

Case Number

4508

Application  
Transcripts.

Small Exhibits

ETC.

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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
CONFERENCE ROOM, STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO  
March 1, 1972

EXAMINER HEARING

IN THE MATTER OF:

Case 4508 being reopened pursuant to  
the provisions of Order No. R-4117,  
which order established special rules  
and regulations for the Warren-  
Devonian Pool, Lea County, New Mexico.

Case No. 4508

BEFORE: Richard L. Stamets  
Examiner

TRANSCRIPT OF HEARING

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1 MR. STAMETS: I will call Case Number 4508.

2 MR. HATCH: In the matter of Case Number 4508  
3 being reopened pursuant to the provisions of Order R-4117,  
4 which order established special rules and regulations for  
5 the Warren-Devonian Pool, Lea County, New Mexico,  
6 including a provision for 80-acre spacing units.

7 The Commission has received a letter from the  
8 Continental Oil Company which states, in part, that they  
9 see no reason to continue special pool rules and they  
10 recommend this pool be reserved statewide.

11 MR. STAMETS: Are there any other appearances  
12 in Case 4508?

13 (No response.)

14 MR. STAMETS: There being none, an order will  
15 be issued establishing standard statewide pool rules for  
16 the Warren-Devonian Pool.

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1 STATE OF NEW MEXICO )  
 ) ss  
 2 COUNTY OF BERNALILLO )

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

10  
 11 Richard E. McCormick  
 12 CERTIFIED SHORTHAND REPORTER  
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I do hereby certify that the foregoing is  
 a true and correct copy of the proceedings in  
 the case of the State of New Mexico vs. The  
People of the County of Bernalillo, New Mexico  
Oil Conservation Commission  
Oil Conservation Commission

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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
February 24, 1971

EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil  
Company for the assignment of  
discovery allowable and promulgation  
of special pool rules, Lea County,  
New Mexico.

Case No. 4508

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

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MR. UTZ: The hearing will come to order. We will call Case 4508.

MR. HATCH: Application of Continental Oil Company for the assignment of discovery allowable and promulgation of special pool rules, Lea County, New Mexico.

MR. KELLAHIN: If the Examiner please, Jason Kellahin, Kellahin and Fox, Santa Fe, appearing for the Applicant. We have one witness I would like to have sworn.

(Witness sworn.)

(Whereupon, Applicant's Exhibits 1 through 5 were marked for identification.)

VICTOR T. LYON,

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, by whom you are employed and in what position?

A I am Victor T. Lyon, L-y-o-n. I am employed by Continental Oil Company as conservation coordinator in the Hobbs Division Office located in Hobbs, New Mexico.

Q Have you testified before the Oil Conservation Commission and made your qualifications a matter of record?

A Yes, I have.

Q The witness' qualifications acceptable?

MR. UTZ: Yes, sir.

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- 1 Q (By Mr. Kellahin) Mr. Lyon, are you familiar with the  
 2 application of Continental Oil Company in Case 4508?
- 3 A Yes, sir.
- 4 Q What's proposed by the Applicant in this case?
- 5 A Case Number 4508 is the application of Continental Oil  
 6 Company for an oil discovery allowable for its SEMU Well  
 7 Number 10 located in Unit F, Section 29, Township 20 South,  
 8 Range 38 East, Lea County, New Mexico, and for special  
 9 pool rules for the Warren Devonian Pool providing for  
 10 80-acre spacing unit.
- 11 Q Now, I refer you to what has been marked as the Applicant's  
 12 Exhibit Number 1. Would you identify that exhibit?
- 13 A Exhibit Number 1 is a location plat showing the area  
 14 immediately surrounding the SEMU Wells Numbers 10 and 58.  
 15 These two wells are shown circled in red. The dashed line  
 16 is the outline of the Southeast Monument Unit in which  
 17 these wells are located.
- 18 The plat shows the location of the wells in this area.  
 19 You will note that there is a faint circle circumscribed  
 20 around Well Number 10 showing a radius of two miles and  
 21 the wells inside this circle are indicated by a letter  
 22 symbol as to the formation from which they produce or have  
 23 produced.
- 24 The legend for these symbols is shown in the lower  
 25 right hand portion of the exhibit. Well Number 10 is

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located 1980 feet from the north line and 1980 feet from the west line of Section 29. Well Number 58 is located 660 feet from the north line and 1980 feet from the west line of Section 29.

The hashed areas shown on the map represent acreage which is operated by Continental Oil Company on behalf of the New Mexico Federal Unit. The area immediately south and east of these two wells, which I described, Numbers 10 and 58, are within the Warren Unit which is owned by the same company and is in the same proportion as is the land shown in Southeast Monument Unit on this exhibit.

Q Now, were these wells originally completed in the Warren-Devonian Pool?

A No, sir.

Q These are recompletions, are they not?

A Both wells were originally completed in the Warren-McKee Pool. Well Number 58 was recompleted from the Warren-McKee to the Devonian reservoir under discussion today in an interval of 7783 to 7805 and was potentialed on May 18th, 1970, for 48 barrels of oil, 29 barrels of water, gas too small to measure in twenty-four hours, producing by gas lift.

Well Number 10 was also recompleted from the Warren-McKee Pool into the Warren-Devonian Pool in an interval of 7764 to 87. It was potentialed on January 10th, 1971,



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1 for 170 barrels of oil, 8 barrels of water, no gas in  
 2 twenty-four hours; also producing by gas lift.

3 Q Now, referring to what has been marked as Exhibit Number  
 4 2, would you identify that exhibit?

5 A Exhibit Number 2 is a structure map showing the config-  
 6 urations of the Devonian Formation in this particular area.  
 7 The contour interval is twenty-five feet. The two wells  
 8 which I have discussed, Numbers 10 and 58, are shown  
 9 circled in red.

10 There are two wells which are circled in green and  
 11 these two wells have been drill stem tested in the  
 12 Devonian Formation. As shown, the structure is a north-  
 13 south trending anticline with a steeply dipping west flank  
 14 and is bounded on the east by faulting.

15 Based on the data from the drill stem tests which  
 16 have been taken, the oil-water contact is estimated to  
 17 occur somewhere in the interval of a minus 4280 and a  
 18 minus 4245. The aerial extent of the reservoir is  
 19 estimated to be a maximum of approximately one section.

20 Q That is not unusual in the Devonian Pool, is it?

21 A Yes, that's quite true.

22 Q Now, referring to what has been marked as Exhibit Number  
 23 3, would you identify that exhibit?

24 A Exhibit Number 3 is a copy of the electric log run in the  
 25 SEMU Number 10. It shows the top and base of the producing

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1 formations in this particular area and this includes the  
 2 Grayburg, the Blinebry, the Tubb, Drinkard, Abo, and  
 3 McKee, as well as the Devonian.

4 You will note that there is a space of approximately  
 5 150 feet thickness between the top of the Devonian and  
 6 the base of the Abo. This is a detrital section occurring  
 7 there. To my knowledge, it does not produce anywhere.

8 Also between the base of the Devonian and the top of  
 9 the McKee is an interval of approximately 500 feet thick-  
 10 ness.

11 Q Which is non-productive?

12 A Yes, sir.

13 Q Now, referring to what has been marked as Exhibit Number  
 14 4, would you identify that exhibit?

15 A Exhibit Number 4 is a plat showing the Warren-Devonian  
 16 Pool in Township 20 South, Range 38 East and by a circle  
 17 or rectangle, the nearest Devonian production and the  
 18 nearest production is the South Vacuum Devonian Pool which  
 19 is approximately eighteen miles to the northwest.

20 I think this shows quite clearly that the Warren-  
 21 Devonian Pool is separated both horizontally and vertically  
 22 from any other known reservoir.

23 Q Now, when was the Number 10 Well originally completed?

24 A Well Number 10 was the second well completed in this  
 25 reservoir, but it was the first well tested in the

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1 reservoir and Number 58 was completed, as I mentioned,  
2 in the McKee and it was completed in the McKee in 1957,  
3 May 20th was the date of its initial test and the Devonian  
4 was drill stem tested during the drilling of that well.

5 Number 10 was completed on July 5th of 1949 and it  
6 also drill stem tested the Devonian during those drilling  
7 operations, so it actually tested the Devonian Pool eight  
8 years before Number 58 did.

9 Now, there are also other characteristics which  
10 indicate that this is a new reservoir. The Devonian  
11 crude is intermediate sour but the McKee production is  
12 this sweet crude and we are paid a premium price for  
13 that sweet crude.

