

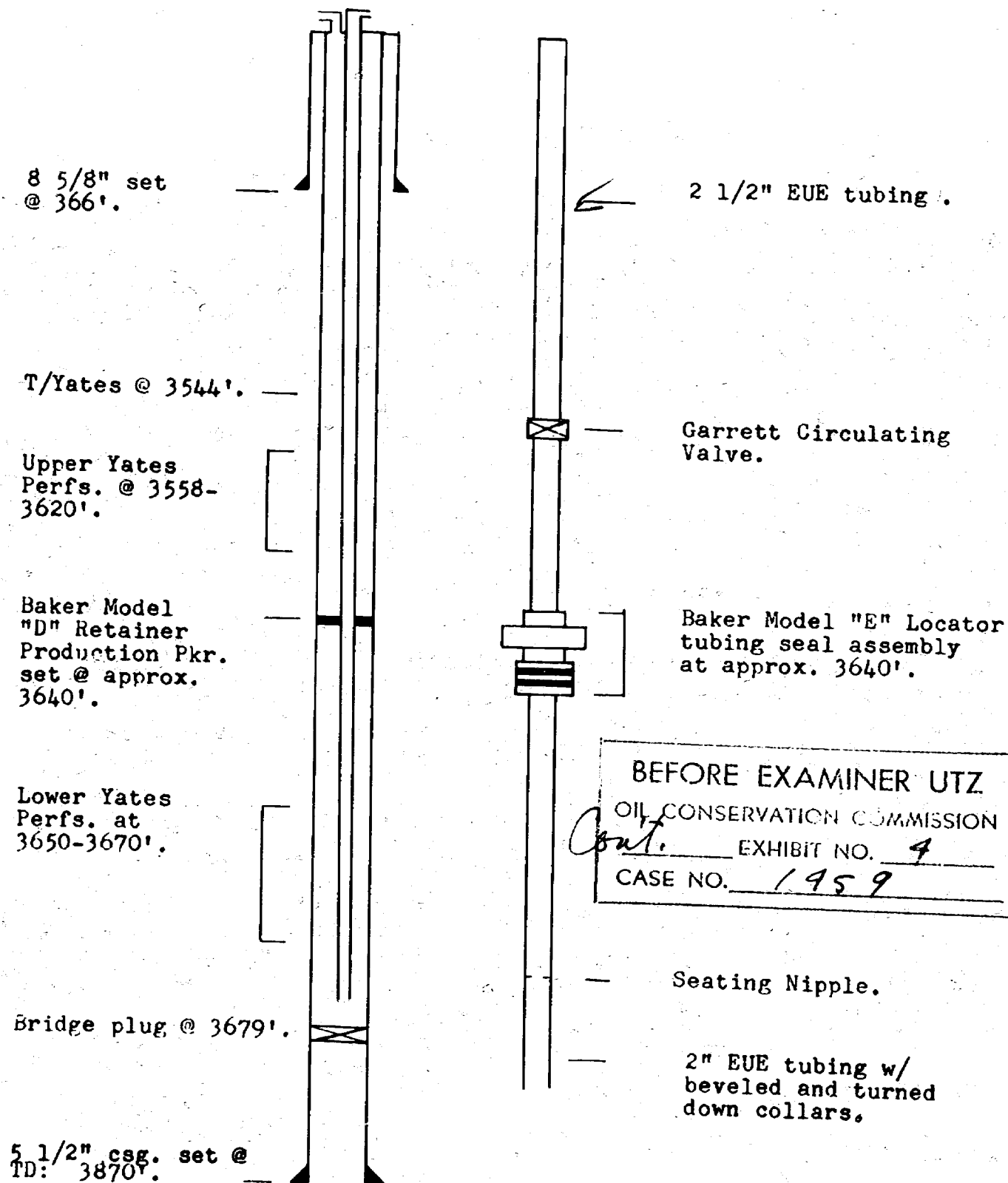
Case No.

1459

Application, Transcript,
Small Exhibits, Etc.

CASE 1459: Continental Oil Co. -
for order authorizing drill completion of
Farnby A-17 well #3, Los County.

CONTINENTAL OIL COMPANY
Proposed Method of Dual Completion
Farney A-17 No. 3



Case No. 1459
Exhibit No. 4

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 1459
Order No. R-1205

APPLICATION OF CONTINENTAL OIL
COMPANY FOR AN ORDER AUTHORIZING
A GAS-OIL DUAL COMPLETION IN THE
UPPER YATES FORMATION IN THE JALMAT
GAS POOL AND IN THE LOWER YATES
FORMATION IN THE JALMAT GAS POOL AND
FOR APPROVAL OF A 160-ACRE NON-STANDARD
GAS PRORATION UNIT IN THE JALMAT GAS
POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 28, 1958, at Santa Fe, New Mexico, before Elvis A. Uta, 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 18th day of June, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Elvis A. Uta, 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 Farney A-17 Well No. 3, located 1650 feet from the North line and 990 feet from the West line of Section 17, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico.
- (3) That the applicant proposes to dually complete the above-described Farney A-17 Well No. 3 in such a manner as to permit the production of gas from the Upper Yates formation in the Jalmat Gas Pool and the production of oil from the Lower Yates formation in the Jalmat Gas Pool through the casing-tubing annulus and the tubing respectively.
- (4) That the applicant further proposes to establish a 160-acre non-standard gas proration unit consisting of the NW/4 of said Section 17, said unit to be dedicated to the applicant's above-described Farney A-17 Well No. 3.

(5) That the mechanics of the proposed dual completion are feasible and in accord with good conservation practices.

(6) That approval of the proposed dual completion and non-standard gas proration unit will not cause waste nor impair correlative rights.

(7) That the subject application should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, be and the same is hereby authorized to dually complete its Farney A-17 Well No. 3, located 1650 feet from the North line and 990 feet from the West line of Section 17, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico, in such a manner as to permit the production of gas from the Upper Yates formation in the Jalmat Gas Pool and the production of oil from the Lower Yates formation in the Jalmat Gas Pool through the casing-tubing annulus and the tubing respectively.

PROVIDED HOWEVER, That subject well shall be completed and thereafter produced in such a manner that there will be no commingling within the well-bore, either within or outside the casing, of gas, oil and gas, or oil produced from either or both of the separate strata,

PROVIDED HOWEVER, That prior to the actual dual completion the operator shall make pressure tests of the casing to prove that no casing leaks exist. In the event a casing leak is apparent the operator shall take appropriate steps to adequately repair the leak. The results of these tests shall be reported to the Commission on Form C-103.

PROVIDED FURTHER, That upon the actual dual completion of such subject well applicant shall submit to the appropriate District Office of the Commission copies of Oil Conservation Commission Form C-103, Form C-104, Form C-110, and Form C-122, outlining the information required on those forms by existing Rules and Regulations, and two copies of the electric log of the well.

