

Case No.

1585

Application, Transcript,
Small Exhibits, Etc.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

February 2, 1959

C
O
P
Y

Mr. Jason Kellahin
Kellahin & Fox
P.O. Box 1713
Santa Fe, New Mexico

Dear Mr. Kellahin:

On behalf of your clients, we enclose two copies of each of the following orders issued February 2, 1959, by the Oil Conservation Commission:

Order R-1298-A in Case 1557
Order R-1328 in Case 1585
Order R-1329 in Case 1583

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

bp
Encls.

Rough
draft
OEP/ir
Jan. 23

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. 1585

Order No. R-1328

APPLICATION OF CONTINENTAL OIL COMPANY
FOR THE ESTABLISHMENT OF A 120-ACRE
NON-STANDARD GAS PRORATION UNIT IN THE
TUBB 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 January 22, 1959, at Santa Fe, New Mexico, before Daniel S. Nutter, 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 Feb. day of ~~January~~, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

- (1) That due public notice etc.
- (2) That the applicant, Continental Oil Company, is the owner and operator of the E/2 NE/4 and the NE/4 SE/4 of Section 17, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.
- (3) That the applicant is the operator of the Lockhart A-17 Well No. 4, located 660 feet from the North line and 660 feet from the East line of said Section 17.
- (4) That the applicant proposes the establishment of a 120-acre non-standard gas proration unit in the Tubb Gas Pool consisting of the E/2 NE/4 and the NE/4 SE/4 of said Section 17, to be dedicated to said Lockhart A-17 Well No. 4.
- (5) That approval of the subject application will not cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

- (1) That a 120-acre non-standard gas proration unit in the Tubb Gas Pool, consisting of the E/2 NE/4 and the NE/4 SE/4 of Section 17, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, be and the same is hereby established. Said unit is to be dedicated to the applicant's Lockhart A-17 Well No. 4, located 660 feet from the North line and 660 feet from the East line of said Section 17.

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Case No. 1585
Order No. R-

(2) That the said Lockhart A-17 Well No. 4 be granted an allowable in the proportion that the acreage in said unit bears to the acreage in a standard gas proration unit for the Tubb Gas Pool, subject to the Special Rules and Regulations for the Tubb Gas Pool.

DONE at

Burroughs

BEFORE THE
OIL CONSERVATION COMMISSION
JANUARY 22, 1959

IN THE MATTER OF APPLICATION OF CONTINENTAL OIL COMPANY,
CASE 1585

TRANSCRIPT OF HEARING

DEARNLEY, MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
3-6691 5-9546

BEFORE THE

OIL CONSERVATION COMMISSION

JANUARY 22, 1959

IN THE MATTER OF:

Application of Continental Oil Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 120-acre non-standard gas proration unit in the Tubb Gas Pool consisting of the E/2 NE/4 and NE/4 SE/4 of Section 17, Township 21 South, Range 37 East, Lea County New Mexico, said unit to be dedicated to the applicant's Lockhart A-17 Well No. 4 located 660 feet from the North and East Lines of said Section 17.

Case 1585

BEFORE:

Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: The next case will be Case 1585.

MR. PAYNE: Case 1585: Application of Continental Oil Company for a non-standard gas proration unit.

MR. KELLAHIN: Jason Kellahin, of Kellahin and Fox, Santa Fe New Mexico, representing the Applicant, Continental Oil Company. I have associated with me in this case Mr. Harry Dippel, a member of the Texas Bar. I 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 -- L-y-o-n.

Q By whom are you employed, in what position?

A By Continental Oil Company as District Engineer in Eunice, New Mexico.

Q Have you previously testified before the Commission as an expert petroleum engineer and had your qualifications accepted?

A Yes, sir, I have.

Q Are the witness' qualifications acceptable?

MR. NUTTER: Yes, sir; proceed.

Q (By Mr. Kellahin) Are you familiar with the application in Case 1585?

A Yes, sir.

