# CASE No. 5360

Application,

Transcripts,

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## BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION Santa Fe, New Mexico October 30, 1974

#### EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil Company for two non-standard gas proration units, Lea County, New Mexico. **CASE 5360** 

BEFORE: Daniel S. Nutter, Examiner.

#### TRANSCRIPT OF HEARING

#### APPEARANCES

For the New Mexico Oil
Conservation Commission:

William Carr, Esq.

Legal Counsel for the Commission

State Land Office Building

Santa Fe, New Mexico

For the Applicant:

Tom Kellanin, Esq. KELLAHIN & FOX 500 Don Gaspar

Santa Fe, New Mexico

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VICTOR T. LYON Direct Examination by Mr. Kellahin	<b>3</b>

### EXHIBITS Page Continental Oil Company Exhibits 1 and 2 6

MR. NUTTER: We will call the next Case, 5360.

MR. CARR: Case 5360, application of Continental
Oil Company for two non-standard gas proration units, Lea
County, New Mexico.

MR. KELLAHIN: If the Examiner please, the same appearances and the same witness as in the previous Case, and I would like permission to have the witness qualified and accepted as previously.

MR. NUTTER: Mr. Lyon is qualified and under oath.

#### VICTOR T. LYON

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

#### DIRECT EXAMINATION

#### BY MR. KELLAHIN:

- Q Mr. Lyon, would you refer to what has been marked as Applicant Exhibit No. 1, identify it and state what Continental is seeking?
- A Case 5360 is the application of Continental Oil Company for the re-allocation of acreage between two existing proration units so that there is a new unit consisting of 480 acres assigned to Well No. 14 located in Unit G of Section 4, Township 21 South, Range 36 East, and a 240-acre unit to be assigned to Well No. 4, located in Unit S of the

**CASE 5360** 

Page 4

same section.

Exhibit No. 1 shows the Meyer B-4 Lease which consists of the eastern three-quarters of an unorthodox Section No. 4. It is outlined in red. The Section contains approximately 960 acres, so that this unit consists of three-fourths of that. Well No. 14 is shown circled in red, located in Unit G, and Well No. 24 is also shown circled in red, located in Unit S. The acreage previously has been divided equally between these wells, so that the north half of the lease was assigned to Mo. 14, the south half of the lease was assigned to No. 4. This arrangement was approved by Order No. R-4520, at which time we substituted Well No. 4 for Well No. 7 which is located one location to the east, when that well was deepened to the Eunice-Monument Pool and completed in that Pool. Well No. 4 which had been shutin at that time was completed in the Eumont Pool. Unfortunately, its capacity to produce was not as great as No. 7, and consequently that proration unit became under produced.

- Q Well No. 4 cannot now produce its assigned allowable?
  - A No, it has fallen behind.
- Q Please refer to what has been marked as Exhibit
  No. 2 and identify it?

A Exhibit No. 2 is a comparison of the production and allowables and the status over or under produced for the two proration units as they now exist. It shows for the months of January through August the allowable in the first column, the production in the second column, and its status. Now the figures in there indicate the amount of under production, unless there is a minus. In the case of No. 4, it is under production. The well as of the end of August, is under produced 193,212 MCF, although it did produce its allowable during May, June, July, and August, it is unable to produce the allowable on the higher-demand months.

Well No. 14, on the other hand, which is shown at the bottom of the Exhibit, with the same data being shown, does have the capacity to produce its allowable, and as of the end of August is over produced 71,374, and we would like to have the status of the wells adjusted in conformance with the size of the allowable. In other words, we would like for 25 percent of the one-third of the under production from Well No. 4 to be transferred to Well No. 14.

- Do you have anything further?
- A I believe that's all I have.
- Q In Your opinion, well approval of this application be in the best interests of conservation, the prevention of

CASE 5360

Page 6

waste, and the protection of correlative rights?

A Yes, it will.

MR. KELLAHIN: We move the introduction of Exhibits 1 and 2.

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

(Whereupon, Continental's Exhibits 1

and 2 were admitted into evidence.)

MR. KELLAHIN: That concludes our case.

MR. NUTTER: Does anyone have any questions of Mr. Lyons? He may be excused.

Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case No. 5360? We will take the Case under advisement.

CASE	5360
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STATE	OF	NEW	MEX	CICO	)	
					)	SS
COUNTY	7 01	F SAI	ATE	FE	)	

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.

MICHARD L. NYE, Court Reporter

New Mexico Oil Conservation Commission



## OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO P. O. BOX 2008 - SANTA FE 87501

Movember 5, 1974

CHAIRMAN LAND COMMISSIONER ALEX I. ARMIJO MEMBER STATE GEOLOGIST A. L. PORTER, JR. SECRETARY - DIRECTOR

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

		5360
Re:	ORDER NO	R-4908

Applicant:

Continental Oil Company

Enclosed herewith are two copies of the above-referenced ENCIOSED DETENTION ARE TWO COPIES OF THE SUBject Case.

Commission order recently entered in the subject case. Dear Sir:

very truly yours.

1. Parter, J.

A. L. PORTER, Jr. Secretary-Director

ALP/IT

Copy of order also sent to:

Hobbs OCC Artesia OCC\_\_ Aztec OCC

other\_\_

#### BEFORE THE OIL COMBERVATION CONMISSION OF THE STATE OF MEN NEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL COMSERVATION COMMISSION OF HEW MEXICO FOR THE PURPOSE OF CONSIDERING:

> CASE NO. 5360 Order No. R-4908

APPLICATION OF CONTINENTAL OIL COMPANY FOR TWO NON-STANDARD GAS PRORATION UNITS, LEA COUNTY, NEW MEXICO.

#### ORDER OF THE CONNISSION

#### BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 30, 1974 at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 5th day of November, 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, seeks approval for the two following non-standard gas proration units in the irregular Section 4, Township 21 South, Range 36 East, NMPH, Eumont Gas Pool, Lea County, New Mexico:
  - A 480-acre unit comprising all of Lots 1, 2, and 3, 6 through 11, and 14, 15, and 16 of said Section 4 to be delicated to the Meyer B-4 Well No. 14, located in Unit G; and
  - a 240-acre unit comprising the SE/4 and E/2 SW/4 of said Section 4 to be dedicated to the Meyer B-4 Well No. 4, located in Unit S.
- (3) That the entire non-standard proration units may reasonably be presumed productive of gas from the Eumont Gas Pool and that the entire non-standard gas proration units can be efficiently and economically drained and developed by the aforesaid wells.

-2-Case No. 5360 Order No. R-4908 double soon

- (4) That the aforesaid Meyer B-4 Well No. 4 is currently assigned to a 640-acre propertion unit which has an underproduced status, and the aforesaid Meyer B-4 Well No. 14 is currently dedicated to a 646-acre proration unit which has an overproduced status.
- (5) That one-third of the underproduction currently attributed to the said Neyer B-4 Well No. 4 should be transferred to the said Neyer B-4 Well No. 14, and credited to said well's overproduced status.
- (6) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Eumont Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, 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 the two following non-standard gas provation units in the irregular Section 4, Township 21 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, are hereby approved:
  - A 480-acre unit comprising all of Lots 1, 2, and 3, 6 through 11, and 14, 15, and 16 of said Section 4 to be dedicated to the Meyer B-4 Well No. 14, located in Unit G; and
  - a 240-acre unit comprising the SE/4 and E/2 SW/4 of said Section 4 to be dedicated to the Meyer B-4 Well No. 4, located in Unit S.
- (2) That one-third of the underproduction attributed to said Meyer B-4 Well No. 4 is hereby transferred to the aforesaid Meyer B-4 Well No. 14, to be credited against said well's overproduced status.
- (3) That the effective date of this order shall be December 1, 1974.
- (4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

Case No. 5360 Order No. R-4908

DOME at Santa Pe, New Mexico, on the day and year herein-above dowignated.

