

CASE 5384: Appl. of CONTINENTAL
OIL CO. for simultaneous develop-
tion, Lea County

79

CASE No.

5308

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 4, 1974

EXAMINED HEREIN
SUBSCRIBED AND SWORN TO

IN THE MATTER OF:

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

Case No. 5308

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Thomas Derryberry, Esq.
Legal Counsel for the
Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant:

W. Thomas Kellahin, Esq.
KELLAHIN & FOX
500 Don Gaspar
Santa Fe, New Mexico

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
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CASE 5308

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I N D E X

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VICTOR T. LYON

Direct Examination by Mr. Kellahin 3

Cross Examination by Mr. Nutter 5

E X H I B I T S

Applicant's Exhibit No. 1 5

LYON-DIRECT

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MR. NUTTER: Case 5308.

MR. DERRYBERRY: Case 5308. Application of Continental Oil Company for simultaneous dedication, Lea County, New Mexico.

MR. KELLAHIN: If the Examiner please, may the record reflect the same appearances on behalf of Continental and the same expert witness and that he has been previously sworn and qualified?

MR. NUTTER: The record will show.

VICTOR T. LYON

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Mr. Lyon, will you please refer to Exhibit No. 1, identify it, and state briefly what Continental seeks?

A Continental is seeking in this case, the joint allocation of a presently approved 320-acre non-standard gas proration unit, to Wells Nos. 1 and 2 on the Lynn B-25 Lease located in Section 25, Township 22 South, Range 36 East, Lea County, New Mexico in the Jalmat Gas Pool.

Exhibit No. 1 is a location of ownership plat showing the Lynn B-25 Lease outlined in red, consisting of

LYON-DIRECT

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the south half of Section 25, Township 23 South, Range 36 East. Wells Nos. 1 and 2 are shown circled in red. Well No. 1 is located 1650 feet from the south and east lines, and Well No. 2 is located 990 feet from the south and west lines of the Section.

Well No. 2 has been producing for the 320-acre unit since 1961 under the authority of Order No. R-2088. This well was reclassified to marginal on November 1st, 1973. It had produced consistently at non-marginal rates until the beginning of 1973 when it began to fall behind.

Well No. 1 has recently been entered, tubing has been installed, and it has been prepared for production, and as soon as it is connected to El Paso's gathering system, it will be ready to produce, and we would like to have the acreage assigned to the two wells jointly, so that between the two of them, they can produce the allowable assigned to the unit.

Q In your opinion, Mr. Lyon, will approval of this Application be in the best interest of conservation and prevention of waste and protection of correlative rights?

A Yes, it will.

MR. KELLNER: We move the introduction of

LYON-CROSS

Exhibit No. 1.

MR. NUTTER: Exhibit 1 will be admitted in evidence.

(Whereupon, Applicant's Exhibit No. 1 was marked for identification, and was admitted into evidence.)

MR. KELLAHIN: That concludes our direct examination.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Lyon, what is the capacity of each of the two wells on this unit?

A Well No. 2 is just short of deliverability to produce its allowable, and I don't have any data, any recent data on Well No. 1. The most recent comparative data that I have are from deliverability tests which were conducted at about the time that Well No. 1 was shut in. A test on No. 2, taken in June of 1962, showed a deliverability of 2638.

Q What was No. 2?

A That was No. 1. Well No. 1, on a deliverability test taken in March of 1961, showed a deliverability of 489. So that No. 2 is considerably the better well. At

LYON-CROSS

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least it was at that time, but at that time No. 1 did not have tubing installed which may make some difference. No. 2 did have tubing.

Q So you expect most of the allowable will be coming out of the No. 2 and the No. 1 will simply be a supplement, is that right?

A Based on this data, it would appear that No. 1 probably has about 15 percent of the capacity of No. 2.

MR. NUTTER: Are there any further questions of Mr. Lyon? You may be excused.

(Witness dismissed.)

MR. NUTTER: Is there anything further, Mr. Kellahin?

MR. KELLAHIN: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case 5308?

We will take the case under advisement.

I, RICHARD L. NYE, 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 the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Richard T. Ag...
COURT REPORTER

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5303
heard by me on 9/14, 1974.
[Signature] Examiner
New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

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. 5308
Order No. R-4858

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 4, 1974, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 10th day of September, 1974, 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 a non-standard 320-acre gas proration unit comprising the S/2 of Section 25, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico, which is presently dedicated to applicant's Lynn B-25 Well No. 2, located in Unit M of said Section 25.