Q Is the area involved in that application within the jurisdiction of your district?

A Yes, sir, it is.

Q Are you familiar with the acreage involved in that application?

A Yes, sir.

Q Briefly stated, what is the purpose of this application?

A This is the application of Continental Oil Company for approval of a non-standard gas proration unit consisting of 120 acres described as the east half of the northeast quarter and the northeast quarter southeast quarter of Section 17, Township 21 South, Range 37 East, the unit to be dedicated to its Lockhart A-17 Number Four Well, located 660 feet from the North and 660 feet from the East lines of Section 17 in that Township and Range.

(Marked Applicant's Exhibit One for identification.)

Q Referring to what has been marked as Exhibit One, state what that shows?

A Exhibit One is a location and ownership plat of the Lockhart A-17 Lease and the immediately surrounding area. The acreage operated by Continental Oil Company is shown cross hatched in yellow. The Lockhart A-17 Lease is outlined in red. As shown on the plat it is in two separate tracts, one consisting of the east half of the northeast quarter and the northeast quarter of the southeast quarter and the other consisting of the west half of the southwest quarter. The well to which we propose to allocate the 120 acres is circled in red, and the proposed and existing Tubb gas proration units in this area are shown outlined in green. The wells to which they are allocated are circled in green.

Q What is the status of the Lockhart A-17 Well Number Four?

A It is presently producing from the Drinkard Formation.

Q What is proposed to be done with it?

A We propose to dually complete this well and have submitted an application to the Commission for approval of this dual completion which has been approved and is covered under Order Number DC-723 for a dual completion in the Drinkard and Tubb Formations.

(Marked Applicant's Exhibit Two
for identification.)

Q Referring to what has been marked as Exhibit Two, will you state what that is?

A Exhibit Two is a structural contour map showing the structural configuration of the Tubb Formation. The contour interval is ten feet. The Lockhart A-17 Lease, or that portion of it which we propose to allocate in this non-standard gas production unit, is circled in red, which area is the east half of the northeast quarter and the northeast quarter of the southeast quarter of Section 17. Well Four is circled in red and producing Tubb gas wells are circled in green.

Q In your opinion, Mr. Lyon, is all the acreage which you propose to dedicate to Lockhart A-17 Well Number Four productive of gas from the Tubb zone?

A In my opinion it is. This is borne out, I believe, by the structural position of this lease in relation to producing Tubb gas wells. In addition, I have made a brief study of two of our wells which may provide further information on the produc-

tive character of this lease. And Number Five Well, located approximately 30 feet higher than Number Four -- excuse me -- our Hawk "B" Five Well, which is located approximately 30 feet higher than our Number Four Well has 108 gross, 108 feet of gross pay perforated right in it. Hawk "B" 9 Number 5 it is located in Unit "K" of Section 9.

Well Five Number Five, excuse me, Hawk "B" 9 Number Three is located in Unit "C" of Section 9 and is located approximately 10 feet lower than our Number Four, has 120 feet of gross pay perforated in it. Since there is an occurrence, at least an apparent occurrence, of porosity from the logs on Lockhart A-17 Number Four, we feel confident the Tubb Formation is productive of gas throughout this lease.

Q What is the status of Lockhart A-17 Well Three?

A This well was previously producing from the Drinkard, has been plugged back and is producing from the Blinebry Formation, and is an oil well in the Blinebry Pool.

Q Would it be practical to complete that well in the Tubb Formation and deplete the acreage of that well?

A No, sir, it would not.

Q Referring to what has been marked as Exhibit Three, state what that shows?

(Marked Applicant's Exhibit Three
for identification.)

A Exhibit Three is a copy of the radioactivity log on

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our Lockhart A-17 Number Four. It shows the present perforations, the plugged back depth, the top of the Drinkard, the top of the Tubb, the proposed Tubb perforations, and the casing seat is indicated and the bottom of the log.

Q In your opinion, would it be possible to dedicate the acreage involved here to any other well; would it be practical to do so?

