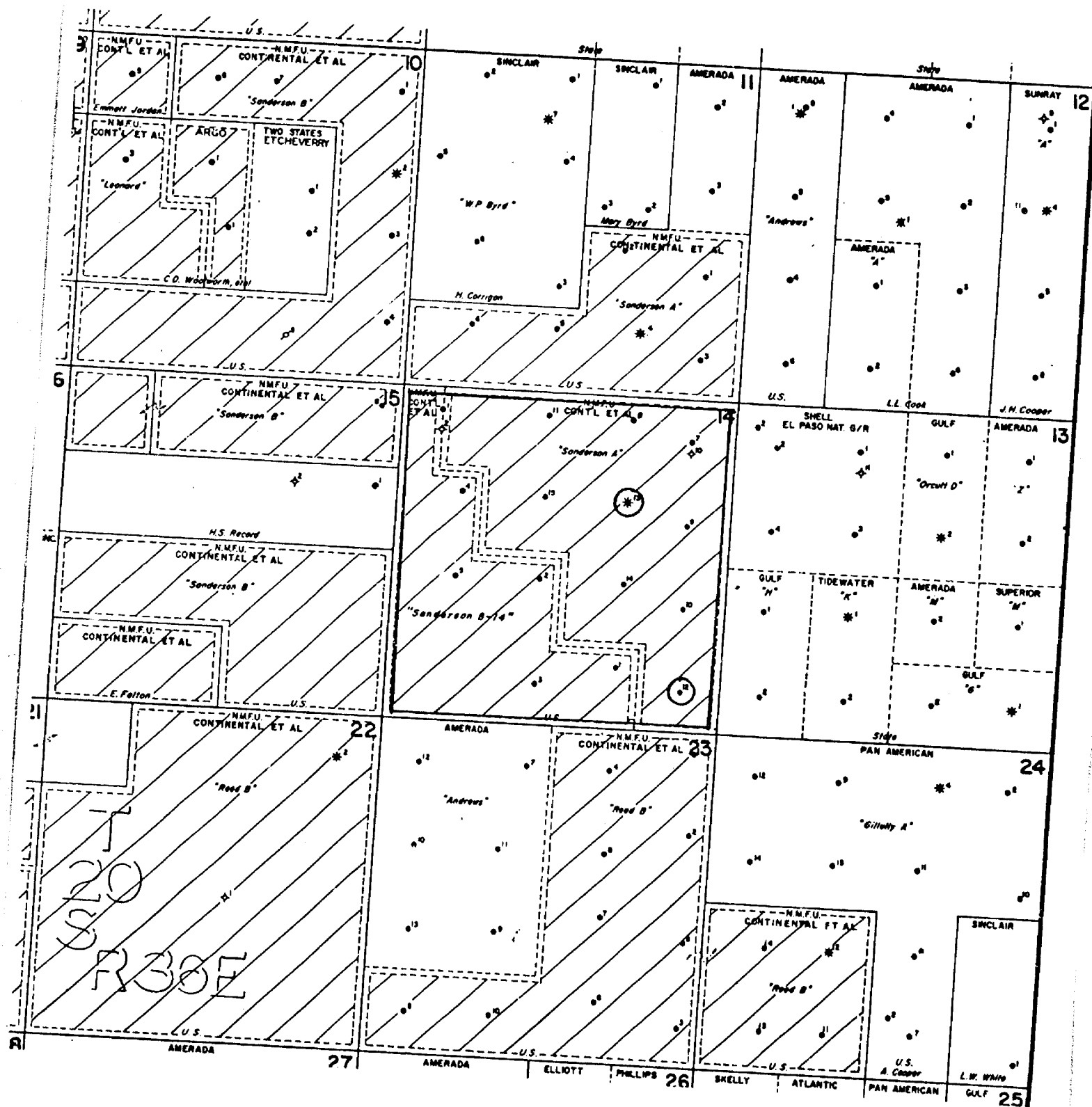
CASE 4733: Application of David Fasken for pool contraction and creation of a new gas pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the horizontal limits of the Indian Basin-Morrow Gas Pool, Eddy County, New Mexico, by the deletion therefrom of all of Sections 4 and 5, Township 21 South, Range 24 East. Applicant further seeks the creation of a new gas pool with horizontal limits comprising all of said Section 4 and 5 for the production of gas from the Morrow formation.