(3) That the producing capacity of said Well No. 2 has declined to the extent that it is incapable of producing the allowable for said unit.

(4) That the applicant is also the operator of its Lynn B-25 Well No. 1, located in Unit J of said Section 25, which well is capable of marginal production only.

(5) That the applicant seeks approval for the simultaneous dedication of the subject non-standard proration unit to its Lynn B-25 Wells Nos. 1 and 2 with the allowable assigned to said unit to be produced from said wells in any proportion.

(6) That approval of the subject application will better enable the applicant to produce its just and equitable share of the gas in the Jalmat Gas Pool and will otherwise prevent waste and protect correlative rights.

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Case No. 5308

Order No. R-4858

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, is hereby authorized to simultaneously dedicate its 320-acre non-standard gas proration unit, consisting of the S/2 of Section 25, Township 23 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico, to its Lynn B-25 Wells Nos. 1 and 2, located in Units J and M, respectively, of said Section 25.

(2) That the allowable assigned to the above-described non-standard gas proration unit shall be based on the unit size of 320-acres and that the operator may produce the allowable assigned to the unit from the subject wells in any proportion.

(3) 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



I. R. Trujillo
I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

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

S E A L

dr/

Dockets Nos. 27-74 and 29-74 are tentatively set for hearing on September 18 and October 2. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 4, 1974

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

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

CASE 5038: (Reopened)

In the matter of Case No. 5038 being reopened pursuant to the provisions of Order No. R-4020, which order authorized the temporary disposal of produced water in unlined surface pits in the Twin Lakes Field, Chaves County, New Mexico, for a period of one year. All interested parties may appear and show cause why Commission Order No. R-3221 should not apply to this area.

CASE 5304: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Mercury Production Company, American Employers' Insurance Company and all other interested parties to appear and show cause why the Mercury State Well No. 1 located in Unit E of Section 27, Township 10 South, Range 26 East, Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5305: Application of Continental Oil Company for simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order approving the simultaneous dedication of its Britt B Well No. 17 located in Unit P of Section 10 and its Skaggs B Well No. 7 located in Unit K of Section 11, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, said wells to be dedicated to a 320-acre non-standard proration unit comprising the SE/4 of said Section 10 and the SE/4 of said Section 11, said unit having previously been approved by Commission Order No. R-908.

CASE 5306: Application of Franklin, Aston & Fair for directional drilling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Lightcap Well No. 2, the surface location of which is 660 feet from the North line and 1980 feet from the East line of Section 25, Township 17 South, Range 29 East, Chaves County, New Mexico, by setting a whipstock at approximately 5800 feet and bottoming in the Siluro-Devonian formation within a 50-foot radius of a point 361 feet south of the surface location.

CASE 5307: 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 Eunice Monument Grayburg-San Andres Pool in the wellbore of its Reed "B" Well No. 2 located in Unit H of Section 23, Township 20 South, Range 36 East, Lea County, New Mexico.

- CASE 5308: Application of Continental Oil Company for simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order approving the simultaneous dedication of its Lynn B-25 wells Nos. 1 and 2 located in Units J and M, respectively, of Section 25, Township 23 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, said wells to be dedicated to a 320-acre non-standard proration unit comprising the S/2 of said Section 25, said unit having been previously been approved by Commission Order No. R-2088.
- CASE 5309: Application of C. & K. Petroleum, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests of Pennsylvanian age or older underlying the SW/4 SE/4 of Section 27, Township 16 South, Range 37 East, Lea County, New Mexico, to be dedicated to a wildcat oil well to be drilled to the Strawn, and possibly the Devonian formation, at an orthodox location for said proration unit. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5310: Application of William C. Russell for directional drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the directional drilling of his Hammond Well No. 1, the surface location of which is 1800 feet from the North line and 1650 feet from the East line of Section 26, Township 27 North, Range 8 West, Largo-Chacra Pool, San Juan County, New Mexico.
- CASE 4548: (Reopened)
- In the matter of Case No. 4548 being reopened pursuant to the provisions of Order No. R-4157-A, which order continued in effect for one year the special temporary rules and regulations for the Catclaw-Draw Morrow Gas Pool, Eddy County, New Mexico. All interested parties may appear and show cause why said gas pool should not be developed on 320-acre spacing.
- CASE 5311: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider extension of the Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico. All interested parties may appear and present geological and engineering data to show whether the boundaries of the Catclaw Draw-Morrow Gas Pool should be extended to the East in Township 21 South, Range 26 East, Eddy County, New Mexico, and if so, to what extent.
- CASE 5303: Southeastern nomenclature case calling for the extension of certain pools in Lea, Eddy and Chaves Counties, New Mexico.