PROVIDED FURTHER, That said subject well for dual completion and production shall be equipped in such a way that reservoir pressures may be determined separately for each of the two specified strata, and further, be equipped with all necessary connections required to permit recording meters to be installed and used at any time as may be required by the Commission or its representatives, in order that natural gas, oil, or oil and gas from each separate stratum may be accurately measured and the gas-oil or gas-liquid ratio thereof determined, and

PROVIDED FURTHER, That the operator shall make any and all tests, including segregation and packer-leakage tests upon completion and annually thereafter during the annual deliverability test period for the Jalmat Gas Pool, commencing in the year 1959, and

whenever the packer is disturbed, but not excluding any other tests and/or determinations as deemed necessary by the Commission; the original and all subsequent tests shall be witnessed by representatives of offset operators if any there be at their election, and the results of each test, properly attested to by the applicant herein and all witnesses, shall be filed with the Commission within fifteen (15) days after the completion of such tests, and further, that applicant shall file with the Commission in duplicate a packer-setting affidavit, which affidavit shall be due within fifteen (15) days of the dual completion or whenever the packer is disturbed, and

PROVIDED FURTHER, That upon the actual dual completion of such subject well, applicant shall submit to the Commission a diagrammatic sketch of the mechanical installation which was actually used to complete and produce the seal between the strata, and a special report of production, gas-oil ratio or gas-liquid ratio, and reservoir pressure determination for each producing zone or stratum immediately following completion.

IT IS FURTHER ORDERED, That jurisdiction of this cause is hereby retained by the Commission for such further order or orders as may seem necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of applicant to comply with any requirement of this order after proper notice and hearing the Commission may terminate the authority hereby granted and require applicant or its successors and assigns to limit its activities to regular single-zone production in the interests of conservation.

(2) That a 160-acre non-standard gas proration unit in the Jalmat Gas Pool, consisting of the NW/4 of said Section 17 be and the same is hereby established, said unit to be dedicated to the applicant's above-described Farney A-17 Well No. 3.

(3) That the said Farney A-17 Well No. 3 be granted an acreage factor for allowable purposes in the proportion that the above-described acreage bears to a standard proration unit for the Jalmat Gas Pool, subject to the Special Rules and Regulations for the Jalmat Gas Pool.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E. L. Mechem

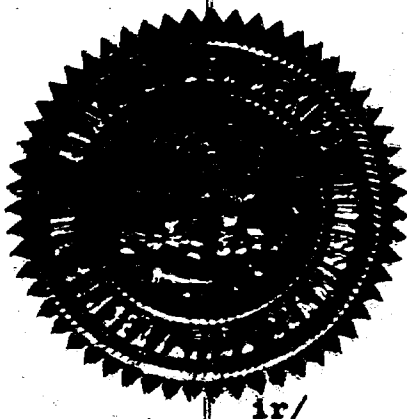
EDWIN L. MECHEM, Chairman

Murray E. Morgan

MURRAY E. MORGAN, Member

A. E. Porter, Jr.

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



CONTINENTAL OIL COMPANY

Roswell, New Mexico
April 18, 1958

New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico

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

Re: Application of Continental Oil Company for administrative approval of dual completion in the Jalmat Oil Pool and the Jalmat Gas Pool of its Farney A-17 Well No. 3 located in Section 17, T-23-S, R-36-E, NMPM, Lea County, New Mexico; and for approval of a 160-acre non-standard gas proration unit consisting of the NW/4, Section 17, T-23-S, R-36-E.

Gentlemen:

Continental Oil Company respectfully requests administrative approval under the provisions of statewide rule 112-A of the Rules and Regulations of the New Mexico Oil Conservation Commission for the dual completion of its Farney A-17 No. 3 to be drilled at a location 1650 feet from the north line and 990 feet from the west line of Section 17, T-23-S, R-36-E, NMPM, Lea County, New Mexico, for the production of oil from the Jalmat Oil Pool and gas from the Jalmat Gas Pool, and in support thereof states:

1. Applicant is operator of the Farney A-17 lease consisting of the NW/4 of said Section 17.
2. Applicant proposes to drill and complete its Farney A-17 Well No. 3 as an oil well in the lower Yates formation. Said well will be in the defined limits of the Jalmat Oil Pool.
3. Applicant proposes to perforate selected intervals from approximately 3550 to 3625 feet in the upper Yates formation to produce Jalmat gas through the casing-tubing annulus while producing Jalmat oil through two-inch tubing. Separation of fluids from the two pools will be effected by means of a packer to be set at 3640 feet. A diagrammatic sketch of the dual completion is attached hereto, showing the formation involved, the proposed intervals to be perforated in the lower Yates formation for Jalmat oil production and upper Yates formation for Jalmat gas production, location of packer and other information pertinent to the dual completion.
4. The upper Yates gas zone in said well is in the defined limits of the Jalmat Gas Pool.

5. The well will be equipped in such a manner that there will be no commingling of fluids from the two common sources of supply and each productive zone will be tested separately in the well, as required by the Commission.
6. Approval of the proposed dual completion is in the interest of conservation and will serve to prevent waste and protect correlative rights.
7. That by copy of this letter of application all offset operators are notified of this application.

We further respectfully request approval under the provisions of Rule No. 5 (b) of the Special Rules and Regulations for the Jalmat Gas Pool of Order No. R-520 of a 160-acre non-standard gas proration unit consisting of the NW/4 of the said Section 17 to be allocated to the said well No. 3. In support of this request we should like to point out that the proposed unit conforms with the requirements of said Rule 5 (b) in all respects as follows:

1. Said proposed non-standard gas proration unit consists of contiguous quarter-quarter sections.
2. Said proposed non-standard gas proration unit lies wholly within a single governmental section.
3. The entire proposed non-standard gas proration unit may be reasonably presumed to be productive of gas.
4. The length or width of said proposed non-standard gas proration unit does not exceed 5,280 feet.
5. Copies of this application have been furnished by registered mail this date to all offset operators and all operators within 1,500 feet of said well, as required by the provisions of said Rule 5 (b).

A plat is attached hereto showing to the best of our knowledge and belief the proposed unit, the location of the No. 3 well and other wells on the lease, offset wells and ownership thereof.

The granting of this application is in the interest of preventing waste and the protection of correlative rights.

In view of the facts set out herein it is respectfully requested that the Commission enter an order approving the proposed dual completion and non-standard proration unit both as described above.

Yours very truly,



R. L. Adams
Division Superintendent
of Production
New Mexico Division

STATE OF NEW MEXICO)
) ss.
COUNTY OF CHAVES)

R. L. Adams, being first duly sworn on behalf of the applicant in the above application, says: That he is the Division Superintendent, of applicant, and as such is authorized to make said application, that he has read the foregoing application, knows the contents thereof, and that the same are true, as he is reliably informed and believes.