CASE 4734: Application of Hanagan Petroleum Corporation for pool extension, non-standard spacing unit, and unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order extending the horizontal limits of the Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico, to include all of Section 24, Township 21 South, Range 25 East and all of Section 19, Township 21 South, Range 26 East. Applicant further seeks approval of a 636.38-acre non-standard gas spacing unit comprising all of said Section 19 to be dedicated to its Nan-Bet Well No. 1 located at an unorthodox location for said pool 1980 feet from the North line and 660 feet from the West line of said Section 19.

CASE 4735: Application of El Paso Natural Gas Company for capacity production, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rules 14 (A) 15 (A), and 15 (B) of the General Rules and Regulations for the prorated gas pools of Northwest New Mexico, to produce six wells located in Sections 29, 30, 31, and 32 of Township 32 North, Range 8 West and Section 36, Township 32 North, Range 9 West, Blanco-Mesaverde Pool, San Juan County, New Mexico, at full capacity for approximately one year from February 1, 1972.

Applicant further seeks authority to offset any overproduction accrued to the above-described six wells during the one-year period by underproduction attributable to any underproduced wells or marginal wells located within the participating area of the San Juan 32-9 Unit.

CASE 4736: Application of Dalport Oil Corporation for an exception to Order No. R-3221, as amended, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, to dispose into an unlined surface pit water produced from its Todhunter-Federal Well No. 1 located in the SE/4 NW/4 of Section 22, Township 15 South, Range 29 East, Double L Field, Chaves County, New Mexico.



BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION

EXHIBIT NO. 1

CASE NO. 4731

Submitted by Continental Oil Co

Hearing Date June 7, 1972

conoco

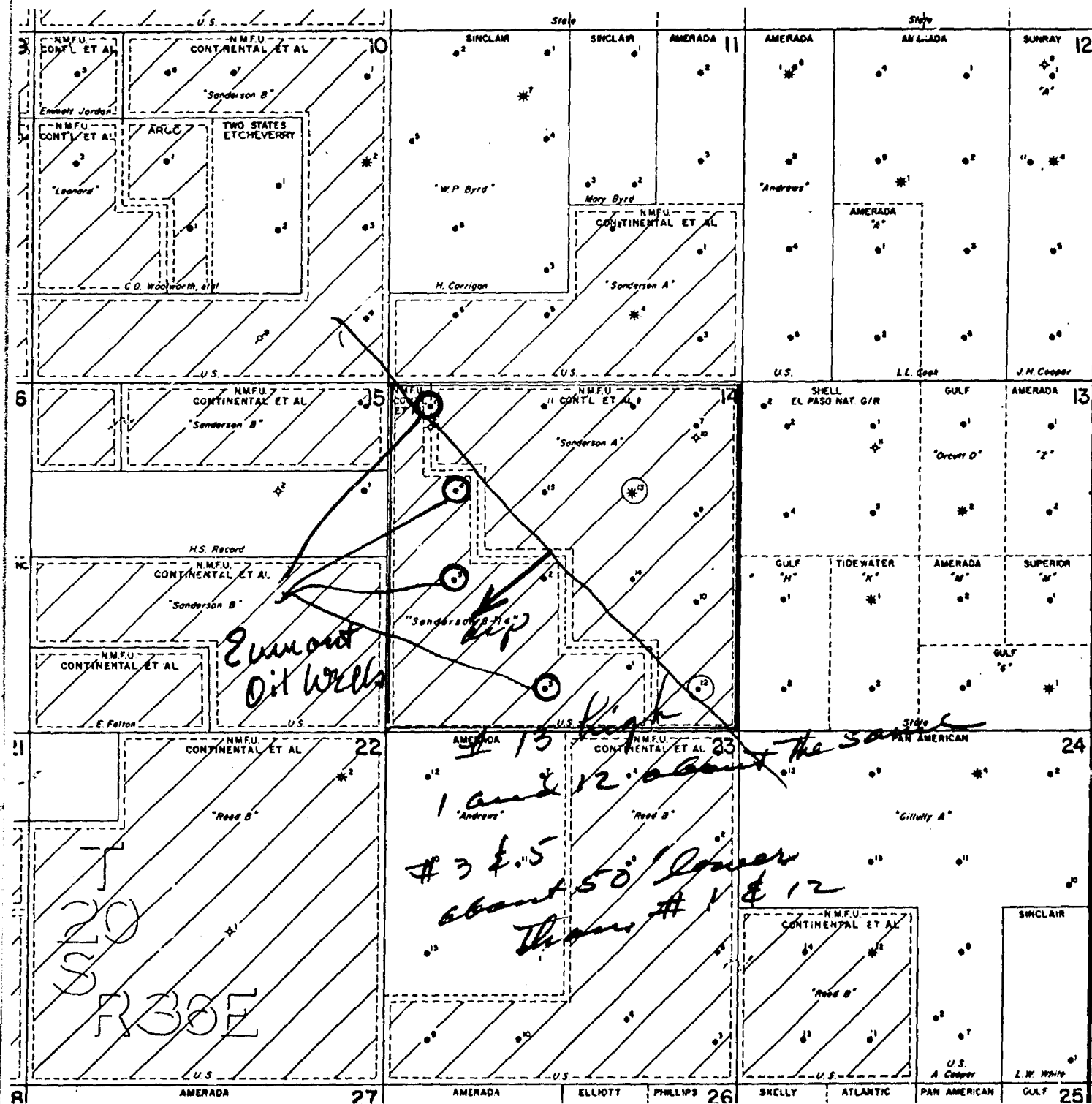
PRODUCTION DEPARTMENT

HOBBS DIVISION

LEA COUNTY, NEW MEXICO

SCALE
0 1000 2000

13 perfs 100'
 # 12 perfs 40'
 475
 Gray, burg



BEFORE EXAMINER NUTTER
 OIL CONSERVATION COMMISSION
 EXHIBIT NO. 2
 CASE NO. 4731
 Submitted by Continental Oil Co.
 Hearing Date June 7, 1972

PRODUCTION DEPARTMENT
HOBBS DIVISION

LEA COUNTY, NEW MEXICO

SCALE

Continental Oil Company

Sanderson A No. 13 - G-14-20-36 - Eumont

<u>1971</u>	<u>Production</u>	<u>Non-Marginal Allowable 640 Acre Unit</u>	<u>Shortage of Capacity</u>
January	28,597	65,380	36,783
February	22,118	53,204	31,086
March	27,260	46,428	19,168
April	26,706	57,792	31,086
May	17,423	48,788	31,365
June	28,281 —	26,580	(1,701)
July	25,459	41,352	15,893
August	26,821	51,732	25,011
September	23,641	24,840	1,199
October	18,895 —	17,308	(1,587)
November	16,218	59,164	42,946
December	14,272	90,788	76,516
 <u>1972</u>			
January	22,773	65,372	42,599
February	20,937	41,372	20,435
March	23,034	68,756	45,722
April	22,532 —	16,844	(5,688)
		22,892	