14 Also, the Devonian crude is highly under-saturated  
15 whereas the other formations in this area have substantial  
16 gas production, gas-oil ratios and, in fact, at sometime  
17 or other during their producing life experienced gas-oil  
18 ratio penalties so it appears that the Warren-Devonian  
19 reservoir is producing either by fluid expansion or  
20 water drive or both whereas the others appear to be  
21 depletion type reservoirs.

22 Q Now, what information do you have that would indicate  
23 that one well would drain in excess of 80 acres?

24 A Well, I think the best indication is the potential on  
25 the well. It indicates that the permeability is quite

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1 good and so this gives us a presumption that the well is  
 2 capable of draining 80 acres or more. We do not have  
 3 reservoir data which can substantiate this, but at the  
 4 same time, if we were to develop this on 40-acre spacing  
 5 and develop data which would substantiate it, we would not  
 6 be able to undrill those wells, so we think that it is  
 7 the best course of action to promulgate 80-acre spacing  
 8 on a temporary basis until this data is gathered.

9 Q In your opinion, would the order granting temporary rules  
 10 for 80-acre spacing prevent waste?

11 A Yes. I think it should help to prevent economic waste  
 12 which would result from drilling unnecessary well.

13 Q Have you prepared some special pool rules which you  
 14 recommend to the Commission?

15 A Yes. Exhibit Number 5 is the special pool rules which we  
 16 propose to the Commission to be entered on a temporary  
 17 basis for one year. Essentially, they call for 80-acre  
 18 units consisting of the north half, south half, east half,  
 19 west half of the governmental quarter section and pro-  
 20 viding flexibility for the well to be drilled in either  
 21 of the quarter quarter sections and at a location not  
 22 closer than 330 feet from the boundary of any governmental  
 23 quarter quarter section or lot.

24 Q Now, would you assign a proportional factor to the unit?

25 A Yes. We would recommend that the proportional factor have

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1 3.33 which is in conformity with the Commission's Rules  
 2 and Regulations for pools of this depth on 80-acre spacing  
 3 be promulgated.

4 Q Now, in summary, would you say that the SEMU Number 10 is  
 5 the discovery well?

6 A Yes. It would appear to me that this is the well which  
 7 proves there was Devonian production in this area.

8 Q And do you recommend temporary field rules providing for  
 9 80-acre spacing to prevent waste?

10 A Yes, I do.

11 Q Would that impair correlative rights in any way?

12 A I do not believe that correlative rights would be  
 13 impaired in any way.

14 Q Were Exhibits 1 through 5 prepared by you or under your  
 15 supervision?

16 A Yes, they were.

17 MR. KELLAHIN: At this time I would like to offer in  
 18 evidence Exhibits 1 through 5, inclusive.

19 MR. UTZ: Without objection, Exhibits 1 through 5  
 20 will be entered into the record.

21 MR. KELLAHIN: That completes the case, Mr. Utz.

22 CROSS EXAMINATION

23 BY MR. UTZ:

24 Q Is the top of the Number 10 Well, top of the perforations,  
 25 7764?

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1 A Yes, this is true.

2 Q Then, your discovery allowable would be in the order of  
 3 38,820 barrels?

4 A I calculated that out, but I lost my figures. Anyhow, as  
 5 I understand it, it would be five times 7,764.

6 Q Or about 54 barrels a day? Is your well capable of  
 7 producing 320 barrels?

8 A The well has been tested at various rates at various tests.  
 9 Well, nearly all of the tests that have been taken on the  
 10 well are in excess of the potential test. I had intended  
 11 to bring a tabulation of these tests.

12 I recall that there was one in excess of 250 barrels  
 13 a day, but the well is supposed to have completed its  
 14 monthly allowable either yesterday or today and at my  
 15 request they have -- when the well has produced its  
 16 monthly allowable, they are to shut it in and run a bottom-  
 17 hole pressure bomb to get a pressure buildup test which  
 18 should give us considerable data about the reservoir so  
 19 it obviously does have excess producing capacity.

20 MR. UTZ: Are there other questions?

21 CROSS EXAMINATION

22 BY MR. HATCH:

23 Q I have a few. Now, you said the Number 58 was recompleated  
 24 in May of 1970?

25 A Yes.

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- 1 Q What about the Number 10? I don't think you ever gave  
2 a date when it was recompleted.
- 3 A It was recompleted January 10th of 1971.
- 4 Q Nearly a year after that?
- 5 A Yes, sir, eight months.
- 6 Q Eight months? But, the Number 10 was completed in the  
7 McKee and drill stem tested in the Devonian in 1949?
- 8 A Yes, sir.
- 9 Q And the Number 58, then, was completed in the McKee in  
10 1958 and drill stem tested in the Devonian?
- 11 A Yes, sir.
- 12 Q I have 58 here, that's why I use that.
- 13 A That must have been right, if I told you that. I was  
14 thinking it was '57, was the reason that --
- 15 Q Well, I don't think it would make much difference between  
16 '57 and '58. When was the Warren-Devonian Pool completed,  
17 Mr. Lyon?
- 18 A May 20th of 1957 was the completion date of the Number 58.
- 19 Q '57?
- 20 A Yes.
- 21 Q All right. Do you have the approximate time the Warren-  
22 Devonian Pool was created? Do you know when that was  
23 created?
- 24 A No. I would just have to make a guess at it. I would  
25 assume that it was about August or September.

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- 1 Q Of 1970?
- 2 A Of 1970, yes.
- 3 Q Of course, it's in the Commission files. It's one of
- 4 their orders creating the pool?
- 5 A Yes, sir. I know that the discovery allowable rules
- 6 call for the filing of an affidavit by the first well to
- 7 drill stem test a well but that rule didn't exist when
- 8 these tests were taken.
- 9 Q I was going to ask was the affidavit filed and it was not?
- 10 A No, there has not been an affidavit filed.
- 11 Q Then, was this pool created at the request of Continental?
- 12 A I believe that the normal course of these things is for
- 13 the district office of the Commission to send us the
- 14 nomenclature form -- I don't remember the number of it --
- 15 Q I believe it's form 123.
- 16 A -- and ask us to recommend whether this is a new pool or
- 17 extension of a pool and we fill it out and send it in to
- 18 them and then they act on it either favorably or unfavor-
- 19 ably as they see fit.
- 20 Q Do you recall what well was shown as the discovery well
- 21 on that form?
- 22 A I don't know that -- yes, it does call for a discovery
- 23 well. I am sure that Number 58 was the well because it
- 24 was the only producing well at that time.
- 25 Q On Exhibit 2 you have shown two wells in green there that



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1 you say also drill stem tested the Devonian?

2 A Yes, sir.

3 Q Would you identify those wells and tell when they drill  
 4 stem tested the Devonian?

5 A I am not sure that I have those dates. One is the SEMU  
 6 McKee Number 11 in Unit D of Section 29 and I don't have  
 7 the date that it was completed. I could only guess that  
 8 because it has one number higher than Number 10 it was  
 9 drilled after Number 10.

10 I will be glad to get this information from our  
 11 file and supply it to you.

12 Q You mean from the Commission records?

13 A Well, or from ours, either way.

14 Q The records in the Commission's office would probably  
 15 reflect the completion data.

16 A I am sure they would. The other one is Warren-McKee  
 17 Number 7 in Unit B in the same section. This drill stem  
 18 test was conducted in the interval 7800 to 7955 and  
 19 recovered 6930 feet of sulphur water and it was, I would  
 20 assume, tested prior to Number 10 but it did not indicate  
 21 the presence of oil or gas.

22 Q If I understand you correctly a minute ago you said that  
 23 you estimated probable extent of aerial of this pool --

24 A Yes.

25 Q -- as being approximately one section?

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- 1 A A maximum of one section.
- 2 Q Would you describe that area that you think --
- 3 A It would appear that this would incorporate the west half
- 4 of the southeast quarter of Section 20.
- 5 Q West half of the southeast section of 20?
- 6 A And the northeast quarter of the northeast quarter of
- 7 Section 29.
- 8 Q Northwest quarter of the northeast?
- 9 A And approximately the west half of Section 29 with the
- 10 exception of the southwest of the southwest which appears
- 11 to be too low.
- 12 Q Within that area you have described, are there other --
- 13 A Let me also add the southwest quarter southwest quarter
- 14 of Section 20, and I believe that that will catch all of
- 15 what appears to us to be productive.
- 16 Q Within that area, are there other wells that you know of
- 17 that drill stem tested the Devonian?
- 18 A There was another well which was drill stem tested, Well
- 19 Number 28 in Unit J of Section 20, drill stem tested an
- 20 interval 7796 to 7801. This was not drill stem tested.
- 21 It was a production test and we do not have agreement in
- 22 our office that this was actually the Devonian.
- 23 Our geologist feels that it was in the detrital zone
- 24 above the Devonian and our reservoir engineer feels that
- 25 it was the Devonian and for that reason, because there

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1 was not agreement, I do not circle that well on Exhibit

2 2. Would you like the results of that test?