A No, sir, I don't believe it would.

Q In your opinion, will the Lockhart A-17 Well Number Four be capable of producing and allowable to be assigned to a 120-acre unit?

A I really can't say until we have completed the well and tested it.

Q Based upon the operation of other wells in the area, would it be?

A We have reason to believe it will carry the acreage allocated to it.

Q Would the approval of this application be in the interest of protecting correlative rights and prevention of waste?

A Yes, sir.

Q What do you base that on?

A The acreage we believe is productive of Tubb gas. Unless we are permitted to produce this gas, we will undoubtedly suffer drainage from offsetting wells.

Q Were Exhibits One through Three prepared by you or

under your direction and supervision?

A Yes, sir.

MR. KELLAHIN: At this time we would like to offer in evidence Exhibits One through Three.

MR. NUTTER: Without objection, Continental Exhibits One, Two and Three will be received into evidence in this case.

(Whereupon the documents heretofore identified as Applicant's Exhibits One, Two and Three were received in evidence.)

MR. KELLAHIN: That's all I have.

MR. NUTTER: Any questions of Mr. Lyon?

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Lyon, is the proposed perforated interval for the Tubb Formation outlined in red, the three within the vertical limits of the Tubb Gas Pool?

A Yes, sir.

MR. NUTTER: Any further questions? If not, he may be excused.

(Witness excused.)

MR. KELLAHIN: That's all we have.

MR. NUTTER: Anything further anyone wishes to offer in Case 1585? We will take the case under advisement.

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, JOHN CALVIN BEVELL, 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 by me; that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this 24th day of January, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.


NOTARY PUBLIC

My Commission Expires:

January 24, 1962

I do hereby certify that the foregoing is a complete record of the proceedings in the Examina hearing of Case No. 1585 heard by me on 1-22, 1959.

 Examiner
New Mexico Oil Conservation Commission

Case 1585

IN THE MATTER OF THE OIL CONSERVATION COMMISSION
OF THE
STATE OF NEW MEXICO

Ex.
Jan

IN THE MATTER OF THE APPLICATION
OF CONTINENTAL OIL COMPANY FOR AN
EXCEPTION TO RULE 5 (a) OF THE
SPECIAL RULES AND REGULATIONS FOR
THE TUBB GAS POOL CONTAINED IN
ORDER NO. E-586 IN ESTABLISHMENT OF
A NON-STANDARD GAS PRORATION UNIT
OF 120 ACRES (CONSISTING OF THE E/2 OF THE
NE/4 AND THE NE/4 OF THE SE/4 OF SECTION
17, T-21S, R-37E, NMPM, LEA COUNTY,
NEW MEXICO TO BE ALLOCATED TO ITS
LOCKHART A-17 WELL NO. 4.

A P P L I C A T I O N

Comes now applicant, Continental Oil Company, and petitions the Commission
for an order approving a non-standard gas proration unit consisting of the E/2 of
the NE/4 and the NE/4 of the SE/4 of Section 17, T-21S, R-37E, NMPM, Lea County,
New Mexico, to be allocated to its Lockhart A-17 No. 4 well located 660 feet from
the north and east lines of said Section 17 and in support thereof would show:

1. That applicant is co-owner and operator of the Lockhart A-17 Lease
containing, among other lands, the E/2 of the NE/4 and the NE/4 of the SE/4 of
Section 17, T-21S, R-37E, NMPM, Lea County, New Mexico.

2. The applicant drilled the Lockhart A-17 No. 4 at a location 660
feet from the north and east lines of said Section 17 and completed it December
1, 1949, as an oil well in the Drinkard Oil Pool.

3. That said well is proposed to be dually completed in the Drinkard
Oil Pool and Tubb Gas Pool.

4. That no part of the acreage comprising the E/2 of the NE/4 and the
NE/4 of the SE/4 of said Section 17 is allocated to a gas well and that all said
acreage may reasonably be presumed to be productive of gas from the Tubb Pool and
should be allocated to a gas well in the interests of the prevention of waste
and the protection of correlative rights.