R. L. Adams
(Signature)

Subscribed and sworn to before me this 18th day of April,
1958.

Louis B. Houston
Notary Public

My Commission expires:

May 25, 1960

Copies to:

New Mexico Oil Conservation Commission-6
HLJ-2 JRP File

Registered Mail:

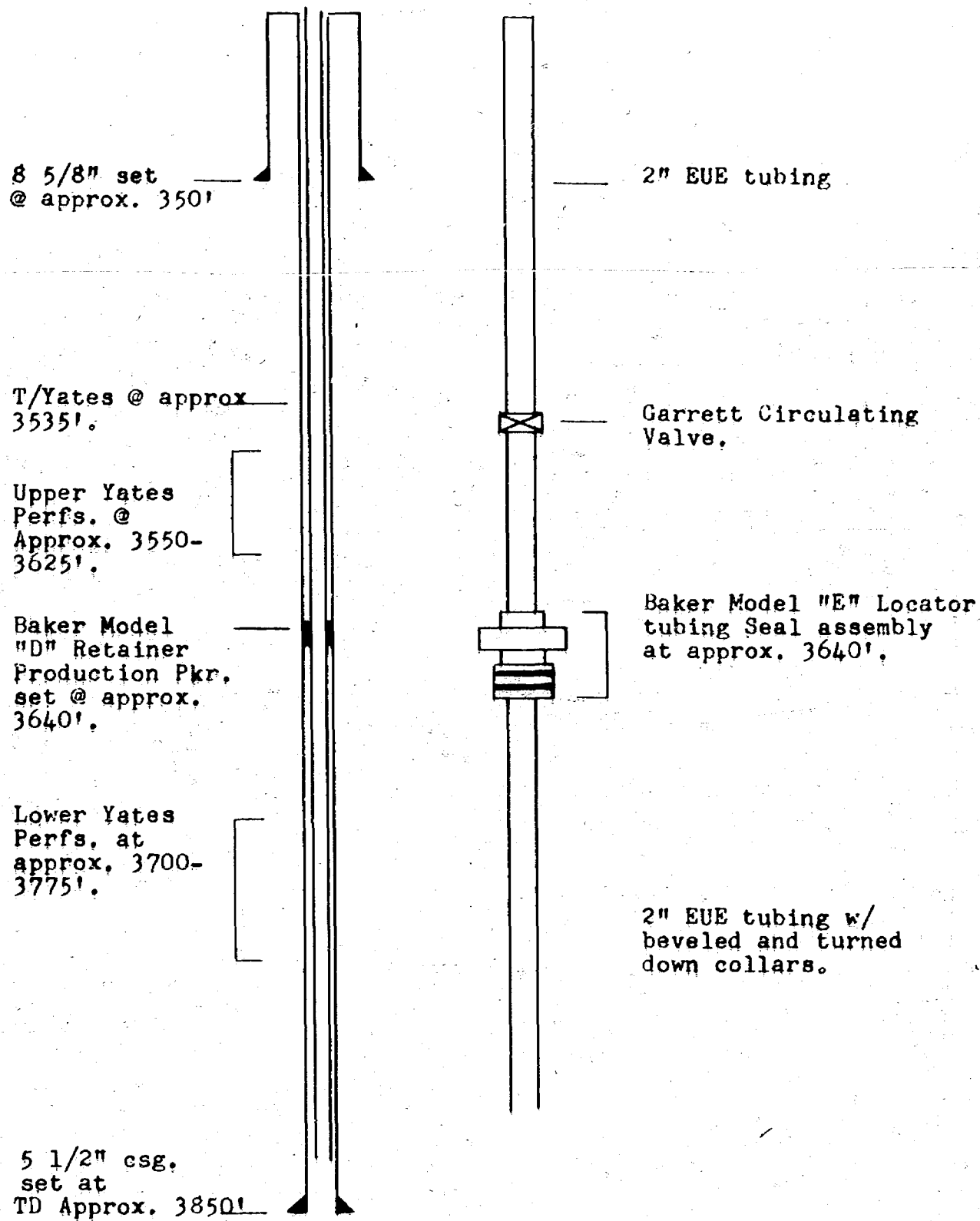
Sinclair Oil & Gas Company
520 E. Broadway
Hobbs, New Mexico