3 Q Yes.

4 A It was perforated 7796 to 7801.

5 Q What were those?

6 A 7796 to 7801, acidized with one thousand gallons, swabbed  
 7 and flowed 36 barrels load oil and 165 barrels water in  
 8 eighteen hours; it then swabbed one hundred percent water  
 9 and the perforations were squeezed.

10 Q Why was Number 58 recompleted in the McKee prior to the  
 11 time that Number 10 was?

12 A The well had ceased to produce from the McKee and was  
 13 available at that time. We had plans to recomplete both  
 14 of the wells and it just happened that 58 was available  
 15 before Number 10 was.

16 Q Number 10 was still producing at that time?

17 A Yes, that's my understanding.

18 Q Do you have a time when Number 10 stopped producing from  
 19 the McKee?

20 A I'm sorry, I don't. I can get that for you if you would  
 21 like.

22 Q I think you should.

23 A All right.

24 MR. HATCH: That's all the questions I have.

25 MR. UTZ: The witness may be excused.

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1 (Witness excused.)

2 MR. KELLAHIN: If the Examiner please, I would like  
3 to make a very brief statement here if I may. We have a rather  
4 difficult situation here in connection apparently with the  
5 assignment of the discovery allowable. We take the position,  
6 of course, that we should follow the rules that presently  
7 exist, which provides that the drill stem test is the governing  
8 feature.

9 We do have the situation where the Number 10 Well  
10 was the first one to have a drill stem test. No affidavit was  
11 filed because we had no such rule at that time. Number 58  
12 then was the first one to be recompleted admittedly but the  
13 discovery allowable, we feel, should be assigned to the Number  
14 10 Well.

15 MR. HATCH: Of course, Rule 509 was not in existence  
16 at that time.

17 MR. KELLAHIN: That's correct.

18 MR. UTZ: The case will be taken under advisement.  
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FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

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I N D E X

WITNESS

PAGE

VICTOR T. LYON

Direct Examination by Mr. Kellahin

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Cross Examination by Mr. Utz

9

Cross Examination by Mr. Hatch

10

E X H I B I T S

Applicant's 1 through 5

2

dearnley-meier

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

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FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 STATE OF NEW MEXICO )  
2 ) ss  
3 COUNTY OF BERNALILLO )

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

10 Glenda Burks  
11 Court Reporter

22 I do hereby certify that the foregoing is  
23 a complete record of the proceedings in  
24 the hearing of Case No. 41508  
25 on July 24, 1971.  
\_\_\_\_\_, Secretary  
New Mexico Oil Conservation Commission



# OIL CONSERVATION COMMISSION

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

GOVERNOR  
BRUCE KING  
CHAIRMAN

LAND COMMISSIONER  
ALEX J. ARMJO  
MEMBER

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

March 8, 1972

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

Re: Case No. 4508  
Order No. R-4117-A  
Applicant:  
Continental Oil Company

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, Jr.  
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC ✓

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. 4508  
Order No. R-4117-A

APPLICATION OF CONTINENTAL OIL COMPANY  
FOR SPECIAL POOL RULES, LEA COUNTY, NEW  
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 1, 1972, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 7th day of March, 1972, the Commission, a quorum being present, having considered 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 by Order No. R-4117, dated March 10, 1971, temporary Special Rules and Regulations were promulgated for the Warren-Devonian Pool, Lea County, New Mexico, establishing 80-acre spacing units for a period of one year.

(3) That pursuant to the provisions of Order No. R-4117, this case was reopened to allow the operators in the subject pool to appear and show cause why the Warren-Devonian Pool should not be developed on 40-acre spacing units.

(4) That no operator in the subject pool appeared to show cause why the Warren-Devonian Pool should not be developed on 40-acre spacing units.

(5) That it is not anticipated that additional wells will be drilled in the subject pool.



-2-

CASE No. 4508

Order No. R-4117-A

(6) That the operators in the subject pool have not established that one well can efficiently and economically drain and develop 80 acres.

(7) That no necessity exists for the continuation of the Special Rules and Regulations promulgated by Order No. R-4117 and that said rules should therefore be abolished.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Warren-Devonian Pool, Lea County, New Mexico, promulgated by Order No. R-4117, are hereby abolished.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
*Bruce King*  
BRUCE KING, Chairman

*Alex J. Armiijo*  
ALEX J. ARMIJO, Member

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

esr/

(Case 4672 continued)

involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4508: (Reopened)

In the matter of Case 4508 being reopened pursuant to the provisions of Order No. R-4117, which order established special rules and regulations for the Warren-Devonian Pool, Lea County, New Mexico, including a provision for 80-acre spacing units. All interested persons may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 4673: Application of Fluid Power Pump Company for two non-standard oil proration units, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks approval for two 160-acre non-standard oil proration units in Township 19 North, Range 3 West, Media-Entrada Oil Pool, Sandoval County, New Mexico, said units comprising acreage as follows:

1. S/2 NW/4 and N/2 SW/4 of Section 14
2. S/2 NE/4 and N/2 SE/4 of Section 15



## OIL CONSERVATION COMMISSION

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

GOVERNOR  
BRUCE KING  
CHAIRMAN

LAND COMMISSIONER  
ALEX J. ARMIJO  
MEMBER

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

March 10, 1971

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

DOCKET MAILED

Re: Case No. 4508

Order No. R-4117

Applicant:

Continental Oil Company

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, Jr.  
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC X

Artesia OCC

Aztec OCC

Other



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

RECEIVED  
FEB 23 1972  
NEW MEXICO OIL CONSERVATION COMMISSION  
SANTA FE

February 22, 1972

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

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

Gentlemen:

Case No. 4508 - March 1, 1972, Docket

Case No. 4508 calls upon operators in the Warren-Devonian Pool to show cause why the temporary rules contained in Order No. 8-4417 should not be abolished and the pool developed on state-wide oil well spacing. Consistent with Continental Oil Company's practice for newly discovered oil pools, we recommended at the original hearing that 80-acre spacing be provided for the Warren-Devonian Pool. We strive to develop new pools on wide spacing since infill drilling can be done if subsequent information indicates it to be desirable.

Since the completion of SEMU Well No. 10 in the Warren-Devonian Pool January 1971, the well has declined to a rate of approximately 65 barrels of oil per day. The reservoir obviously is quite small, and is believed to be completely developed by the two existing wells in the pool. Since additional development is very unlikely, Continental sees no reason to continue the special pool rules in effect and recommends that the pool be reverted to the state-wide rule.

Yours very truly,

rw

RECEIVED  
FEB 23 1972  
OIL CONSERVATION COMMISSION  
SANTA FE

New Mexico Oil Conservation Commission  
Page 2  
February 22, 1972

Copies to:  
Alex Clarke, Jr.  
Amoco Production Company  
P. O. Box 3092  
Houston, Texas 77001

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

G. A. Schurman  
Chevron Oil Company  
P. O. Box 1660  
Midland, Texas 79701

V. E. Staley  
Amoco Production Company  
P. O. Box 68  
Hobbs, New Mexico 88240

RLA: JJB: JWK:

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. 4508  
Order No. R-4117

APPLICATION OF CONTINENTAL OIL COMPANY  
FOR THE ASSIGNMENT OF DISCOVERY ALLOWABLE  
AND PROMULGATION OF SPECIAL POOL RULES,  
LEA COUNTY, NEW MEXICO,

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 24, 1971, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 10th day of March, 1971, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That by Order No. R-3948, dated April 22, 1970, the Commission created the Warren-Devonian Pool, Lea County, New Mexico, classified as an oil pool for Devonian production, and consisting of the NW/4 of Section 29, Township 20 South, Range 38 East, NMPM; and that the Commission found that the discovery well for said pool was the Continental Oil Company SEMU Burger B Well No. 58, located in Unit C of said Section 29.