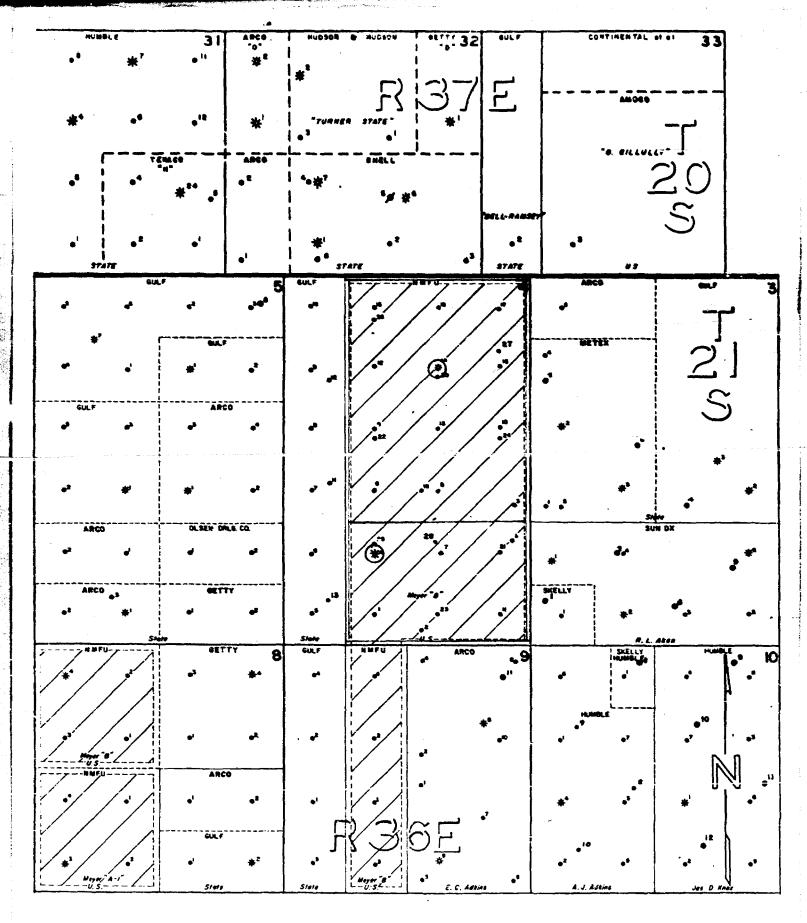
STATE OF NEW MEXICO OIL COMSERVATION COMMISSION

I. R. TRUJILLO, Chairman

ALEX J. MANIJO Member

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

SEAL



CONTINENTAL OIL COMPANY
PRODUCTION DEPARTMENT
HOBBS DISTRICT

SCALE
1000 2000 61

#### Comparison of Production and Allowable Meyer B-4 Nos. 4 and 14

#### MEYER B-4 No. 4

	Allowable	Production	Standing	
January February March April Hay June July August	58,568 54,761 48,009 41,583 34,449 20,605 17,049 17,016	11,985 14,507 44,013 40,497 51,772 30,100 31,660 21,687	130,834 171,088 175,084 239,312* 221,989 212,494 197,883 193,212	under product

\*Redistribution - 63,142 (4-1074) Under-produced - 193,212 # 4's mier kans geral 16 #14.

#### MEYER B-4 No. 14

	Allowable	Production	Standing
January February March April May June July August	58,568	36,883	48,305-
	54,761	33,371	26,915-
	48,009	31,791	10,697-
	41,583	18,777	75,251*
	34,449	27,602	82,098
	20,605	58,700	44,003
	17,049	84,234	23,182-
	17,016	65,208	71,374-

\*Redistribution - 63,142 (4-1-740 Over-produced - 71,374

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. \_\_\_\_\_
CASE NO. \_\_\_\_\_5360