Texas Pacific Coal & Oil Company
P. O. Box 1688
Hobbs, New Mexico

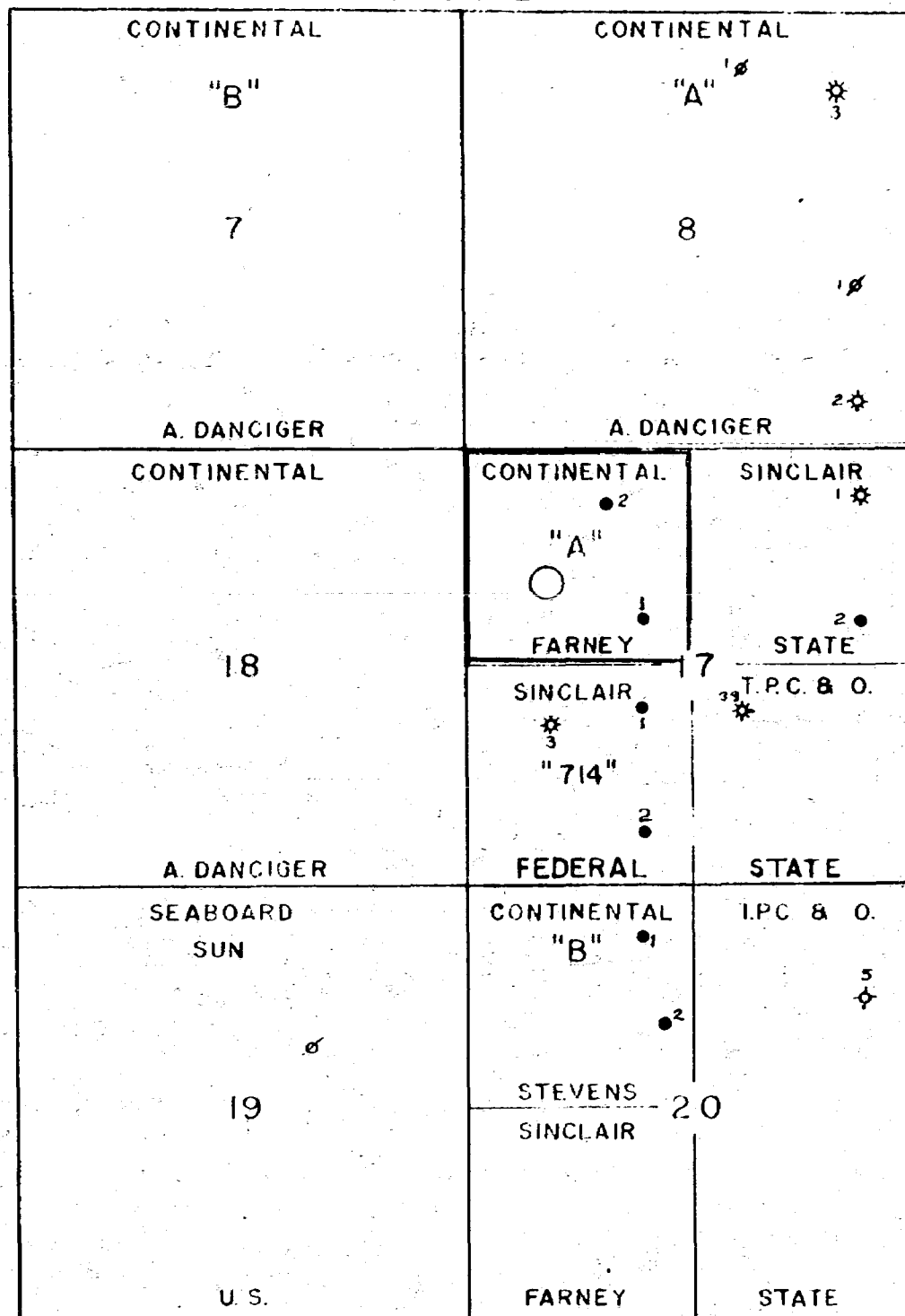
CONTINENTAL OIL COMPANY

Proposed Method of Dual Completion

Farney A-17 No. 3



R 36 E



T
23
S

LOCATION AND OWNERSHIP PLAT

CONTINENTAL OIL COMPANY
FARNEY A-17 LEASE

— Boundary of Proposed Unit

○ Location of Proposed Well

file
case 1459

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 6-3-58

CASE 1459

Hearing Date 5-28-58

My recommendations for an order in the above numbered cases are as follows:

I recommend the application be granted as requested for the following reason:

1. This is another Dual Dedication in Jalmat Pool - nothing more.

In my opinion this was is an almost unforfeitable practice. However it was started several years ago and has grown to the extent that it is now impractical to stop the practice. Many units in Jalmat have dedicated ~~both~~ acreage to both oil & Gas wells in the vertical limits of the pool by using single completions. This is a dual completion so the problem evolves itself to the matter of whether or not the dual is satisfactory. I believe it is. The dual ~~completion~~ dedication of acreage has already been approved many times, unfortunately.

Threat H

Staff Member

ILLEGIBLE

DOCKET: EXAMINER HEARING MAY 28, 1958

Oil Conservation Commission 9 a.m. Mabry Hall, State Capitol, Santa Fe

The following cases will be heard before Elvis A. Utz, Examiner:

- CASE 1225: Application of Moab Drilling Company and Utex Exploration Company for an order amending Order No. R-975. Applicant, in the above-styled cause, seeks an order amending Order No. R-975 to permit the conversion to a water injection well of the Utex Exploration Company Donohue-Federal No. 3 Well, located in the SE/4 SW/4 of Section 15, Township 16 South, Range 29 East, Eddy County, New Mexico.
- CASE 1446: Application of The Texas Company for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its Cotton Draw Unit embracing 35,144 acres, more or less, of Federal, State of New Mexico, and patented lands, located in Township 24 South, Ranges 31 and 32 East; Township 25 South, Ranges 31 and 32 East, in Eddy and Lea Counties, New Mexico.
- CASE 1447: Application of The Texas Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 320-acre non-standard gas proration unit in the Eumont Gas Pool comprising the E/2 of Section 11, Township 20 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the applicant's C. H. Weir "B" Well No. 3, located 330 feet from the North line and 660 feet from the East line of said Section 11.
- CASE 1448: Application of Ambassador Oil Corporation for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its North Caprock Queen Unit No. 2 embracing 1808 acres, more or less, of State of New Mexico lands located in Township 13 South, Ranges 31 and 32 East, in Chaves and Lea Counties, New Mexico.
- CASE 1449: Application of Graridge Corporation for an exception to Rule 309 of the Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order permitting the consolidation of tank batteries to receive the production from more than sixteen wells in the North Caprock Queen Unit No. 1 in Chaves and Lea Counties, New Mexico, which was established by Order No. R-1145. The applicant further seeks permission to install automatic custody transfer equipment on the above-referenced Unit.
- CASE 1450: Application of Neville G. Penrose, Inc. for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its November State Unit comprising 913 acres, more or less, of State of New Mexico and patented lands, located in Township 10 South, Range 37 and 38 East, and Township 11 South, Range 38 East, Lea County, New Mexico.

- CASE 1451: Application of Amerada Petroleum Corporation for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 280-acre non-standard gas proration unit in the Justis Gas Pool consisting of the W/2 SW/4 Section 24, NW/4 and SW/4 NE/4 of Section 25, all in Township 25 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the applicant's proposed well to be drilled in the NE/4 NW/4 of said Section 25.
- CASE 1452: Application of Amerada Petroleum Corporation for the dual completion of a producing oil well to permit the disposal of salt water therein. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its H. C. Posey "A" No. 4 Well, located in the NW/4 NE/4 of Section 14, Township 12 South, Range 32 East, Lea County, New Mexico, in such a manner as to permit the production of oil through the tubing from the Pennsylvanian formation, adjacent to the East Caprock-Pennsylvanian Pool, and to permit the disposal of salt water through the casing tubing annulus into the Devonian formation between 11,205 feet and 11,370 feet.
- CASE 1453: Application of Magnolia Petroleum Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Stephens Estate No. 1 Well, located in the NW/4 SW/4 of Section 24, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Terry-Blinebry Pool and Wantz-Abo Pool.
- CASE 1454: Application of Gulf Oil Corporation for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Learcy McBuffington No. 4 Well, located 660 feet from the South line and 1980 feet from the West line of Section 13, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from an undesignated Blinebry oil pool and oil from the Justis-Ellenburger Pool through parallel strings of tubing.
- CASE 1455: Application of Gulf Oil Corporation for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Learcy McBuffington Well No. 5, located 1650 feet from the South line and 1980 feet from the East line of Section 13, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from an undesignated Blinebry oil pool and oil from the Justis-Ellenburger pool through parallel strings of tubing.

CASE 1456: Application of Gulf Oil Corporation for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Learcy McBuffington Well No. 6, located 330 feet from the South line and 1980 feet from the East line of Section 13, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from an undesignated Blinebry oil pool and oil from the McKee formation, adjacent to the Justis-McKee Pool, through parallel strings of tubing.