(3) That the applicant, Continental Oil Company, now seeks the assignment of an oil discovery allowable in the Warren-Devonian Pool to its SEMU Well No. 10, located in Unit F of said Section 29, and the promulgation of special rules for said pool, including provisions for 80-acre spacing units.

-2-

CASE No. 4508

Order No. R-4117

(4) That the SEMU Burger B Well No. 58 was completed in the Devonian formation on February 9, 1970, and was the first well to be completed in the Warren-Devonian Pool.

(5) That applicant stated that oil was recovered by the SEMU Well No. 10 from the Devonian formation on a drill-stem test in 1949 while said well was being drilled to the McKee formation.

(6) That the SEMU Well No. 10 was not completed in the Devonian formation until January 10, 1971.

(7) That Order (5) of Order No. R-3105, which order promulgated the rule providing for the assignment of an oil discovery allowable, limits the provision of said rule to oil pools discovered after September 1, 1966.

(8) That the request of the applicant to have an oil discovery allowable assigned to its SEMU Well No. 10 should be denied.

(9) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for the Warren-Devonian Pool.

(10) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(11) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(12) That this case should be reopened at an examiner hearing in March, 1972, at which time the operators in the subject pool should be prepared to appear and show cause why the Warren-Devonian Pool should not be developed on 40-acre spacing units.

CASE No. 4508  
Order No. R-4117

IT IS THEREFORE ORDERED:

(1) That the request of the applicant, Continental Oil Company, for the assignment of an oil discovery allowable to its SEMU Well No. 10, located in Unit F of Section 29, Township 20 South, Range 38 East, NMPM, Warren-Devonian Pool, Lea County, New Mexico, is hereby denied.

(2) That effective March 15, 1971, temporary Special Rules and Regulations for the Warren-Devonian Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
WARREN-DEVONIAN POOL

RULE 1. Each well completed or recompleted in the Warren-Devonian Pool or in the Devonian formation within one mile thereof, and not nearer to or within the limits of another designated Devonian oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations herein-after set forth.

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.



CASE No. 4508  
Order No. R-4117

RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (79 through 81 acres) shall be assigned an 80-acre proportional factor of 3.33 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Warren-Devonian Pool or in the Devonian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before April 1, 1971.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Warren-Devonian Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

-5-

CASE No. 4508

Order No. R-4117

Failure to file new Forms C-102 with the Commission dedicating 80 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the effective date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Warren-Devonian Pool or in the Devonian formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) That this cause shall be reopened at an examiner hearing in March, 1972, at which time the operators in the subject pool may appear and show cause why the Warren-Devonian Pool should not be developed on 40-acre spacing units.

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

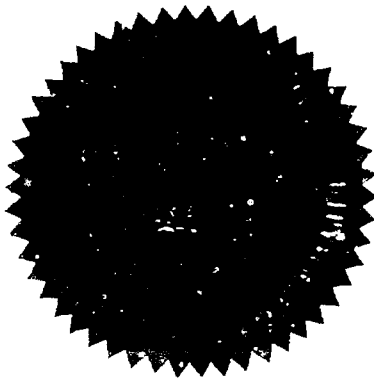
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

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



OBX/

Case 4588

Heard B-24-71

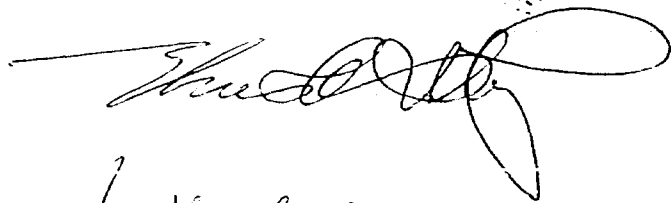
Rec. 2-25-71

Nomenclature

Grant Cont. a new discovery  
allowable for the ~~Wanau-Sher.~~  
Pool. The ~~discovery~~ ~~within the~~  
~~S.E. 1/4~~ ~~40~~ which was compl-  
eted 1-10-71 in the ~~pool~~. The  
pools are 7764-5587. Grant the  
cont. 38,826 lbs. ~~dis.~~ allowable to be  
produced at 54 Bbls/day.

Grant 80 Ac. special pool rules  
for the pool.  
150 ft. from center of either 40 Ac.  
tract.

Horizontal limits shall be  
NW 1/4 sec. 29 - 20S-38E.



ump 1 yr.  
deniff dis. allowable.

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. 4339  
Order No. R-3948

THE APPLICATION OF THE OIL CONSERVATION  
COMMISSION UPON ITS OWN MOTION FOR AN  
ORDER CREATING, CONTRACTING, AND EXTENDING  
CERTAIN POOLS IN CHAVES, EDDY, LEA, AND  
ROOSEVELT COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 15, 1970, at Hobbs, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 22nd day of April, 1970, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 there is need for the creation of a new oil pool in Chaves County, New Mexico, for the production of oil from the San Andres formation, said pool to bear the designation of Tower-San Andres Pool. Further, that the discovery well for said pool, the Phillips Petroleum Company Marley "A" Well No. 1, located in Unit P of Section 3, Township 11 South, Range 31 East, NMPM, is entitled to and should receive a bonus discovery allowable in the amount of 20,740 barrels to be assigned over a two-year period. Said discovery well was completed in the San Andres formation on February 9, 1970. The top of the perforations is at 4148 feet.

(3) That there is need for the creation of a new oil pool in Lea County, New Mexico, for the production of oil from the Saunders Lime formation, said pool to bear the designation of Tres Papalotes-Pennsylvanian Pool. Further, that the discovery well for said pool, the Lone Star Producing Company New Mexico (80) State Well No. 1, located in Unit B of Section 33, Township 14 South, Range 34 East, NMPM, is entitled to and should receive a bonus discovery allowable in the amount of 52,340 barrels to be assigned over a two-year period. Said discovery well was completed in the Saunders Lime formation on February 1, 1970. The top of the perforations is at 10,468 feet.

(4) That there is need for the creation of a new oil pool in Eddy County, New Mexico, for the production of oil from the Cherry Canyon formation, said pool to bear the designation of Sand Dunes-Cherry Canyon Pool. Said Sand Dunes-Cherry Canyon Pool was discovered by the Texas American Oil Corporation Todd "26" Federal Well No. 2, located in Unit G of Section 26, Township 23 South, Range 31 East, NMPM. It was completed in the Cherry Canyon formation on February 24, 1970. The top of the perforations is at 6012 feet.

(5) That there is need for the creation of a new oil pool in Lea County, New Mexico, for the production of oil from the Devonian formation, said pool to bear the designation of Warren-Devonian Pool. Said Warren-Devonian Pool was discovered by the Continental Oil Company Semu Burger B Well No. 58, located in Unit C of Section 29, Township 20 South, Range 38 East, NMPM. It was completed in the Devonian formation on February 9, 1970. The top of the perforations is at 7783 feet.

(6) That there is need for the contraction of the Bough Permo-Pennsylvanian Pool in Lea County, New Mexico, by the deletion of certain acreage in order that said acreage may be placed in the Vada-Pennsylvanian Pool.

(7) That there is need for certain extensions to the Buffalo Valley-Pennsylvanian Gas Pool and the Round Tank-Queen Pool, both in Chaves County, New Mexico, the Eagle Creek-San Andres Pool, the Shugart Pool, both in Eddy County, New Mexico, the East Caprock-Devonian Pool, the South Eunice-San Andres Pool, the Maljamar Grayburg-San Andres Pool, and the Quail Ridge-Morrow Gas Pool, all in Lea County, New Mexico, and the Vada-Pennsylvanian Pool in Lea and Roosevelt Counties, New Mexico.

IT IS THEREFORE ORDERED:

(a) That a new pool in Chaves County, New Mexico, classified as an oil pool for San Andres production, is hereby created and designated as the Tower-San Andres Pool, consisting of the following-described area:

TOWNSHIP 11 SOUTH, RANGE 31 EAST, NMPM  
Section 3: SE/4

That the discovery well for said pool, Phillips Petroleum Company's Marley "A" Well No. 1, located in Unit P of Section 3, Township 11 South, Range 31 East, NMPM, is hereby authorized an oil discovery allowable of 20,740 barrels to be assigned to said well at the rate of 29 barrels per day in accordance with Rule 509 of the Commission Rules and Regulations.