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION

EXHIBIT NO. 3

CASE NO. 4731

Submitted by Continental Oil Co

Hearing Date June 7, 1972

Case No. 4731

Exhibit No. 3

Continental Oil Company

Sanderson "A" No. 12

<u>Month</u>	<u>Oil</u>	<u>Water</u>	<u>Gas</u>	<u>Eumont Gas Limit</u>
January 1971	284		12,788	24,800
February	339		16,030	22,400
March	166		18,218	24,800
April	157		14,753	24,000
May	148		14,362	21,700
June	148		12,895	21,000
July	157		16,156	21,700
August	133		11,382	21,700
September	155		12,771	21,000
October	155		14,538	21,700
November	144		15,697	22,500
December	147		15,240	23,250
January 1972	137		13,918	24,800
February	131		13,648	23,200
March	149		14,498	24,800

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION

EXHIBIT NO. 4

CASE NO. 4731

Submitted by Continental Oil Co

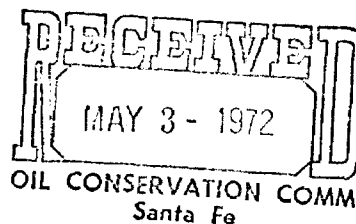
Hearing Date June 7, 1972

Case No. 4731
Exhibit No. 4



L. P. Thompson
Division Manager
Production Department
Hobbs Division

Western Hemisphere Petroleum Division
Continental Oil Company
P. O. 460
1001 North Turner
Hobbs, New Mexico 88240
(505) 393-4141



Case 4731

May 2, 1972

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

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

Gentlemen:

Application for Joint Allocation of Eumont Standard Gas Proration Unit
to Sanderson A Wells Nos. 12 and 13

Forwarded herewith in triplicate is our application for authority to
allocate jointly to Sanderson A Wells Nos. 12 and 13 a standard Eumont
gas proration unit consisting of Section 14, Township 20 South, Range
36 East. Please set this matter for hearing at your next Examiner
Hearing in Santa Fe.

Yours very truly,

L. P. Thompson

rw
Enc
CC:
RLA: JJB: JWK:

DOCKET MADE

Date

5-24-72

+ to Jason

BEFORE THE OIL CONSERVATION COMMISSION

OF THE

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
CONTINENTAL OIL COMPANY FOR JOINT
ALLOCATION OF A STANDARD GAS PRORATION
UNIT IN THE EUMONT GAS POOL CONSISTING
OF SECTION 14, TOWNSHIP 20 SOUTH, RANGE
36 EAST, LEA COUNTY, NEW MEXICO, TO ITS
SANDERSON "A" WELLS NOS. 12 AND 13 LO-
CATED IN UNITS P AND G, RESPECTIVELY,
IN SAID SECTION 14; AND FOR ESTABLISH-
MENT OF ADMINISTRATIVE PROCEDURES FOR
JOINT ALLOCATION WITH OTHER EUMONT GAS
WELLS ON SAID UNIT.

Case 4731

A P P L I C A T I O N

Applicant, Continental Oil Company, hereby respectfully requests approval of the joint allocation of the standard gas proration unit in the Eumont Gas Pool consisting of Section 14, Township 20 South, Range 36 East, Lea County, New Mexico, to its Sanderson "A" Wells Nos. 12 and 13 located in Units P and G, respectively, for permission for the allowable to be produced by either or both wells in any proportion, and for establishment of administrative procedures for joint allocation with other Eumont Gas Wells on said unit, and in support thereof would show:

1. Applicant is operator and co-owner of the Sanderson A-B-14 communitized gas unit consisting of Section 14, Township 20 South, Range 36 East, Lea County, New Mexico.
2. Applicant has heretofore dually completed in the Monument Oil Pool and Eumont Gas Pool, under the provisions of Order No. DC-311, its Sanderson "A" Well No. 13 located 1650' from the north and east lines of said Section 14.
3. The unorthodox location for said well was approved by Administrative Order NSL-47 and thereupon a standard unit in the Eumont Gas Pool was approved for said well consisting of Section 14, as described above.
4. Applicant's Sanderson "A" Well No. 12 located 660' from the south and east lines of said Section 14 was completed in 1937 in the Monument Oil Pool and subsequently plugged back and recompleted January 21, 1967 in the Eumont Oil Pool.