5. That the most practical and economical method of allocating said
acreage for Tubb gas production is to establish a 120-acre non-standard gas pro-
ration unit, as described above, for assignment to the Lockhart A-17 Well No. 4.

Docket Mailed
1/59 BP

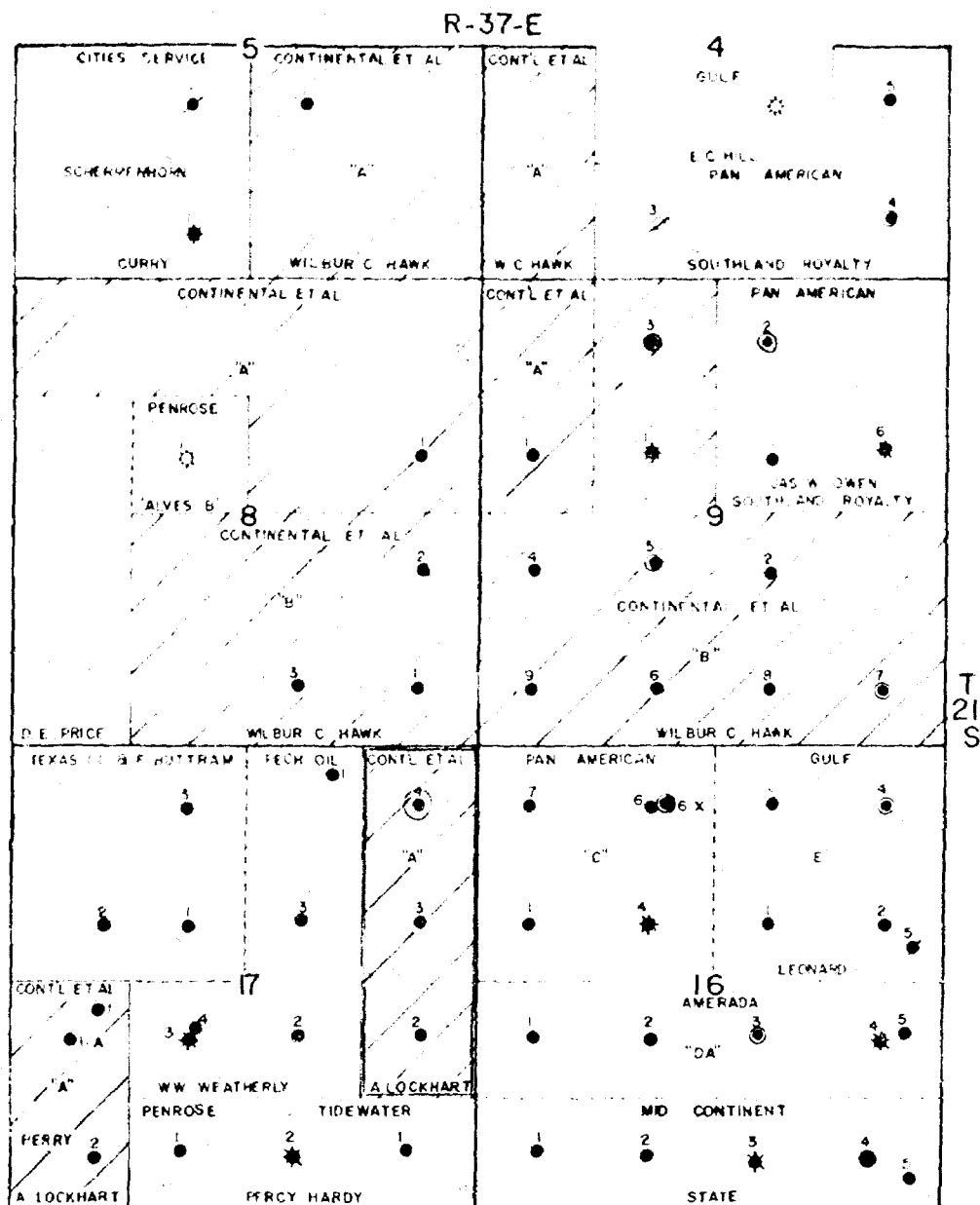
Wherefore, applicant prays that this application be set for hearing before the Commission's duly appointed examiner, in Hobbs, New Mexico, that appropriate notice thereof be given, and that upon hearing an order be entered granting applicant an exception to Rule 5 (a) of the Special Rules and Regulations for the Tubb Gas Pool contained in Order No. R-586 for the non-standard gas proration unit described above.