(Case 5303 continued from Page 2)

- (a) Extend the North Benson-Queen Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM

Section 33: NE/4 NW/4

- (b) Extend the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM

Section 13: S/2

Section 24: N/2

- (c) Extend the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 6: All

- (d) Extend the Dos Hermanos-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 30 EAST, NMPM

Section 21: All

- (e) Extend the East Empire Yates Seven Rivers Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 28: SE/4 SE/4

- (f) Extend the Field Ranch-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 11 SOUTH, RANGE 38 EAST, NMPM

Section 34: S/2 and NE/4

- (g) Extend the West Jal-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 36 EAST, NMPM

Section 20: E/2

- (h) Extend the Querecho Plains-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

Section 23: SE/4

Examiner Hearing - Wednesday - September 4, 1974

Docket No. 26-74

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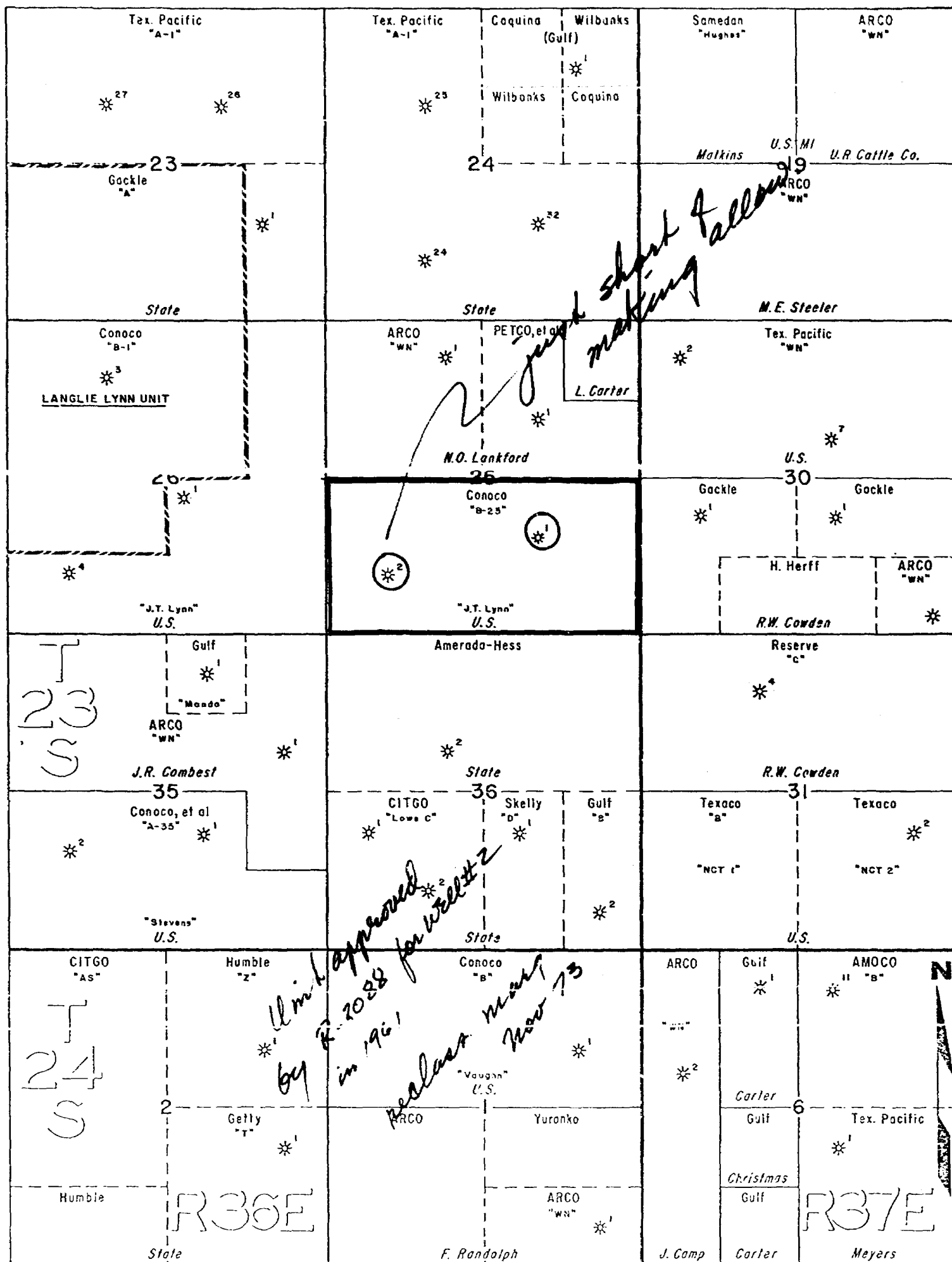
(Case 5303 continued from Page 3)