(b) That a new pool in Lea County, New Mexico, classified as an oil pool for Saunders Lime production, is hereby created and designated as the Tres Papalotes-Pennsylvanian Pool, consisting of the following-described area:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM  
Section 33: NE/4

That the discovery well for said pool, Lone Star Producing Company's New Mexico (80) State Well No. 1, located in Unit B of Section 33, Township 14 South, Range 34 East, NMPM, is hereby authorized an oil discovery allowable of 52,340 barrels to be assigned to said well at the rate of 72 barrels per day in accordance with Rule 509 of the Commission Rules and Regulations.

(c) That a new pool in Eddy County, New Mexico, classified as an oil pool for Cherry Canyon production, is hereby created and designated as the Sand Dunes-Cherry Canyon Pool, consisting of the following-described area:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM  
Section 26: SW/4 NE/4

(d) That a new pool in Lea County, New Mexico, classified as an oil pool for Devonian production, is hereby created and designated as the Warren-Devonian Pool, consisting of the following-described area:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM  
Section 29: NW/4

CASE No. 4339  
Order No. R-3948

(e) That the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 14 SOUTH, RANGE 27 EAST, NMPM  
Section 26: S/2

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM  
Section 1: E/2  
Section 12: W/2

(f) That the East Caprock-Devonian Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 12 SOUTH, RANGE 32 EAST, NMPM  
Section 23: NE/4

(g) That the Eagle Creek-San Andres Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM  
Section 23: NW/4 NW/4

(h) That the South Eunice-San Andres Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
Section 11: NE/4

(i) That the Maljamar Grayburg-San Andres Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM  
Section 9: NE/4  
Section 10: NW/4

(j) That the Quail Ridge-Morrow Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM  
Section 20: All

(k) That the Round Tank-Queen Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM  
Section 30: W/2 NW/4 and NW/4 SW/4

(l) That the Shugart Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM  
Section 25: W/2 NW/4

(m) That the Bough Permo-Pennsylvanian Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby contracted by the deletion of the following-described area:

TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMPM  
Section 14: S/2

(n) That the Vada-Pennsylvanian Pool in Lea and Roosevelt Counties, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM  
Section 26: NW/4  
Section 27: NE/4

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM  
Section 13: S/2

TOWNSHIP 9 SOUTH, RANGE 34 EAST, NMPM  
Section 18: S/2

TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMPM  
Section 10: SE/4  
Section 14: S/2  
Section 15: NE/4  
Section 23: NW/4

IT IS FURTHER ORDERED:

(1) That, pursuant to Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, any well which, by virtue



of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective date of this order in which to file new Forms C-102 dedicating a standard unit for the pool to said well, or to obtain a non-standard unit approved by the Commission. Pending such compliance, the well shall receive a maximum allowable in the same proportion to a standard allowable for the pool that the acreage dedicated to the well bears to a standard unit for the pool. Failure to file Forms C-102 dedicating a standard unit to the well or to obtain a non-standard unit approved by the Commission within said 60-day period shall subject the well to cancellation of allowable.

(2) That the effective date of this order and all creations, contractions, and extensions included herein shall be May 1, 1970.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

ALEX J. ARMIJO, Member

S E A L

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

esr/

from

V. T. LYON

3

2-25, 1971

To George Hatch NMCC SF

Per your question yesterday  
during hearing - Case 4508

SEMO #58 was shut in 7-1-69.

On test 6-29-69 well #10 tested

10 oil, no water, GOR 3700, #10  
was still producing at the time  
work began to recomplete it in  
the Devonian.

We recompleted #58 first  
because it was shut in. <sup>#10</sup> ~~#10~~ was  
reported to have produced 442  
barrels of oil during December '70.

YVA

(Case 4502 continued)

TOWNSHIP 14 SOUTH, RANGE 35 EAST  
SECTION 34: NW/4

TOWNSHIP 15 SOUTH, RANGE 35 EAST  
Section 3: NW/4  
Section 4: S/2 and NW/4

CASE 4503: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Penroc Oil Corporation and all other interested persons to appear and show cause why the intentional deviation of Penroc Oil Corporation State Well No. 2, having a surface location 360 feet from the South line and 330 feet from the East line of Section 28, Township 17 South, Range 28 East, Empire-Abo Pool, Eddy County, New Mexico, to a bottom hole location 123 feet from the South line and 149 feet from the East line of said Section 28 should be approved and why the allowable assigned to said well should not be reduced to offset any advantage gained by said bottom-hole location over other producers.

CASE 4508: Application of Continental Oil Company for the assignment of discovery allowable and promulgation of special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the assignment of an oil discovery allowable to its SEMU Well No. 10 located in Unit F of Section 29, Township 20 South, Range 38 East, Warren-Devonian Pool, Lea County, New Mexico. Applicant further seeks the promulgation of special rules for said pool, including provisions for 80-acre spacing units.

CASE 4509: Application of Continental Oil Company for an amendment of Order No. R-2016, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-2016 to permit the commingling of Paddock oil production from its Mitchell A and B leases in Sections 17, 18, 19 and 20, Township 17 South, Range 32 East, Maljamar-Paddock Pool, Lea County, New Mexico, without first separately metering the production from said leases.

CASE 4510: Application of Amerada Hess Corporation for amendment of special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-510, which order established special pool rules for the Bronco Siluro-Devonian Pool, Lea County, New Mexico, to permit the assignment of allowable to wells in said pool on the basis of the statewide oil allowable rules and to no longer require the taking of bottom-hole pressure tests.

Highway 67, near the 100.

SS 100000 7-1-67 S.F.

Comptroller 520-57 53-18-70

10. 100000 2-10-71

2-15-71 20000 4W

16 258 68

17 361 94

18 390 61

19 408 65

S.F. 20 100 0

Down to 24

Down to 24

7-1949 tested in Dev. D.S.T.

11-1-70

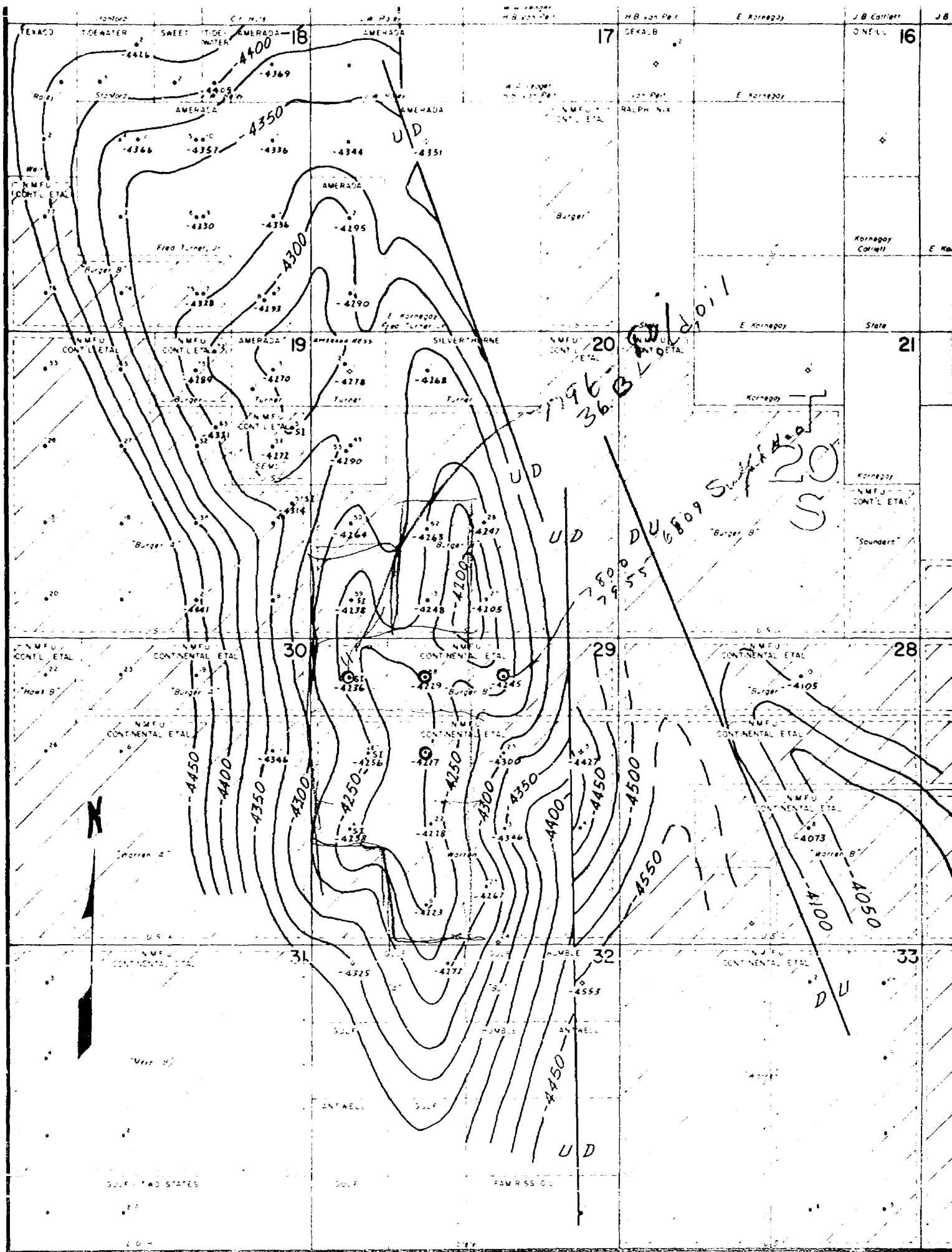
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R38E