Case 5360 Exhibit 2 Dockets Nos. 31-74 and 32-74 are tentatively set for hearing on November 13 and November 26, 1974. Application for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EYALTNER HEARING - WEDNESDAY - OCTOBER 30, 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 5349: Application of Corinne Grace for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Bond Draw Unit Area comprising 5123 acres, more or less, of Federal, State, and Fee lands in Township 24 South, Range 27 East, Eddy County, New Mexico.
- CASE 5350: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Sullivan DZ Com Well No. 1, to be drilled 990 feet from the North line and 660 feet from the West line of Section 8, Township 18 South, Range 26 East, West Atoka-Morrow Gas Pool, Eddy County, New Mexico, the N/2 of said Section 8 to be dedicated to the well.
- CASE 5351: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Ferguson DY Com Well No. 1 to be drilled 1980 feet from the North line and 660 feet from the East line of Section 7, Township 18 South, Range 26 East, West Atoka-Morrow Gas Pool, Eddy County, New Mexico, the N/2 of said Section 7 to be dedicated to the well.
- CASE 5352: Application of David Fasken for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests of Pennsylvanian age or older underlying the S/2 of Section 2, Township 18 South, Range 26 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 990 feet from the South line and 1650 feet from the East line of said Section 2. 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 the applicant as operator of the well and a charge for the risk involved in drilling said well.
- CASE 5353: Application of Cities Service Oil Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Government-Z Com Well No. 1, located in Unit K of Section 23, Township 20 South, Range 28 East, Eddy County, New Mexico, in such a manner as to produce oil from the Wolfcamp formation through tubing and gas from the Morrow formation through the casing-tubing annulus by means of a cross-over assembly.

- CASE 5354: Application of Mark Production Company for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests of Pennsylvanian age or older underlying the S/2 of Section 9, Township 20 South, Range 25 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South and West lines of said Section 9. 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 the applicant as the operator of the well and a charge for risk involved in drilling said well.
- CASE 5355: Application of Tesoro Petroleum Corporation for pool contraction and expansion, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the Lone Pine-Dakota "D" Oil Pool by the deletion of the E/2 NW/4 of Section 8, Township 17 North, Range 8 West, McKinley County, New Mexico, and the expansion of the Hospah-Dakota Oil Pool by the addition of such lands.
- CASE 5356: Application of Anadarko Production Company for a unit agreement,
  Edity County, New Mexico. Applicant, in the above-styled cause, seeks
  approval of its Artesia State Unit Area comprising 440 acres, more
  or less, of State lands in Township 18 South, Range 27 East, Eddy
  County, New Mexico.
- CASE 5357: Application of Anadarko Production Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Artesia State Unit, Artesia Pool, by the injection of water into the Grayburg and San Andres formations at the following six unorthodox locations in Township 18 South, Range 27 East, Eddy County, New Mexico: Section 13, 1330 feet from the South line and 1310 feet from the West line, and 10 feet from the South and West lines; Section 14, 2630 feet from the South line and 10 feet from the East line and 1310 feet from the South and East lines; Section 23, 1310 feet from the North and East lines and 10 feet from the North line and 2630 feet from the East line. Further to drill two producing wells at unorthodox locations 10 feet from the North line and 1310 feet from the East line of Section 23 and 1330 feet from the South line and 10 feet from the East line of Section 14. Applicant further seeks an administrative procedure whereby the project may be expanded by the drilling of additional injection and producing wells at orthodox and unorthodox locations without further notice and hearing.
- CASE 5358: Application of Continental Oil Company for simultaneous dedication and unorthodox gas well locations, Lea County, New Mexico.

  Applicant, in the above-styled cause, seeks an order approving the simultaneous dedication of a standard 640-acre gas proration unit comprising all of Section 26, Township 23 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to four wells, being the Lynn B-1 Well No. 1, in Unit J and Lynn B-1 Wells Nos. 3, 4, and 16, at unorthodox locations in Units C, M, and A, respectively, of said Section 26.

CASE 5359: Application of Continental Oil Company for simultaneous dedication and unorthodox locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of a 320-acre non-standard gas proration unit comprising the N/2 of Section 1, Township 24 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to its Vaughn B-1 Wells Nos. 1 and 6, located at unorthodox locations in Units It and E, respectively, of said Section 1.

CASE 5360:

Application of Continental Oil Company for two non-standard gas proration units, Lee County, New Maxico. Applicant, in the abovestyled cause, seeks approval for the two following non-standard gas proration units in the irregular Section 4, Township 21 South, Range 36 East, Eumont Gas Pool, Lee County, New Mexico:

A 480-acre unit comprising all of Lots 1, 2 and 3, 6 through 11, and 14, 15, and 16 of said Section 4 to be dedicated to the Meyer B-4 Well No. 14, located in Unit G;

A 240-acre unit comprising the SE/4 and E/2 SW/4 of said Section 4 to be dedicated to the Meyer B-4 Well No. 4, located in Unit S.