(i) Extend the Wantz-Granite Wash Pool in Lea County, New Mexico,
to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 1: SW/4

(j) Extend the Winchester-Strawn Gas Pool in Eddy County, New Mexico,
to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 3: E/2



BEFORE EXAMINER NUTTER
 OIL CONSERVATION COMMISSION
 Conoco EXHIBIT NO. 1
 CASE NO. 5308

CONOCO	
PRODUCTION DEPARTMENT	HOBBS DIVISION
LEA COUNTY, NEW MEXICO	
SYNTH 3-25 LEASE	
SCALE 0 1000 2000 FEET	

IN THE MATTER OF THE APPLICATION OF
CONTINENTAL OIL COMPANY FOR APPROVAL
TO ASSIGN AN EXISTING 320-ACRE NON-
STANDARD GAS PRORATION UNIT CONSISTING
OF S/2 SECTION 25, TOWNSHIP 23 SOUTH,
RANGE 36 EAST, JOINTLY TO LYNN B-25
WELLS NOS. 1 and 2 LOCATED IN UNITS J
AND M, RESPECTIVELY, OF SAID SECTION
IN THE JALMAT GAS POOL, LEA COUNTY
NEW MEXICO

Case 5308

A P P L I C A T I O N

APPLICANT, Continental Oil Company, hereby requests authority to
assign an existing 320 acre non-standard Jalmat gas proration unit consisting of
S/2 Section 25, T-23S, R-36E, Lea County, jointly to its Lynn B-25 wells Nos. 1
and 2 located in Units J and M, respectively, in said section and in support
thereof would show:

1. Applicant is operator and co-owner of the Lynn B-25 Lease
consisting of the S/2 Section 25, T-23S, R-36E, Lea County
New Mexico.
2. Applicant has heretofore drilled and completed two Jalmat Gas
wells on said lease: Well No. 1 located 1650' FS and EL of
said section and Well No. 2 located 990' FS and WL of said
section.
3. Order No. R-2088 created a 320-acre unit consisting of the S/2
of Section ²⁵5 and allocated said unit to Well No. 2.
4. Producing capacity of Well No. 2 has declined to the extent
that it is unable to produce the allowable for said unit and
it is therefore desirable to return Well No. 1 to production
to assist in producing the allowable.
5. It is requested that the 320 acre unit be assigned jointly to
Wells Nos. 1 and 2 and that the two unit wells be permitted to
produce the allowable between them in any proportion.
6. The granting of this application will result in the prevention
of 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 upon hearing
an order be entered authorizing the allocation of the non-standard unit
jointly between said wells as described above.