Respectfully submitted,

CONTINENTAL OIL COMPANY



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



Continental Oil Company

Location Plat

Eunice District

Scale: 1" = 2000

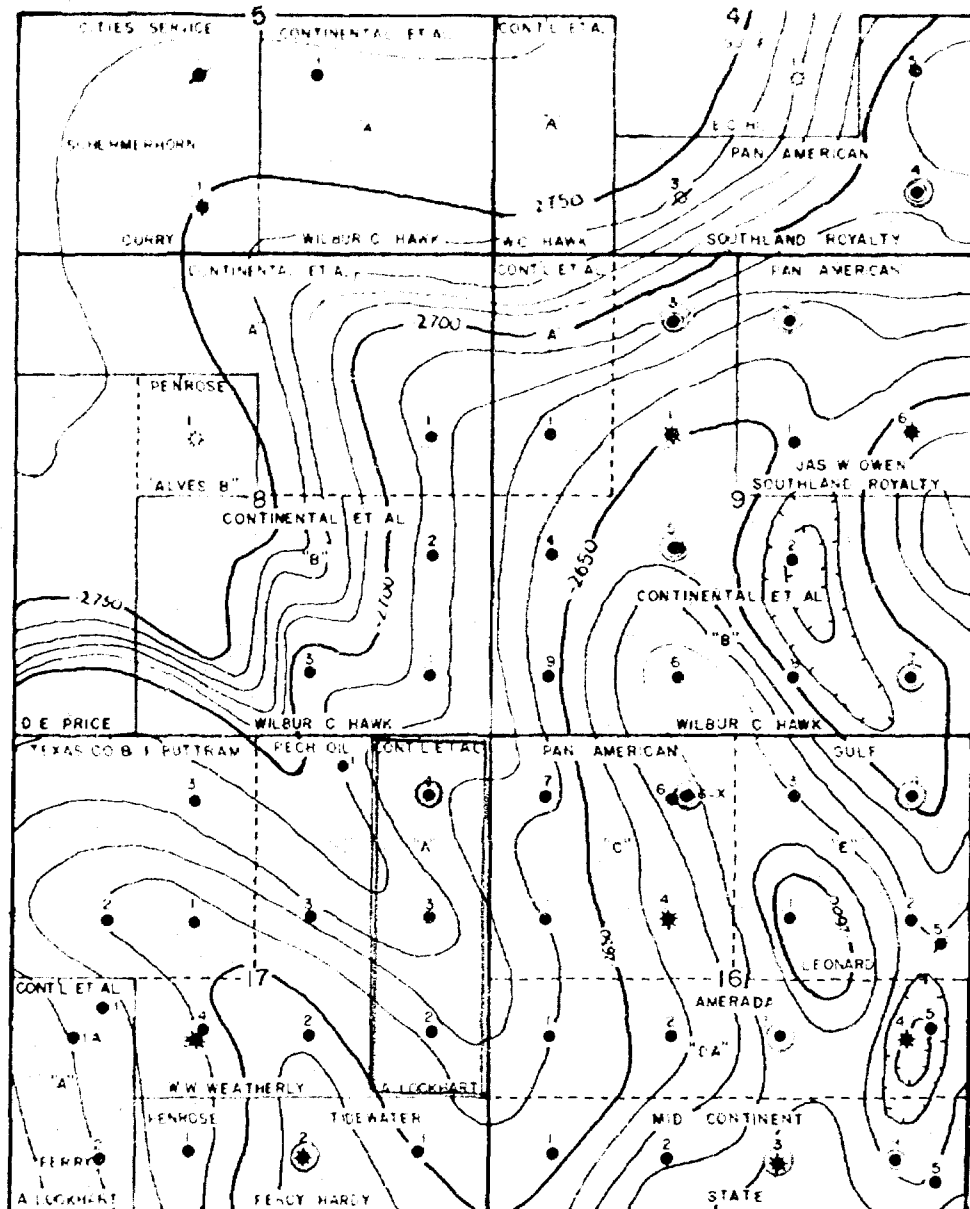
Proposed Unit Boundary ———

Approved Unit Boundary

Proposed Unit Well ●

Approved Unit Well

R-37-F



Continental Oil Company

Contoured on the Top of Tubb

Contour Interval: 10'

Scale: 1" = 2000

BEFORE EXAMINER NUTTER
OIL COMMISSION COMMISSION
FILE NO. 7
C. 1570

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

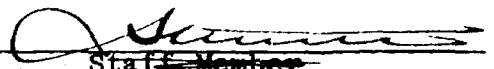
Date 1-22-59

CASE NO. 1585

HEARING DATE 9 am 1-22-59
DSN @ SR

My recommendations for an order in the above numbered case(s) are as follows:

Approve 120 acre NSP in
Tuba gas pool as requested
by Court in this case. Acreage
may reasonably be presumed
to be productive of gas from
the Tuba. Unit will
be dedicated to applicants
Lockhart A-17 Well No 4, which
will be fully completed in
the Tuba and Drinkard


Staff Member
Examiner

No. 3-59

DOCKET: EXAMINER HEARING JANUARY 20, 1959

Oil Conservation Commission 1:30 p.m., Mabry Hall, State Capitol, Santa Fe

The following cases will be heard before Daniel S. Nutter, Examiner:

CASES 1195 & 1433:

Application of Graridge Corporation for capacity allowable for one well in a water flood project. Applicant, in the above-styled cause, seeks an order authorizing capacity allowable for the following-described well situated in the project area of its water flood project in the Caprock-Queen Pool in Lea and Chaves Counties, New Mexico:

Cap Unit Well No. 31-1, NE/4 NE/4 of Section 31,
Township 12 South, Range 32 East, Lea County,
New Mexico.

BEST AVAILABLE COPY
5,000,000 CF per day
R-553-

Oil allowable in error

North Mason Del Pool - order says 40.