CASE 1457: Application of Sinclair Oil & Gas Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its State Lea Well No. 1, located 660 feet from the South and West lines of Section 24, Township 16 South, Range 33 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Kemnitz-Wolfcamp Pool and from the Pennsylvanian formation adjacent to the Kemnitz-Pennsylvanian Pool through parallel strings of tubing.

CASE 1458: Application of Albert Gackle for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 320-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the S/2 of Section 23, Township 23 South, Range 36 East, Lea County, New Mexico, said unit to be dedicated to the applicant's Sinclair State No. 1 Well, located 1650 feet from the South line and 990 feet from the East line of said Section 23.

CASE 1459: Application of Continental Oil Company for a dual completion and non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Farney A-17 Well No 3, located in Section 17, Township 23 South, Range 36 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Lower Yates formation of the Jalmat Gas Pool and gas from the Upper Yates formation of the Jalmat Gas Pool through the tubing and casing-tubing annulus respectively. The applicant further seeks the establishment of a 160-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the NW/4 of said Section 17, to be dedicated to the said Farney A-17 Well No. 3.

CASE 1460: Application of Phillips Petroleum Company for an oil-oil dual completion and for permission to commingle production from two separate pools. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its New Mex "A" Well No. 1 located 1983 feet from the South line and 2313 feet from the West line of Section 25, Township 16 South, Range 33 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Kemnitz-Wolfcamp Pool and oil from an undesignated Pennsylvanian pool through parallel strings of tubing. The applicant also proposes to produce the Wolfcamp and Pennsylvanian production from said well into common storage.

CASE 1461: Application of A. A. Greer, et al., for an exception to the acreage factors established by Order No. R-565-C for certain wells in San Juan County, New Mexico. Applicant, in the above-styled cause, seek an order granting an exception to the acreage factors provided in the Special Rules and Regulations for the Aztec-Pictured Cliffs Gas Pool and Fulcher Kutz-Pictured Cliffs Gas Pool, as set forth in Order No. R-565-C, for one well in the Aztec-Pictured Cliffs Gas Pool and eight wells in the Fulcher Kutz-Pictured Cliffs Gas Pool which were drilled on 40-acre spacing prior to the establishment of 160-acre spacing in the aforementioned pools.

CASE 1462: Application of El Paso Natural Gas Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 335-acre, more or less, non-standard gas proration unit in the Blanco Mesaverde Gas Pool consisting of the SW/4 of Section 7 and the W/2 of Section 18, all in Township 30 North, Range 8 West, San Juan County, New Mexico, said unit to be dedicated to the applicant's Howell No. 4-C Well, located 933 feet from the South line and 931 feet from the West line of said Section 18.

CASE 1463: Application of Pan American Petroleum Corporation for an oil-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its O. H. Randel "A" No. 1 Well, located 1650 feet from the South line and 990 feet from the West line of Section 9, Township 26 North, Range 11 West, San Juan County, New Mexico, in such a manner as to permit the production of oil from an undesignated Gallup oil pool and gas from an undesignated Dakota gas pool through parallel strings of tubing.

CLASS OF SERVICE
This is a fast message
unless its deferred char-
acter is indicated by the
proper symbol.

WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

1220
(R 11-54)

SYMBOLS
Day Letter
(23)
LT=Letter

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

LA085 DC125

1958 APR 30 AM 11 44

D FWA381 LONG PD=FORT WORTH TEX 30 1217PMC=
NEW MEXICO OIL CONSERVATION COMMISSION=
ATTN A L PORTER JR SECY-DIRECTOR SANTA FE NMEX=

TEXAS PACIFIC COAL AND OIL COMPANY OBJECTS TO
ADMINISTRATIVE APPROVAL OF APPLICATION OF CONTINENTAL
OIL COMPANY FOR DUAL COMPLETION IN THE JALMAT OIL POOL
AND JALMAT GAS POOL OF ITS FARNEY A-17 WELL NO. 3 LOCATED
IN SECTION 17, T-23-S, R-36-E, NMPM, LEA COUNTY, NEW MEXICO;
AND FOR APPROVAL OF A 160 ACRE NON-STANDARD GAS PRORATION
UNIT CONSISTING OF THE NW/4 SECTION 17, T-23-S, R-36-E=
TEXAS PACIFIC COAL AND OIL CO R W HINES MGR OF
PRODUCTION=

MAIN OFFICE OCC

1958 APR 30 AM 11:25

*Docket Mailed to R.W. Hines & R.L. Adams
5-20-58 BP*

=A-17 3 17 T-23-S R-36-E NMPM 160 NW/4 17 T-23-S R-36-E=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

ILLEGIBLE

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1459

TRANSCRIPT OF HEARING

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE NEW MEXICO
Phone CHapel 3-6691

May 28, 1958

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
May 28, 1958

IN THE MATTER OF:

Application of Continental Oil Company for
a dual completion and non-standard gas pro-
ration unit. Applicant, in the above-styled
cause, seeks an order authorizing the dual
completion of its Farney A-17 Well No. 3,
located in Section 17, Township 23 South,
Range 36 East, Lea County, New Mexico, in
such a manner as to permit the production
of oil from the Lower Yates formation of
the Jalmat Gas Pool and gas from the Upper
Yates formation of the Jalmat Gas Pool
through the tubing and casing-tubing an-
nulus respectively. The applicant, further
seeks the establishment of a 160-acre non-
standard gas proration unit in the Jalmat
Gas Pool, comprising the NW/4 of said
Section 17, to be dedicated to the said
Farney A-17 Well No. 3.

CASE NO.

1459

BEFORE:

ELVIS A. UTZ, Examiner

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: The next case on the docket will be Case 1459.

MR. PAYNE: Case 1459. Application of Continental Oil
Company for a dual completion and non-standard gas proration unit.

MR. KELLAHIN: Jason Kellahin, of Kellahin and Fox, Santa
Fe, New Mexico, representing the applicant, Continental Oil Company.
We have one witness, Mr. V. T. Lyon.

(Witness sworn.)

VICTOR T. LYON

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

DIRECT EXAMINATION

BY: MR. KELLAHIN:

Q State your name, please.

A Victor T. Lyon.

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

A By Continental Oil Company, acting district engineer, Eunice District, in Eunice, New Mexico.

Q Are you familiar with the application of Continental Oil Company in Case 1459?

A Yes, sir.

Q What is proposed to be done in this application?

A This is Continental Oil Company's application for approval of a dual completion so as to produce oil and gas separately from the Jalmat Gas Pool in our Farney A-17 No. 3 Well, located in Section 17, Township 23 South, Range 36 East, and also for approval of a non-standard gas proration unit for the well, consisting of the NW/4 of Section 17.

Q Now, Mr. Lyon, referring to what has been marked Exhibit No. 1, will you state what that is?