# OCT 8 - 1974 OIL CONSERVATION COMM Santa F

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

IN THE MATTER OF THE APPLICATION OF CONTINENTAL OIL COMPANY FOR RE-ALLOCATION OF ACREAGE ON ITS MEYER B-4 LEASE SO AS TO CREATE A 480-ACRE GAS PRORATION UNIT FOR WELL NO. 14 IN UNIT G AND A 240-ACRE UNIT FOR WELL NO. 4 IN UNIT S, SECTION 4, T-21S, R-36E, LEA COUNTY, NEW MEXICO IN THE ELMONT GAS POOL.

#### APPLICATION

Applicant, Continental Oil Company, hereby requests the re-allocation of Eumont Gas acreage on its Meyer B-4 Lease so as to create a 480-acre gas provation unit for Well No. 14 located in Unit G and a 240-acre unit for Well No. 4 located in Unit S in Section 4, T-215, R-36E, Lea Lounty, New Mexico and in support thereof would show:

- Applicant is the operator and co-owner of the Meyer B-4 Lease consisting of the E/2 and E/2 W/2 of the irregular Section 4, T-21S, R-36E, Lea County, New Mexico, containing approximately 720 acres.
- 2. Applicant has heretofore completed two wells in the Eumont Gas Pool in said lease; Well No. 14 located in Unit G and Well 7 located in Unit R of said Section 4.
- 3. The Commission has previously established two non-standard gas proration units of 360-acres each allocated to said two wells.
- 4. Order No. R-4520 authorized the substitution of Well No. 4 located in Unit S for Well No. 7.
- 5. Well No. 4 has been unable to produce its assigned allowable and it is necessary to re-allocate acreage between the two wells in order to enable them to produce the allowable assigned to the lease.
- 6. It is proposed it establish two units: (1) containing 480-acres consisting of lots 1, 2, 3, 6, 7, 8, 9, 10, 11, 14, 15 and 16 to be allocated to Well No. 14; and another of 240-acres consisting of SE/4 and E/2 SW/4 of said Section 4.
- 7. 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 upon hearing an order

DOCKET MAILED

Date 18-14

be entered re-allocating the acreage on the Meyer B-4 Lease as described above.