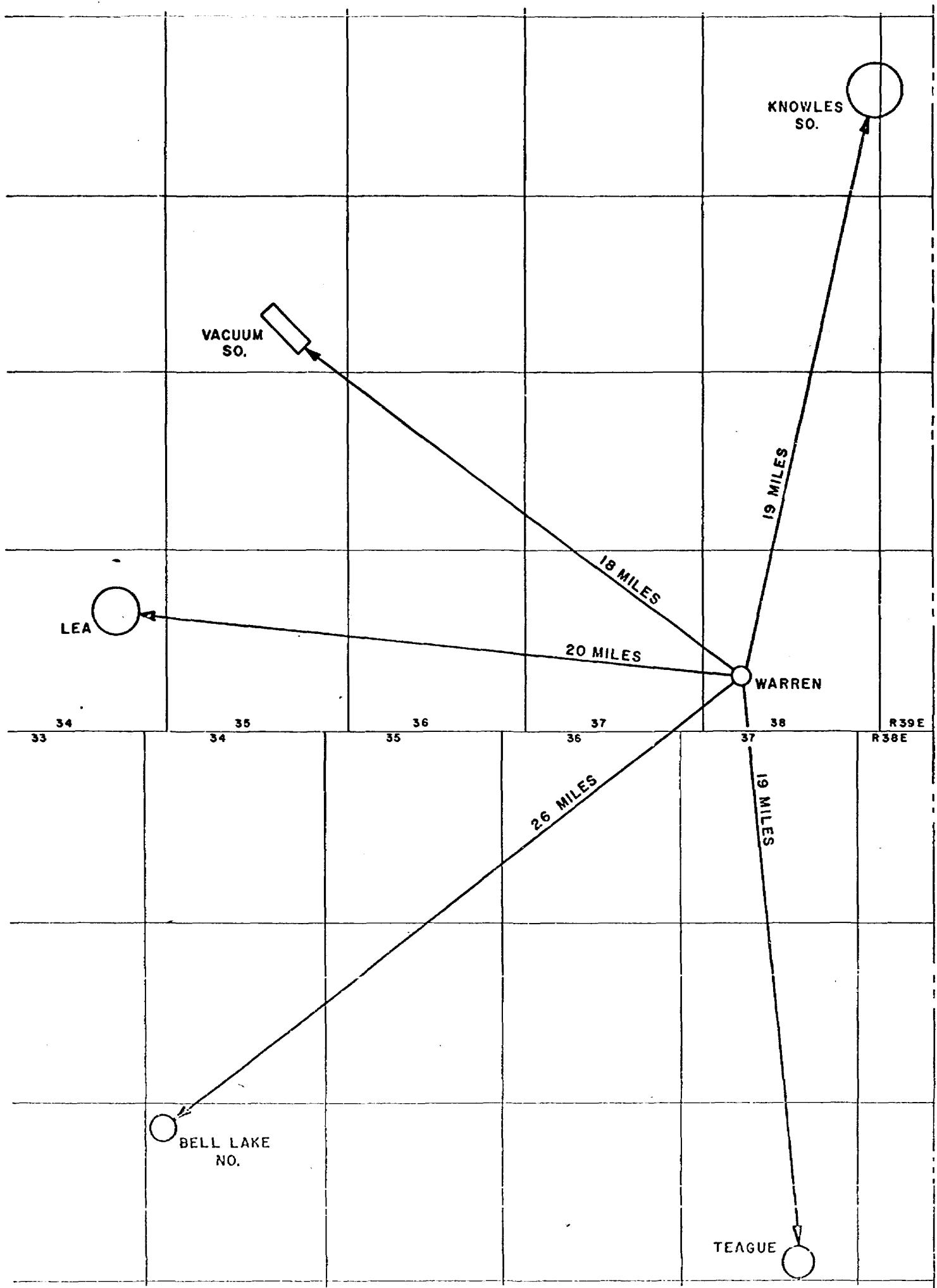
CONTINENTAL OIL COMPANY

PRODUCTION DEPARTMENT—HOBBS DIVISION

LEA COUNTY, NEW MEXICO

CONTOURED ON TOP DEVONIAN

CONTOUR INTERVAL: 25'



CONTINENTAL OIL COMPANY
PRODUCTION DEPT HOBBS DIVISION
WARREN DEVONIAN & NEAREST OTHER DEVONIAN POOLS

SPECIAL RULES AND REGULATIONS  
FOR THE WARREN-DEVONIAN POOL

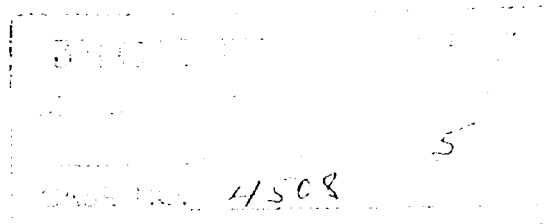
RULE 1. Each well completed or recompleted in the Warren-Devonian Pool or in the Devonian formation within one mile of the Warren-Devonian Pool, and not nearer to or within the limits of another designated Devonian Pool, shall be spaced, drilled, operated, and produced in accordance with the special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the Warren-Devonian Pool shall be located on a standard unit containing 80-acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a single governmental quarter-section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Secretary-Directory may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a single quarter-quarter section or lot. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application immediately upon receipt of written waivers from all offset operators; or, in the absence of such waivers, after 30 days from receipt of the application if no offset operator has entered an objection to the formation of the non-standard unit.

RULE 4. Each well projected to or completed hereafter in the Warren-Devonian Pool shall be located not less than 330 feet from any boundary of a single governmental quarter-quarter section or lot.

RULE 5. A standard proration unit (79 through 81 acres) in the Warren-Devonian Pool shall be assigned an 80-acre proportional factor of 3.33 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion. The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable in the Warren-Devonian Pool as the acreage in such non-standard unit bears to 80-acres.





# CONTINENTAL OIL COMPANY

P. O. Box 460  
Hobbs, New Mexico 88240  
January 13, 1971

*Case 4508*

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

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

Gentlemen:

Subject: Amendment to Order No. R-2016 - Lease Commingling -  
Mitchell "A" and "B" Leases, Lea County, New Mexico

Order No. R-2016 authorized the commingling of Maljamar Paddock production from our Mitchell "A" and Mitchell "B" leases after separate metering. The metering equipment has deteriorated to the extent that it is no longer reliable and we have shut-in production on the Mitchell "A" lease. The Mitchell "A" lease now has only one Paddock well, well No. 1, which when shut-in had an allowable of 8 barrels of oil per day. Mitchell "B" production during November was as follows:

No. 10	471
No. 11	824
No. 15	565
TOTAL LEASE	1860

During November the lease produced a total of 1869 barrels, the breakdown by wells is not yet available.

The producing capacity of the Mitchell "A" lease is insufficient to justify installation of new metering equipment of desired accuracy. In addition, we now have under study a sophisticated metering system to serve a number of tank batteries in this area. This system would be compatible with our computer-operated monitoring system.

Since the only alternative to shutting-in the Mitchell "A" lease is to commingle production with the Mitchell "B" lease and allocate on the basis of monthly well tests, we have requested and received approval from the United States Geological Survey to so commingle. The attached letter grants this approval subject to approval by the Commission.