A Exhibit No. 1 is a plat showing the Farney A-17 Lease and the immediate surrounding area. The lease, which consists of

the NW/4 of Section 17, Township 23 South, Range 36 East, is shown outlined in red, and the No. 3 Well is located 1650 feet from the North line and 990 feet from the West line of the section circled in red.

Q Does that plat show the lease ownership surrounding this proposed unit?

A Yes, sir, it does.

Q Now, referring to what has been marked as Exhibit No. 2, state what that shows.

A Exhibit No. 2 is a plat that covers the same area depicted on Exhibit No. 1, and shows the structural configuration of the Yates formation in this area. It shows the Farney A-17 Lease outlined in red, the No. 3 Well circled in red; it shows Jalmat gas wells in the area, circled in green, and the units allocated to those wells outlined in green, and it shows the Jalmat oil wells circled in orange.

Q Does that exhibit reflect there has been dual dedication of acreage in this area?

A Yes, sir, there are five such instances on this exhibit.

Q Now, based upon the structural location of the lease and its proximity to the producing Jalmat gas wells, is it reasonable to presume that all of the proposed unit will be productive of gas?

A Yes, sir, in my opinion it is productive of gas in its entirety.

Q Now, refer to what has been marked Exhibit No. 3 and state what that is.

A Exhibit No. 3 is a copy of the radioactivity log which was run on this well. By red pencil notations I have shown the approximate location of a bridge plug, which has been cemented in the well.

Q Has that already been set?

A Yes, sir. It is set at 3679, and the present perforations are from 3670 to 90 -- No, 3650 to 3670, the proposed location, or proposed perforation for the upper Yates and the top of the Yates formation.

Q Where do those proposed perforations appear?

A They would be from 3557 to 3577, and 3599 to 3623.

Q Now, referring to what has been marked as Exhibit No. 4, will you state what that shows?

A Exhibit No. 4 is a schematic diagram of the proposed dual completion. It shows that the 8 5/8 inch casing is set at 366 feet, and the cement was circulated when that pipe was set; the approximate top of the Yates; the approximate intervals of the upper Yates perforations; the approximate placing of the Baker production packer; the lower Yates perforations; the location of the bridge plug, and it shows that 5 1/2 inch casing was set at a total depth of 3807; it also shows that we plan to run 2 1/2 inch tubing with a Garrett circulating device, or similar device, above the packer tubing cells, and that below the packer

We will run 2 inch EUE tubing with beveled and turned down collars.

Q What is the purpose of this Garrett circulating valve, or other device?

A It enables us to unload the casing-tubing annulus when we are ready to place the gas on production from above the packer.

Q Is it anticipated that it will be necessary to pump the oil, use artificial lift?

A Present indications are that the well will have to be pumped from the lower zones.

Q How do you propose to do that?

A In more or less conventional manner, with the exception that it will be necessary to lift the oil through sucker rods, pinning the gas between the annular spacings, between the sucker rods and two and a half inch tubing.

Q Is that a practical method of operation, Mr. Lyon?

A Yes, sir. We have a very successful completion like that.

Q Is this proposed unit within one governmental section?

A Yes, sir.

Q Does the proposed unit consist of continuous and contiguous quarter-quarter sections?

A Yes, sir.

Q Is the proposed unit in excess of 5,280 feet?

A No, sir.

Q In your opinion, is the approval of this application

necessary to prevent waste and protect correlative rights?

A Yes, sir, in my opinion it is.

Q Now, the subject well is offset by gas wells, is it not, Mr. Lyon?

A Yes, sir. As shown on Exhibit No. 2, it is surrounded on three sides by acreage allocations.

Q Is there any danger of drainage occurring in this lease?

A If this well is not completed for gas, there certainly will be drainage of gas from the lease.

Q Now, there are oil and gas wells producing from the Jalmat area, are there not?

A Yes, sir.

Q Do you know of any other dual completion in the Jalmat which has been approved by the Commission?

A I made a brief study of the DC orders of the Commission and found one such dual completion which has been authorized, and we have such a dual completion which was issued under an order, it being R - 242 for our Lea State "B" 25, and the one DC order was the Gulf Day No. 1, which was approved by DC Order 303.

Q Did you make any check to determine the extent of dedication of acreage to both oil and gas production in the Jalmat Pool?

A Yes, sir, I studied the oil proration schedule and the gas proration schedule and found that there were 118 units, 48 acre

units, or lots, which were dedicated for both oil and gas production from the Jalmat Pool.

Q Were there a large number of companies holding dually dedicated acreage in that instance?

A Yes, sir. There were twenty-five companies who had such dedications.

Q Do you have anything else to add, Mr. Lyon?

A I believe not.

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

A Yes, sir.

MR. KELLAHIN: At this time we would like to offer Exhibits 1 through 4 inclusive.

MR. UTZ: Without objection they will be admitted.

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

MR. UTZ: Are there any questions of the witness.

MR. CAMPBELL: Mr. Examiner, I am Jack M. Campbell of Campbell and Russell, Roswell, New Mexico. I would like to ask the witness a few questions on behalf of Texas Pacific Coal and Oil Company.

CROSS EXAMINATION

BY: MR. CAMPBELL:

Q Mr. Lyon, when was this well completed, approximately?
Is it an old well?

A This No. 3 well?

Q Yes, sir.

A It is being completed. We are test pumping at the present time. When I left Eunice we had not quite recovered the oil load.

Q It has not been producing oil from the Jalmat Pool up to now?

A No, it is a new completion.

Q Are these two, your well No. 1 and No. 2, oil wells now producing?

A Yes, sir.

Q Do you know whether they are producing any substantial amount of gas with the oil?

A The gas-oil ratio in both of those wells is quite low, less than one thousand cubic feet per barrel.

Q Do you know whether your company contemplates additional dual completions of this nature in the Jalmat Gas Pool at this time?

A We have no immediate plans for such additional completions.

Q Is it impossible for you to dually complete either your Well No. 1 or 2?

A I believe that either of them could be dually completed.

Q Are those open hole completions?

A No, they are completed in the same manner as No. 3, except, of course, we don't anticipate dually completing them.

MR. CAMPBELL: I think that's all the questions I have.

QUESTIONS BY MR. UTZ:

Q Do I understand you to say that it would be necessary to pump this oil?

A It appears that it will be necessary to pump it.

Q Do you have any idea what the difference in pressures is between the lower Yates and the higher Yates?

A No, I don't believe that there is any substantial difference in pressure.

Q Could this well be just as well produced and not have separation between the upper and lower Yates?

A I don't believe so.

Q You mean from a mechanical standpoint?

A Yes, from a mechanical standpoint.

Q Why would that be?