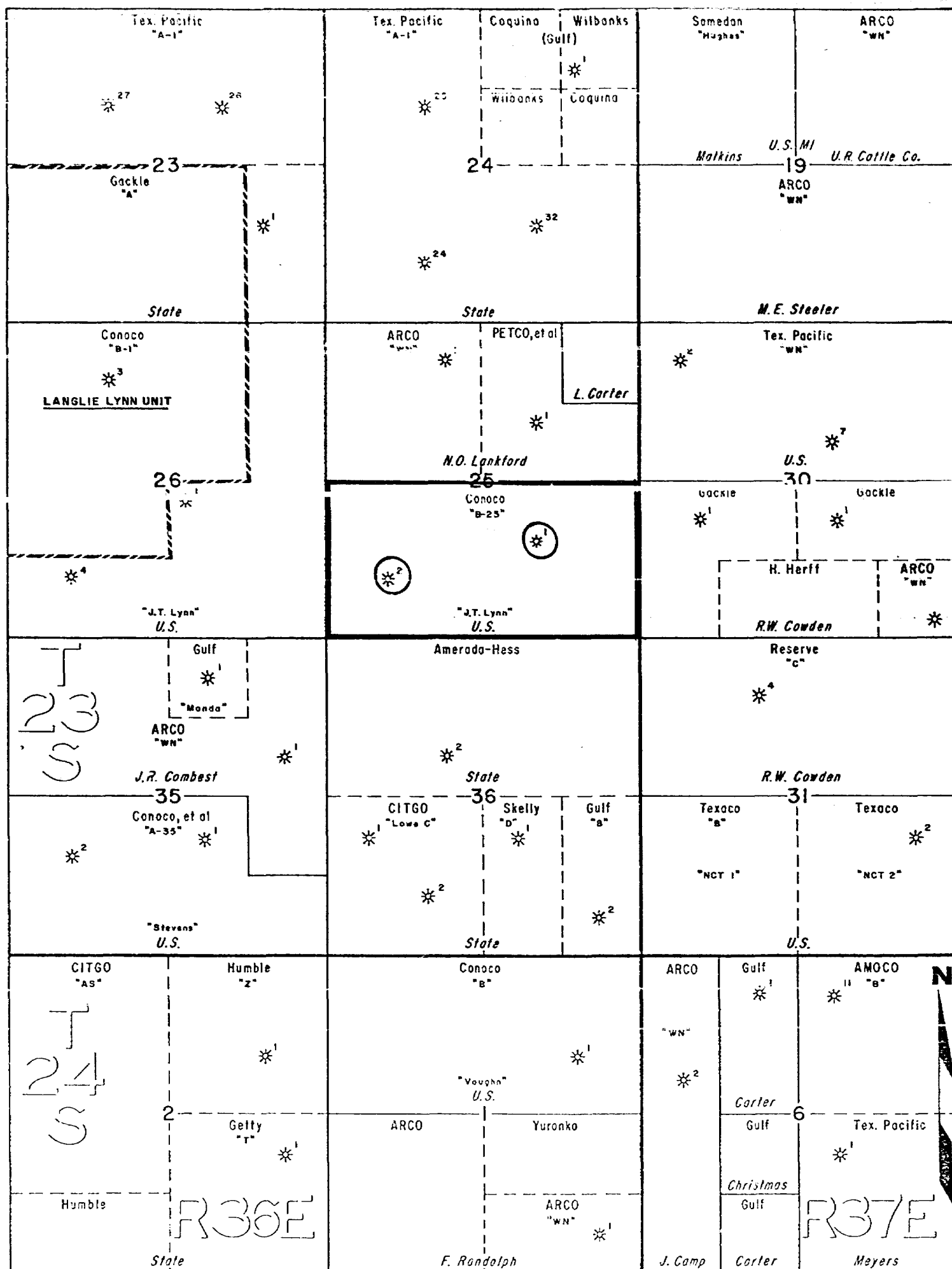
Respectfully Submitted

CONTINENTAL OIL COMPANY

A. P. Thompson
A. P. Thompson
Division Manager
Production

DOCKET MAILED

Date 8-22-70



CONOCO	
PRODUCTION DEPARTMENT	HOBBS DIVISION
LEA COUNTY, NEW MEXICO	
LYNN 3-35 LEASE	
SCALE 0' 1000' 2000'	

DRAFT.

jr/

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. 5300

Order No. R- 4858

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


ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 4, 1974,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of September, 1974, 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 a non-standard 320-acre gas proration unit comprising
the S/2 of Section 25, Township 16 South, Range 37 East, NMPM,
Lea County, New Mexico, which is presently dedicated to applicant's
Lynn B-25 Well No. 2, located in Unit M of said Section 25.

1 -2-
2 CASE NO. 5308
3 Order No. R-

4 (3) That the producing capacity of said Well No. 2 has
5 declined to the extent that it is incapable of producing the
6 allowable for said unit.

7 (4) That the applicant is also the operator of its Lynn R-25
8 Well No. 1, located in Unit J of said Section 25, which well is
9 capable of marginal production only.

10 (5) That the applicant seeks approval for the simultaneous
11 dedication of the subject non-standard proration unit to its
12 Lynn B-25 Wells Nos. 1 and 2 with the allowable assigned to said
13 unit to be produced from said wells in any proportion.

14 (6) That approval of the subject application will better
15 enable the applicant to produce its just and equitable share of
16 the gas in the Jalmat Gas Pool and will otherwise prevent waste
17 and protect correlative rights.

18 IT IS THEREFORE ORDERED:

19 (1) That the applicant, Continental Oil Company is hereby
20 authorized to simultaneously dedicate its 320-acre non-standard
21 gas proration unit, consisting of the S/2 of Section 25, Township
22 23 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New
23 Mexico, to its Lynn B-25 Wells Nos. 1 and 2, located in Units J
24 and M, respectively, of said Section 25.

25 (2) That the allowable assigned to the above-described non-
26 standard gas proration unit shall be based on the unit size of
27 320-acres and that the operator may produce the allowable assigned
28 to the unit from the subject wells in any proportion.

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

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