NHOC  
Page 2  
January 13, 1971

By copy of this letter we are notifying the overriding royalty owners under the Mitchell "A" lease of our intent to commingle production without metering and to allocate production on the basis of monthly well tests. Our experience indicates that such allocation will be more accurate than would be the measurement by the meters which are no longer capable of reliable operation.

If administrative approval of this request can be given, we should appreciate such approval. If a hearing is necessary, we should appreciate your docketing this application for hearing as a companion case to the next application which is set for hearing before the Commission's Examiner.

Yours very truly,

  
G. C. Jamieson  
Assistant Division Manager

VTL-RW  
CC: RLA, JJB, JWK  
Overriding Royalty Owners  
(Address List Attached)

OVERRIDING ROYALTY OWNERS  
MITCHELL "A"

Bankers Trust Company  
Ancillary Exe. Est  
Janet M. Jacobsen Decd.  
P. O. Box 3561  
Church Street Station  
New York, New York 10008

Henry W. Beardsley  
C/O Intl. Hotels Corp.  
Pan American Building  
New York City, New York 10017

El Paso National Bank and Trust  
Baish Trust Est.  
El Paso, Texas 77901

First National Bank Lake George  
For Deposit to Account of  
Malcolm T. Mitchell  
Lake George, New York 12845

Elizabeth B. King  
Morgan Guaranty Trust Co., New York  
Custody Collection Section  
A/C Elizabeth B. King  
23 Wall Street  
New York, New York 10015

Mutual Life Insurance Company  
Account of B.H.R. Corp.  
Attention Mr. M. C. Ball  
Mail Drop 2 6  
1740 Broadway  
New York, New York 10019

Northwestern Mutual Life Insurance Co  
Account B.H.R. Corpatt  
Securities Department  
720 East Wisconsin Avenue  
Milwaukee, Wisconsin 53202

Richard A. Ogden  
Exe. of the Estate of  
Margaret M. Ogden Deceased  
Fairfield County Trust Co.  
946 Post Road  
Darien, Connecticut 06820

Virginia Simon  
106 Osborn  
Artesia, New Mexico 88210

United States Geological Survey  
Las Cruces - 029405A  
P. O. Box 1857  
Roswell New Mexico

United States Geological Survey  
Las Cruces  
P. O. Box 1857  
Roswell, New Mexico



# CONTINENTAL OIL COMPANY

P. O. Box 460  
HOBBS, NEW MEXICO 88240

PRODUCTION DEPARTMENT  
HOBBS DIVISION  
L. P. THOMPSON  
Division Manager  
G. C. JAMIESON  
Assistant Division Manager

February 4, 1971

1001 NORTH TURNER  
TELEPHONE 393-4141

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

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

Gentlemen:

Subject: Application for Temporary Pool Rules and Discovery Allowable -  
SEMUR No. 10

Enclosed in triplicate is our Application for Temporary Pool Rules for the Warren Devonian Pool calling for 80-acre spacing, and for a Discovery Allowable to be assigned to our SEMUR No. 10, which was recently recompleted in that pool. Please set this matter for hearing on your February 24, Examiner Hearing Docket.

By letter dated January 13, we requested administrative approval to commingle two Federal leases allocating production on the basis of monthly well tests. Recognizing the possibility that this situation could not be given administrative approval, we requested in that letter that, if a hearing was necessary, the matter be docketed as a companion case to another application for hearing. If this indeed is the situation, we should appreciate that matter being docketed as a companion to the enclosed application.

Yours very truly,

LPT-RW

CC: RLA, JJB, JWK,  
A. D. Kloxin  
Atlantic Richfield Company - Roswell  
G. A. Schurman  
Chevron Oil Company - Midland  
Alex Clarke  
Amoco Production Company - Fort Worth  
V. E. Staley  
Amoco Production Company - Hobbs

DUCKET MARKED

Date 2-11-71

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE  
STATE OF NEW MEXICO

---

IN THE MATTER OF THE APPLICATION OF  
CONTINENTAL OIL COMPANY FOR TEMPORARY  
POOL RULES FOR THE WARREN DEVONIAN OIL  
POOL, PROVIDING FOR 80-ACRE SPACING  
AND FOR THE ASSIGNMENT OF A DISCOVERY  
ALLOWABLE TO ITS SEMU NO. 10 WELL LO-  
CATED IN UNIT F SECTION 29, TOWNSHIP  
20 SOUTH, RANGE 38 EAST, LEA COUNTY,  
NEW MEXICO

*Case 4508*

A P P L I C A T I O N

Comes now applicant, Continental Oil Company, and respectfully requests the promulgation of temporary pool rules providing for 80-acre drilling and spacing units for the Warren Devonian Pool; and for a discovery allowable for its SEMU Well No. 10 located in Unit F Section 29, Township 20 South, Range 38 East, Lea County, New Mexico, and in support thereof would show:

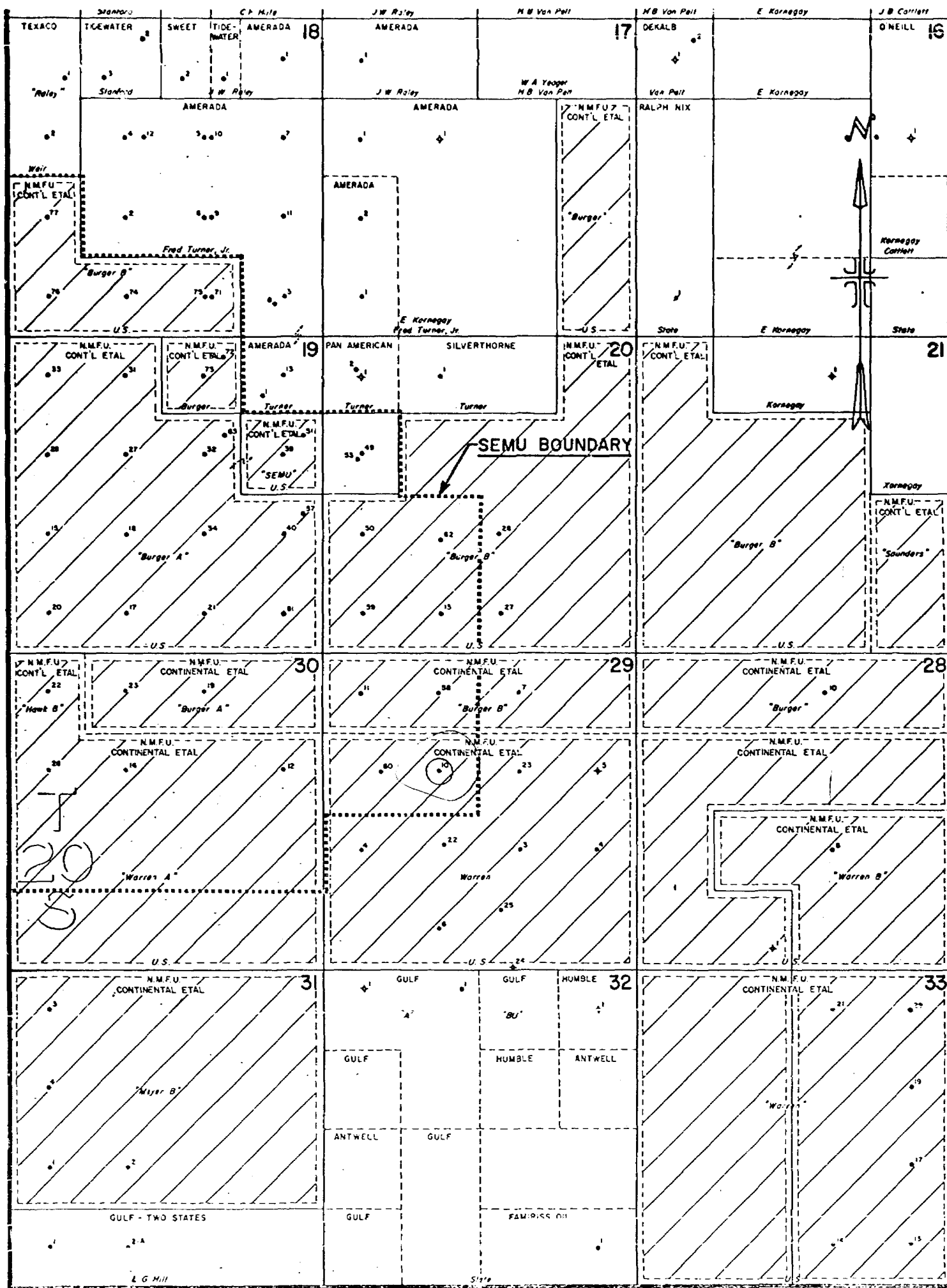
1. Applicant is operator and co-owner of the Southeast Monument Unit, containing 5,403.58 acres, more or less, in Township 20 South, Ranges 37 and 38 East, Lea County, New Mexico.
2. Applicant, in 1949, drilled its SEMU Well No. 10 at a location 1980' from north and west lines of Section 29, Township 20 South, Range 38 East, and completed said well in the McKee formation as an oil well in the Warren McKee Pool.
3. During the drilling of said well, applicant recovered oil on drill stem test in the Devonian formation.
4. Said well was plugged back and recompleted January 10, 1971, in the Devonian formation which was perforated 7764-7787, in what has been designated the Warren Devonian Pool.
5. Evidence available to applicant indicates that said well is capable of draining at least 80-acres in the Devonian formation.
6. Temporary field rules providing for 80-acre drilling and spacing units should be promulgated in the interest of preventing waste and protecting correlative rights.