5. Said Sanderson "A" No. 12 has been reclassified as a Eumont Gas Well by virtue of a GOR in excess of 100,000 cubic feet per barrel.
6. Other Eumont oil wells on the gas unit are experiencing increasing gas-oil ratios.
7. Applicant proposes to allocate said standard gas proration unit to the two above-mentioned wells on a joint basis and requests approval to produce the gas allowable from either or both wells in any proportion.
8. In the event other Eumont wells are re-classified as gas wells, it is proposed to allocate said unit jointly to all Eumont Gas Wells within said unit without further notice and hearing.
9. The granting of this application will prevent waste and will not impair correlative rights.

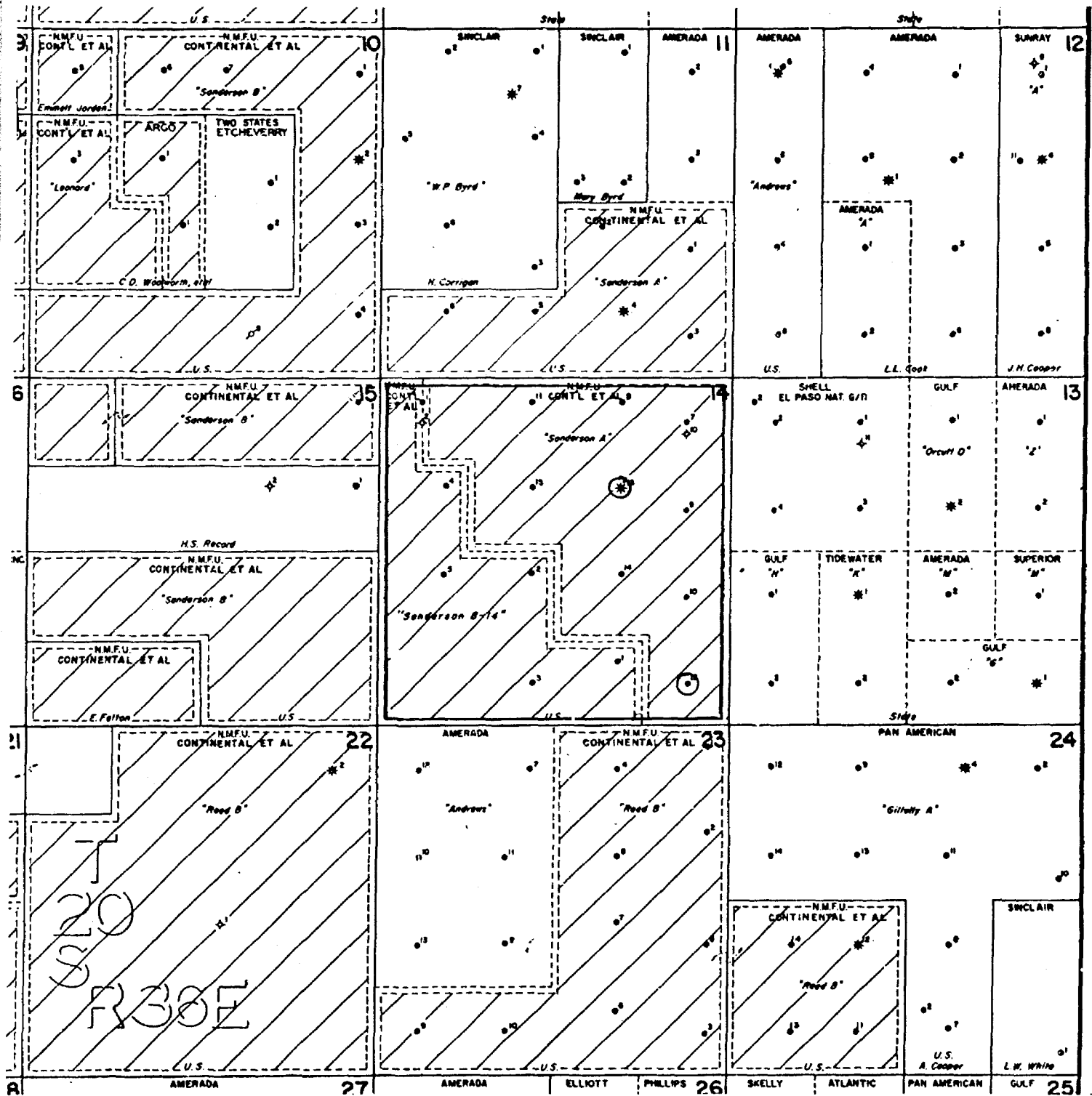
WHEREFORE, Applicant respectfully requests that this matter be set for hearing before the Commission's duly appointed Examiner and that, upon hearing, an order be entered approving the allocation of the standard gas proration unit, jointly, to the two wells, and to establish administrative procedures for further joint allocation as described above.