*16.90
14.31
2.59
16.90
14.31
2.59*

ir/

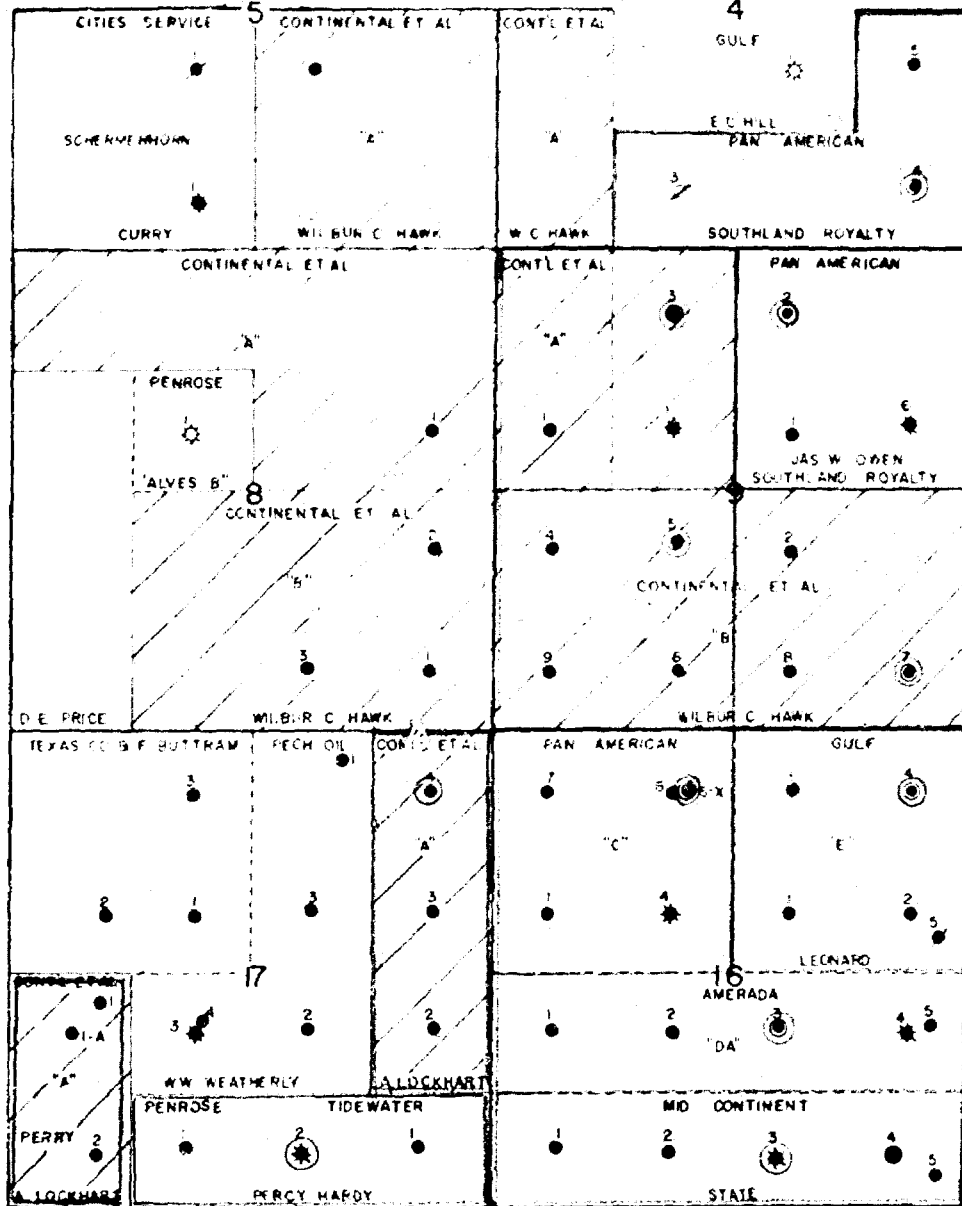
DOCKET: EXAMINER HEARING JANUARY 22, 1959

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

The following cases will be heard before DANIEL S. NUTTER, Examiner:

- CASE 1583: Application of Amerada Petroleum Corporation to commingle the production from three separate oil pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the McKee, Abo and Connell Pools on its Fred Turner, Jr., Lease consisting of the W/2 SW/4 of Section 17, Township 20 South, Range 38 East, Lea County, New Mexico. Applicant proposes to separately meter the production from each zone prior to commingling.
- CASE 1584: Application of Tidewater Oil Company to commingle the production from several separate oil pools from two separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Fusselman Pool on its Coates "D" Lease comprising the SE/4 SW/4 of Section 24, Township 25 South, Range 37 East, Lea County, New Mexico, with the commingled production of all intermediate grade crudes on its Coates "C" Lease comprising the E/2 and the SE/4 NW/4 and the NE/4 SW/4 of said Section 24. Applicant further requests permission to commingle the sour crudes produced from the Drinkard and other formations on both of the aforesaid leases.