A I believe that the production from the well would be substantially gas rather than oil. The oil, I don't believe, would be as efficiently produced.

Q Even to pump the lower zone without a packer?

A I think the well would flow, but most of the production would be gas. I assume that you mean after we have perforated additional upper Yates perforations that we indicated.

Q Yes. Then, in effect, this dual completion is only to avoid drilling another well in the lower Yates formation to produce oil?

A Well, when we have a well already drilled, it seems wasteful to me to drill another well to produce lower Yates oil.

Q Did I understand you to say that there were two such other dual completions producing from the vertical limits of the Jalmat Pool?

A Those are the only ones I found--there may be more issued-- under our orders. I didn't check the order file, I did check the DC Order File, and I found that one instance approved on DC Order, and the one which was our completion, which is an R Order.

Q And in the Jalmat vertical limits?

A Yes.

Q As far as dual dedication is concerned, is there any difference between twin wells and dual completions?

A I can see no difference.

MR. UTZ: Are there any further questions of the witness? If not, the witness may be excused.

(Witness excused.)

MR. UTZ: Are there any further statements in this case? If not, the case will be taken under advisement.

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO)

ss

I, J. A. Trujillo, Notary Public 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 in Stenotype and reduced to typewritten transcript, and that same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal, this, the 9th day of June, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Joseph A. Trujillo
NOTARY PUBLIC

My Commission Expires:

October 5, 1960

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner's hearing of Page No. 1458, heard by me on May 28, 1958.

Frank A. [Signature], Examiner
New Mexico Oil Conservation Commission



CONTINENTAL OIL COMPANY

625 PETROLEUM BUILDING
ROSWELL, NEW MEXICO

R. L. ADAMS
DIVISION SUPERINTENDENT
OF PRODUCTION
NEW MEXICO DIVISION

May 8, 1958

New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico

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

Re: Application for Administrative
Approval of a dual completion in
the Jalmat Oil Pool and the Jalmat
Gas Pool for the Farney A-17 Well
No. 3 located in Section 17, Town-
ship 23 South, Range 36 East, NMPM,
Lea County, New Mexico; and for
approval of a 160-acre non-standard
gas proration unit consisting of the
NW/4 of Section 17, Township 23 South,
Range 36 East, NMPM, Lea County, New
Mexico.

Gentlemen:

We have received your letter of May 2, 1958, inform-
ing us of Texas Pacific Coal and Oil Company's objection to grant-
ing administrative approval for the subject application.

We therefore request that this matter be set for hearing
at the earliest convenient time.

Very truly yours,

RLA-CP

Carbon copy to: Texas Pacific Coal & Oil Company
Box 2110
Fort Worth, Texas

PIONEERING IN PETROLEUM PROGRESS SINCE 1875

ILLEGIBLE

OIL CONSERVATION COMMISSION,

BOX 2045

HOBBS, NEW MEXICO

DATE April 30, 1958

OIL CONSERVATION COMMISSION
BOX 871
SANTA FE, NEW MEXICO

Re: Proposed NSP 430

Proposed NSL

Proposed NFC

Proposed DC 595

Gentlemen:

I have examined the application dated
for the Continental Oil Co. Farney A-17 #3 17-23-36
Operator Lease and Well No. S-T-R

and my recommendations are as follows:

O.K.—E.J.F.
O.K.—J.W.R.

Yours very truly,

OIL CONSERVATION COMMISSION

E. J. Fischer

Engineer

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

May 2, 1958

C
O
P
Y

Continental Oil Company
Roswell, New Mexico

Attention: Mr. R. L. Adams

Re: Application for Administrative
Approval of a dual completion in
the Jalmat Oil Pool and the Jalmat
Gas Pool for the Farney A-17 Well
No. 3 located in Section 17, Town-
ship 23 South, Range 36 East, NMPM,
Lea County, New Mexico; and for
approval of a 160-acre non-standard
gas proration unit consisting of the
NW/4 of Section 17, Township 23 South,
Range 36 East, NMPM, Lea County, New
Mexico.

Gentlemen:

Reference is made to the subject application for administrative
approval.

An objection to granting administrative approval of the subject
application has been filed by Texas Pacific Coal and Oil Company,
an offset operator.

Rule 113-A (c) of the Commission Rules and Regulations provides
that in the event an operator objects to a proposed dual completion,
the Commission shall consider the matter only after proper notice
and hearing.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

-2-

Rule 5 (b) 6 of Order No. R-520, which sets forth the Special Rules and Regulations for the Jalmat Gas Pool, provides that administrative approval of applications for non-standard production units may be granted provided no objection has been received from offset operators.

In view of the timely objection by an offset operator to the subject application, administrative approval of such application cannot be granted.

Please advise this Commission whether you wish to set the matter for hearing.