Respectfully submitted,

CONTINENTAL OIL COMPANY



L. P. Thompson
Division Manager



CONOCO	
PRODUCTION DEPARTMENT	HOBBS DIVISION
LEA COUNTY, NEW MEXICO	
SCALE 0' 1000' 2000'	

Case 4731

DRAFT

GMH/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:

APPLICATION OF CONTINENTAL OIL
COMPANY FOR REDEDICATION OF
ACREAGE AND SIMULTANEOUS DEDICA-
TION, LEA COUNTY, NEW MEXICO.

CASE No. 4731

Order No. R-4332

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 7, 1972,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of July, 1972, 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 and co-owner of the Sanderson A-B-14 communitized gas
unit comprising all of Section 14, Township 20 South, Range 36
East, NMPM, Eumont Gas Pool, Lea County, New Mexico, dedicated
to its Sanderson "A" Well No. 13, located 1650 feet from the
North line and 1650 feet from the East line of said Section 14.

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CASE NO. 4731
Order No. R-

(3) That the applicant's Sanderson "A" Well No. 12 located 660 feet from the South line and 660 feet from the East line of said Section 14 has been reclassified from an oil well to a gas well in the Eumont Gas Pool.

(4) That the applicant seeks the authority to simultaneously dedicate the above-described 640-acre gas unit to said Wells Nos. 12 and 13 and produce the allowable assigned to the unit from the two wells in any proportion.

(5) That the applicant further seeks a procedure whereby the allowable for the above-described proration unit may be produced by any or all wells located within the unit and classified as Eumont gas wells.

(6) That the subject unit can be efficiently and economically drained and developed by the above-described Wells Nos. 12 and 13.

(7) That the applicant's request for a procedure whereby the allowable for the above-described proration unit may be produced by any or all wells located within the unit and classified as Eumont gas wells without the necessity of notice and hearing should be denied.

(8) That approval of the application, subject to Finding No. (7), above, will afford the applicant the opportunity to produce its just and equitable share of the gas in the Eumont Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, will avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

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CASE NO. 4731
Order No. R-

IT IS THEREFORE ORDERED:

(1) That, effective, as of July 1, 1972, the applicant, Continental Oil Company, is hereby authorized to simultaneously dedicate its Sanderson A-B-14 communitized gas unit comprising all of Section 14, Township 20 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, to its Sanderson "A" Well No. 13, located 1650 feet from the North line and 1650 feet from the East line and its Sanderson "A" Well No. 12, located 650 feet from the South line and 650 feet from the East line of said Section 14.

(2) That the operator may produce the allowable assigned to the above-described unit from the said Wells Nos. 12 and 13 in any proportion.

(3) That the applicant's request for a procedure whereby the allowable for the subject unit may be produced by any or all wells located within the unit and classified as Eumont gas wells is hereby denied.

(4) 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.

CASE 4732: Appli. of CONTINENTAL
OIL CO. FOR DOWNHOLE COMMINGLING,
LEA COUNTY, NEW MEXICO.

Handwritten signature and date:
10/28/98
[Signature]