- CASE 1585: Application of Continental Oil Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 120-acre non-standard gas proration unit in the Tubb Gas Pool consisting of the E/2 NE/4 and NE/4 SE/4 of Section 17, Township 21 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the applicant's Lockhart A-17 Well No. 4 located 660 feet from the North and East lines of said Section 17.
- CASE 1586: Application of El Paso Natural Gas Products Company for two non-standard oil proration units and for two unorthodox well locations. Applicant, in the above-styled cause, seeks an order authorizing the establishment of a 34.12 acre non-standard oil proration unit in the Horseshoe Canyon Oil Pool consisting of that portion of the SW/4 NW/4 and that portion of the NW/4 NW/4 of Section 33, Township 31 North, Range 16 West, San Juan County, New Mexico, lying within the Ute Mountain Indian Reservation, said unit to be dedicated to a well to be located 1470 feet from the North line and 4190 feet from the East line of said Section 33. Applicant further seeks establishment of a 37.33 acre non-standard oil proration unit in the Horseshoe Canyon Oil Pool consisting of that portion of the SW/4 SW/4 and that portion of the NW/4 SW/4 of said Section 33 lying within the Ute Mountain Indian Reservation, said unit to be dedicated to a well to be located 1172 feet from the South line and 4250 feet from the East line of said Section 33. Applicant further seeks approval of these unorthodox locations for said wells.