Respectfully Submitted

CONTINENTAL OIL COMPANY

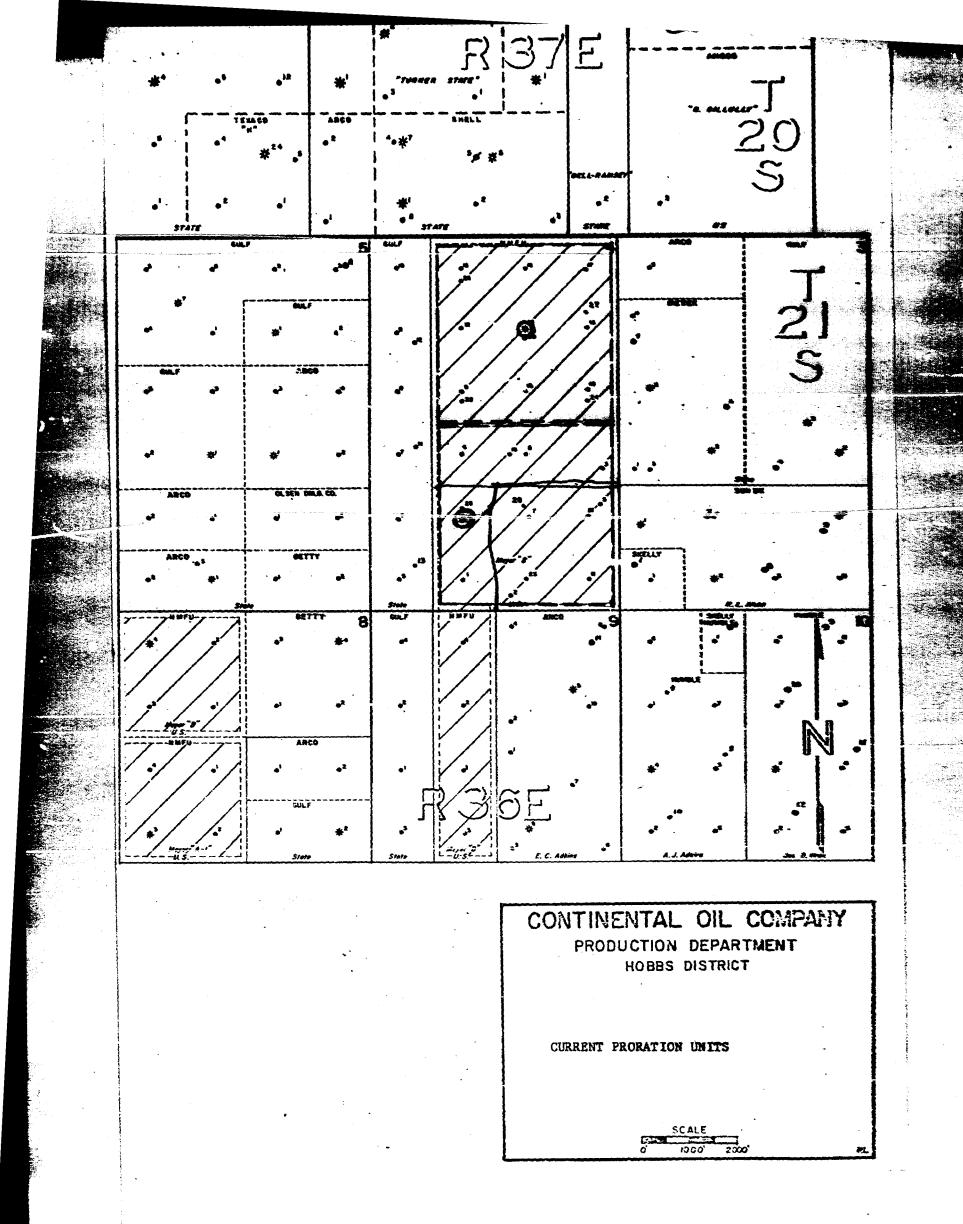
John J. Soleston

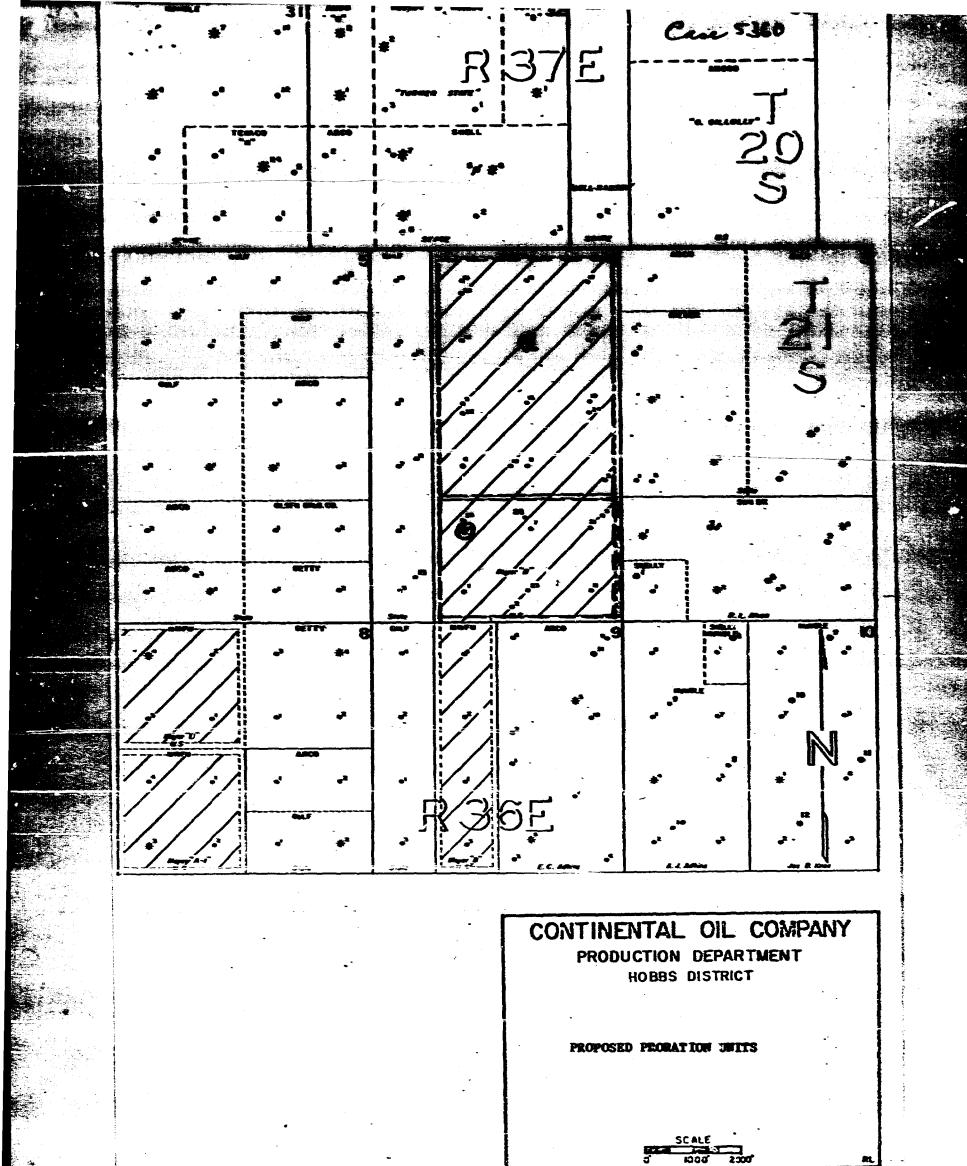
L. P. Thompson

Division Manager

Production

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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: Be sure Kaptine His Later

CASE NO. \_\_\_\_5360\_\_

Order No. R- / TW

CONTRACTOR OF CONTRACTOR OIL

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ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 30 , 19 at Santa Fe, New Mexico, before Examiner Daniel S. Hutter

NOW, on this day of November, 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, seeks approval for the two following non-standard gas proration units in the irregular Section 4, Township 21 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico:

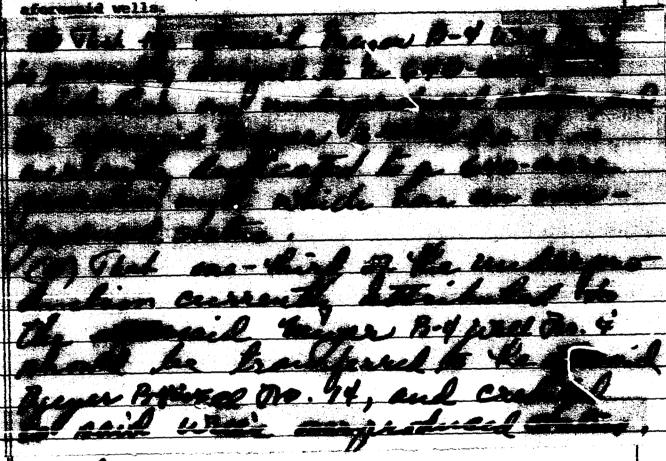
A 480-acre unit comprising all of Lots 1, 2, and 3, 6 through 11, and 14, 15, and 16 of said Section 4 to be dedicated to the Meyer B-4 Well No. 14, located in Unit G; and

a 240-acre unit comprising the SE/4 and E/2 SW/4 of said

Case No. 5360 Order No. R-

> Section 4, to be dedicated to the Meyer B-4 Well No. 4, located in Unit S.

(3) That the entire non-standard proration units may reasonably be presumed productive of gas from the Eumont Gas Pool and that the entire non-standard gas proration units can be efficiently and economically drained and developed by the



( That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Eumont Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, 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 the two following non-standard gas proration units in the irregular Section 4, Township 21 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, are hereby approved:
  - A 480-acre unit comprising all of Lots 1. 2, and 3, 6 through 11, and 14, 15, and 16 of said Section 4

to be dedicated to the Mayor R-4 Well No. 14

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