Very truly yours,

OLIVER E. PAYNE,
Associate Counsel

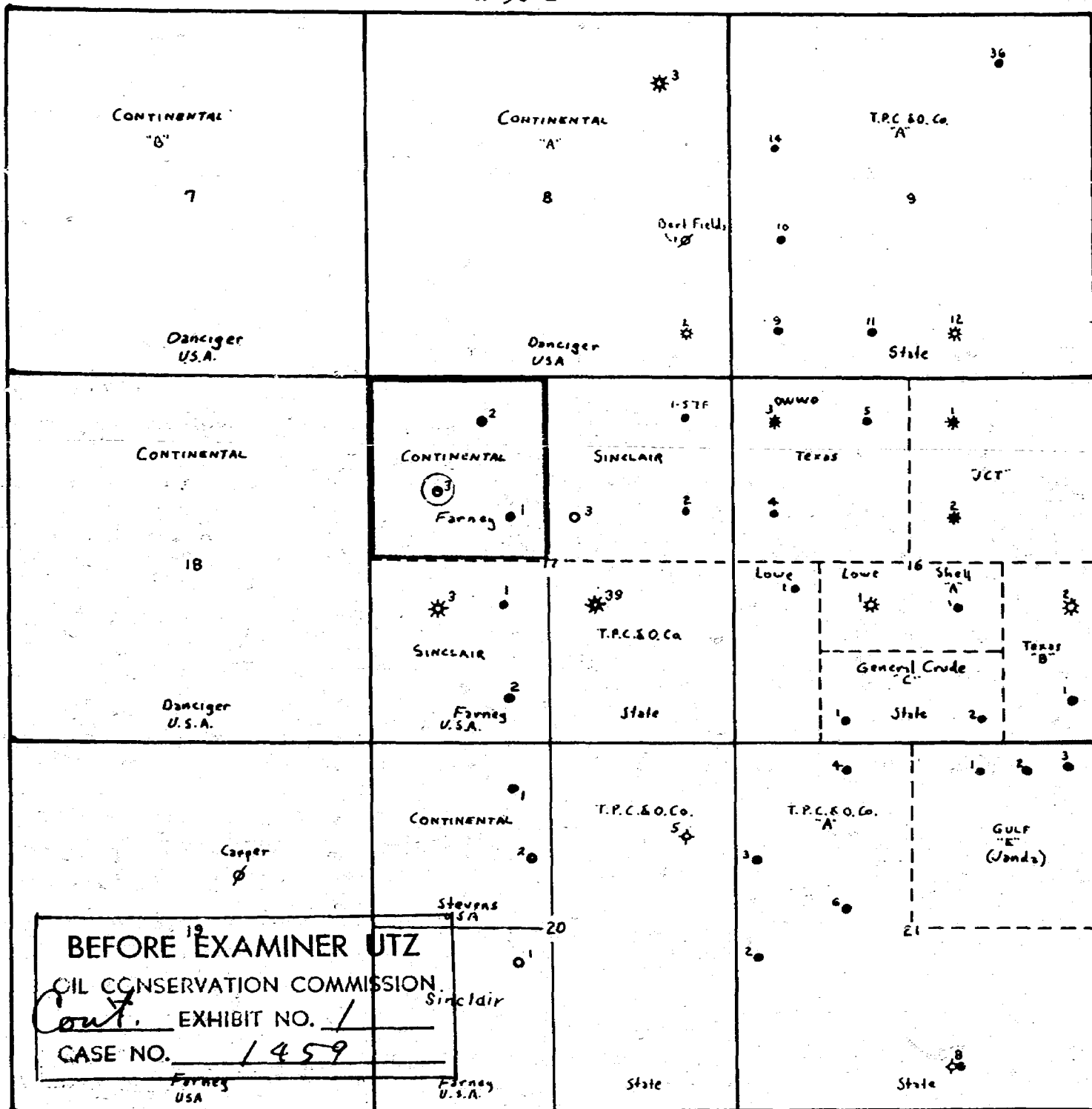
CEP/ir

cc: Oil Conservation Commission
Hobbs, New Mexico

Texas Pacific Coal & Oil Company
Box 2110
Fort Worth, Texas

C
O
P
Y

R-36-E



LOCATION AND OWNERSHIP PLAT

CONTINENTAL OIL COMPANY

FARNEY A-17 LEASE AREA

— Farney A-17 Lease

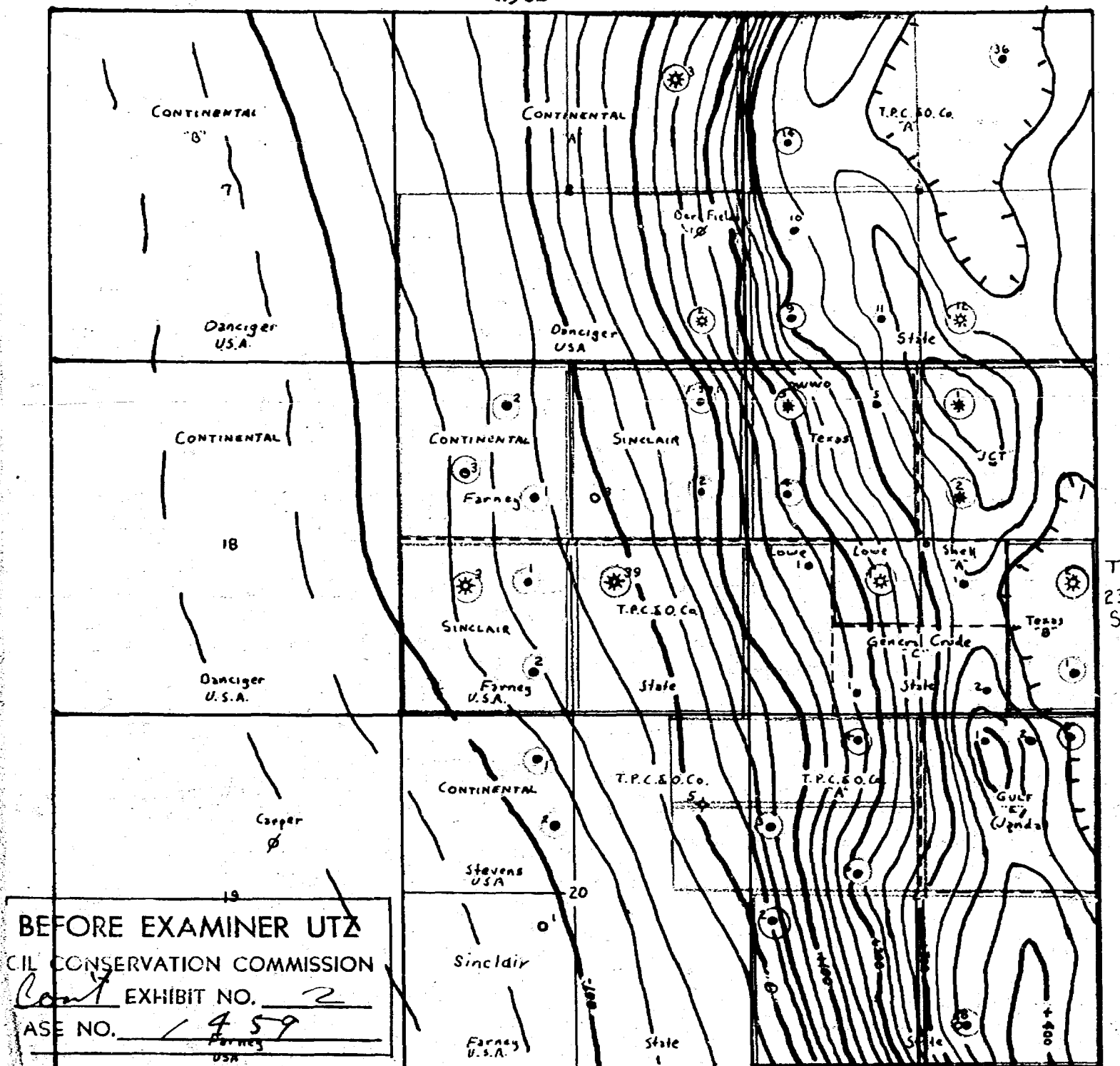
○ Farney A-17 No. 3

Scale 1" = 2000'

Case No. 1459

Exhibit No. 1

R36E



BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 2
CASE NO. 1459
Farney
U.S.A.

STRUCTURE PLAT
CONTOURED ON TOP OF YATES
Continental Oil Company
Farney A-17 Lease Area

- Proposed Gas Proration Unit
- Farney A-17 No. 3
- Jalmat Gas Well
- Jalmat Oil Well
- Jalmat Gas Proration Unit

Contour Interval 25'
Scale 1" = 2000'

Case No. 1459

Exhibit No. 2