R-37-E



Continental Oil Company

Location Plat

FORE EXAMINER NUMBER

OIL CONSERVATION COMMISSION

EXHIBIT NO. 1

CASE NO. 1585

Scale 1" = 2000

Eunice District

Lease ~~Boundary~~ Boundary —

Proposed Unit Well ○

Approved Unit Boundary —

Approved Unit Well ○

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. 1585
Order No. R-1328

APPLICATION OF CONTINENTAL OIL COMPANY
FOR THE ESTABLISHMENT OF A 120-ACRE
NON-STANDARD GAS PRORATION UNIT IN THE
TUBB 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 January 22, 1959, at Santa Fe, New Mexico, before Daniel S. Nutter, 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 2nd day of February, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Daniel S. Nutter, 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 owner and operator of the E/2 NE/4 and the NE/4 SE/4 of Section 17, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant is the operator of the Lockhart A-17 Well No. 1, located 660 feet from the North line and 660 feet from the East line of said Section 17.

(4) That the applicant proposes the establishment of a 120-acre non-standard gas proration unit in the Tubb Gas Pool consisting of the E/2 NE/4 and the NE/4 SE/4 of said Section 17, to be dedicated to said Lockhart A-17 Well No. 4.

(5) That approval of the subject application will not cause waste nor impair correlative rights.

-2-

Case No. 1585

Order No. R-1328

IT IS THEREFORE ORDERED:

(1) That a 120-acre non-standard gas proration unit in the Tubb Gas Pool, consisting of the E/2 NE/4 and the NE/4 SE/4 of Section 17, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, be and the same is hereby established. Said unit is to be dedicated to the applicant's Lockhart A-17 Well No. 4, located 660 feet from the North line and 660 feet from the East line of said Section 17.

(2) That the said Lockhart A-17 Well No. 4 be granted an allowable in the proportion that the acreage in said unit bears to the acreage in a standard gas proration unit for the Tubb Gas Pool, subject to the Special Rules and Regulations for the Tubb Gas Pool.

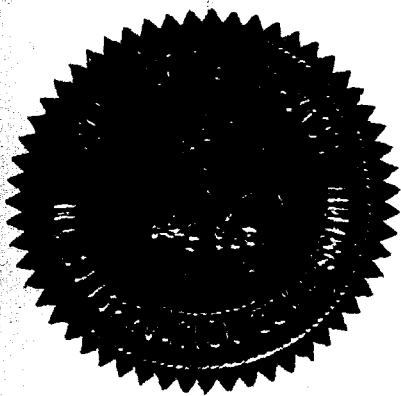
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John Burroughs
JOHN BURROUGHS, Chairman

Murray E. Morgan
MURRAY E. MORGAN, Member

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



ir/

cation for 120-acre tract
Tubb Gas Pool, 17-21S-37E (Lockhart A-17
Well No. 4)