WHEREFORE, applicant respectfully requests that this application be set for hearing before the Commission's duly appointed Examiner and that, upon hearing, an order be entered promulgating temporary pool rules providing for 80-acre drilling and spacing units for the Warren Devonian Pool; and granting a discovery allowable to SEMU No. 10 well as described above.

Respectfully submitted,

  
L. P. THOMPSON  
Division Manager  
of Production

VTL-RW



R38E

CONTINENTAL OIL COMPANY	
PRODUCTION DEPARTMENT - HOBBS DIVISION	
LEA COUNTY, NEW MEXICO	
Case 4-5-08	
SCALE 0 1000 2000	

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

*BM*  
(1)  
IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

*4508*  
CASE No. ~~4165~~  
Order No. ~~R-3795-A~~  
*R-4117-A*

*Continental Oil Company*  
APPLICATION OF ~~SAN BORN~~  
FOR SPECIAL POOL RULES,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on *March 1, 1972* ~~July 1, 1970~~,  
at Santa Fe, New Mexico, before Examiner ~~Elvis A. Lee~~ *Richard C. Flomuts*.

NOW, on this ~~10th~~ *March, 1972* day of ~~July~~ *March*, 1970, the Commission, a  
quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

(1) That due public notice having been given as required by  
law, the Commission has jurisdiction of this cause and the subject  
matter thereof.

(2) That by Order No. ~~R-3795~~ *R-4117*, dated ~~July 15, 1969~~ *March 10, 1971*, temporary  
Special Rules and Regulations were promulgated for the ~~East Bagley~~ *Waller*  
~~Pennsylvanian~~ Pool, Lea County, New Mexico, establishing ~~160-acre~~  
spacing units and an ~~80-acre~~ *40-acre* proportional factor of 4.77 for  
~~allowable purposes~~ for a period of one year.

(3) That pursuant to the provisions of Order No. ~~R-3795~~ *R-4117*,  
this case was reopened to allow the operators in the subject  
pool to appear and show cause why the ~~East Bagley-Pennsylvanian~~  
Pool should not be developed on ~~less than 160-acre~~ *40-acre* spacing units,  
and to show cause why the ~~80-acre~~ *40-acre* proportional factor of 4.77  
should or should not be retained.

(4) That no operator in the subject pool appeared to show  
cause why the ~~East Bagley-Pennsylvanian~~ Pool should not be

-2- 4508  
CASE No. 4443  
Order No. ~~R-3795-A~~  
R-4117-A

developed on ~~less than 160 acre~~ spacing units, and ~~to show cause why the 80 acre proportional factor of 4.77 should or should not be retained.~~

~~(5) That only two wells are presently producing from the subject pool.~~

(5) (6) That it is not anticipated that additional wells will be drilled in the subject pool.

(6) (2) That the operators in the subject pool have not established that one well can efficiently and economically drain and develop ~~160~~ <sup>80</sup> acres.

(7) (2) That no necessity exists for the continuation of the Special Rules and Regulations promulgated by Order No. R-3795 and that said rules should therefore be abolished.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the ~~East Bagley-Pennsylvania~~ Pool, Lea County, New Mexico, promulgated by Order No. ~~R-3795~~, are hereby abolished.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*Bruce King*  
~~DAVID P. GARCIA~~, Chairman

ALEX J. ARMIJO, Member

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

S E A L

esr/



DRAFT

GMH/esr  
3-4-71

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:

RECORDS CENTER

CASE No. 4508

Order No. R-4117

APPLICATION OF CONTINENTAL OIL COMPANY  
FOR THE ASSIGNMENT OF DISCOVERY ALLOWABLE  
AND PROMULGATION OF SPECIAL POOL RULES,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 24, 1971,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this \_\_\_\_\_ day of March, 1971, the Commission, a  
quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

(1) That due public notice having been given as required by  
law, the Commission has jurisdiction of this cause and the subject  
matter thereof.

(2) That by Order No. R-3948, dated April 22, 1970, the  
Commission created the Warren-Devonian Pool, Lea County, New  
Mexico, classified as an oil pool for Devonian production, and  
consisting of the NW/4 of Section 29, Township 20 South, Range  
38 East, NMPM; and that the Commission found that the discovery  
well for said pool was the Continental Oil Company SEMU Burger B  
Well No. 58, located in Unit C of said Section 29.

(3) That the applicant, Continental Oil Company, now seeks  
the assignment of an oil discovery allowable in the Warren-  
Devonian Pool to its SEMU Well No. 10, located in Unit F of said  
Section 29, and the promulgation of special rules for said pool,  
including provisions for 80-acre spacing units.

(4) That the SEMU Burger B Well No. 58 was completed in the Devonian formation on February 9, 1970, and was the first well to be completed in the Warren-Devonian Pool.

(5) That ~~oil~~ <sup>oil</sup> was recovered by the SEMU Well No. 10 from the Devonian formation on a drill-stem test in 1949 while said well was being drilled to the McKee formation.

(6) That the SEMU Well No. 10 was not completed in the Devonian formation until January 10, 1971.

(7) That Order (5) of Order No. R-3105, which <sup>order</sup>/promulgated the rule providing for the assignment of an oil discovery allowable, limits the provision of said rule to oil pools discovered after September 1, 1966.

(8) That the request of the applicant to have an oil discovery allowable assigned to its SEMU Well No. 10 should be denied.

(9) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for the Warren-Devonian Pool.

(10) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(11) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(12) That this case should be reopened at an examiner hearing in March 1972, at which time the operators in the subject pool should be prepared to appear and show cause why the Warren-Devonian Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) *That the request of the applicant, Continental Oil Company, for the assignment of an oil discovery allowable to its 38 mu well No. 10, located in Unit F of Section 29, Township 20 South, Range 38 East, Warren - Devonian Pool, Lea County, New Mexico, is hereby denied.*

*March 15, 1971,*

*effective the date of this Order.*  
(2) That temporary Special Rules and Regulations for the Warren-Devonian Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
WARREN-DEVONIAN POOL

RULE 1. Each well completed or recompleted in the Warren-Devonian Pool or in the Devonian formation within one mile thereof, and not nearer to or within the limits of another designated Devonian oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset

operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

✓ RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (79 through 81 acres) shall be assigned an 80-acre proportional factor of 3.33 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Warren-Devonian Pool or in the Devonian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before April 1, 1971.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Warren-Devonian Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 80 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the effective date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Warren-Devonian Pool or in the Devonian formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing in March, 1972, at which time the operators in the subject pool may appear and show cause why the Warren-Devonian Pool should not be developed on 40-acre spacing units.

(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.

- Nic Legon -

Conti Tem Pool Rules  
for Warren - Dec. Oil Pool  
providing for 80 acres

= acre allowable =

SEMU #10 - 1949

Loc Unit F Sec 29  
T 20S - R 38E  
Sec -

1<sup>st</sup> was no. 58 1956

Warren-McKee

was 1<sup>st</sup> to complete in  
Dec. = 7 or 8 mos. ago

1<sup>st</sup> to drill stem test  
the Dec. - 1949

7764 top perf in #10

CASE 4509: Appli. of CONTINENTAL  
for an amendment of ORDER NO.  
R-2016, Lea County, New Mexico.