

CASE 5223: Appli. of CONTINENTAL  
FOR TWO WELL NSP & REINSTATEMENT  
OF CANCELLED UNDERAGE.

CASE No.

5223

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
April 25, 1974

EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil Company  
for a 320-acre non-standard gas proration  
unit, simultaneous dedication of acreage,  
and reinstatement of cancelled under  
production, Lea County, New Mexico.

CASE NO.  
5223

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil  
Conservation Commission:

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

For the Applicant:

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

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

CASE 5223

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I N D E X

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E X H I B I T S

	<u>Marked</u>	<u>Offered &amp; Admitted</u>
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LYON-DIRECT

MR. NUTTER: Case 5223.

MR. CARR: Case 5223. Application of Continental Oil Company for a 320-acre non-standard gas proration unit, simultaneous dedication of acreage and reinstatement of ccancelled underproduction, Lea County, New Mexico.

MR. TOM KELLAHIN: Tom Kellahin, of Kellahin and Fox, Santa Fe, New Mexico, appearing on behalf of the Applicant, Continental Oil Company, and I have one witness to be sworn.

VICTOR T. LYON

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

DIRECT EXAMINATION

BY MR. TOM KELLAHIN:

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

A I am Victor T. Lyon, employed by Continental Oil Company as conservation coordinator of the division office located in Hobbs, New Mexico.

Q Have you previously testified before this Commission and had your qualifications as an expert accepted and made a matter of record?

A Yes, I have.

LYON-DIRECT

Q Have you made a study of and are you familiar with the facts surrounding this particular Application by Continental Oil Company?

A Yes, I have.

MR. TOM KELLAHIN: If the Examiner please, are the witness' qualifications accepted?

MR. NUTTER: Yes, they are.

BY MR. TOM KELLAHIN:

Q Mr. Lyon, would you please identify what has been marked as Applicant's Exhibit No. 1, identify it and explain briefly what the Application is seeking?

A Yes. Case No. 5223 is Continental Oil Company's application for a non-standard 320-acre gas proration unit in Jalmat Pool to be allocated jointly in Wells Nos. 3 and 4 in Section 17, Township 24 South, Range 37 East, Lea County, New Mexico.

Exhibit No. 1 is a plat showing the proposed non-standard gas proration unit outlined in red consisting of the north half of Section 17, 24, 37 and the two wells, 3 and 4, circled in red. No. 3 is located 990 feet from the north and east lines of the section. No. 4 is located 990 feet from the north line, 1980 feet from the west line of the section. It also shows the location

LYON-DIRECT

of surrounding gas wells and the ownership to the best of our knowledge in both.

The proration unit has been allocated since 1957 to Well No. 3 under the proration order No. R-962. The well had managed to make its allowable assigned to it until 1972 when it began to fall behind slightly. It accumulated additional under-production during 1973. During the last year or two there has been considerable relaxation in the approved prices under FPC rulings and it has made in-field wells more attractive to drill, therefore, it began to appear that in-field wells could receive a higher gas price and that we could afford to go in and drill additional wells.

In order to avoid cancellation of allowable, Continental performed remedial work on Well No. 3 on December 12, 1973 and increased the deliverability of the well from approximately 300 MCF per day to about 1400 MCF per day. No. 4 was drilled during February and March in order to provide additional producing capacity for the proration unit. The well was drilled in such manner as to minimize damage to formations and the well was completed as a very good well.

Q Would you please refer to what has been marked

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as Applicant's Exhibit No. 2, identify it and explain what information it contains?

A Exhibit No. 2 is a copy of the Form C-122 showing the four-point back pressure test conducted on Well No. 4. The well was tested March 13th, 1974. On the final flow rate the well produced 1233 MCF per day at a back pressure of 276 pounds on the tubing, 310 pounds on the casing. The shut-in pressure of the well was 357 pounds measured at the surface of the casing. The absolute open flow potential of the well is calculated to be 5131 MCF per day.

Q Would you please refer to what has been marked as Exhibit 3 and identify it?

A Exhibit No. 3 is a tabulation showing the relationship of allowable and production for Jack B 17 No. 3 beginning January 1st, 1973 and continuing through March of 1974. You will note that the well entered the proration period, January 1st, with an under production of 152,624 MCF. Now, it had completed the previous balancing period with an under production of about 72,000. At the end of that balancing period, redistribution of allowable gave it approximately 80,000 MCF. The well accumulated additional under production each month. It

LYON-DIRECT

failed to make its allowable each month during 1973 and continuing also into 1974 it has failed to make its allowable. It did not make its average allowable during any of the first 9 months of 1973. When the well was worked on in December of 1973, you will note that its production was 33,784 MCF which was higher than the quarterly average allowable of 32,944 MCF. It was also higher than the yearly average of 32,790 MCF. Now, I have noted on there by the asterisk those months in which the well was classified as marginal. It was reclassified on November 1st, 1973 as a marginal well, and the figures shown on the allowable there are those which were assigned to a non-marginal well in Jalmat Pool during those months.

During the first quarter of 1974, the average allowable was 40,298 and its January production of 40,446 was in excess of that average. Consequently, I believe that the well has shown that it is eligible for non-marginal classification by virtue of the fact that it did produce over its average allowable, its quarterly allowable, annual allowable for 1973 and the first quarter of 1974.

Q What is the amount of allowable subject to cancellation?

A The amount of allowable that was unproduced at the beginning of the balancing period, 152,624, according to my understanding of the balancing rules are subject to cancellation and should be cancelled on April 1st of 1974. This leaves a remainder of 195,212 MCF which we feel should be restored to the well since it has shown and has produced, in effect, as a non-marginal well.

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

A We feel that the granting of this application and restoration of the allowable is essential to the protection of our correlative rights and we do not believe that the correlative rights of any other party will be impaired by the restoration of the allowable.

Q How will approval of this Application be in the best interest of prevention of waste?

A Well, we believe that the drilling of the second well here will improve the ultimate recovery of gas from this lease, and that the granting of this Application will encourage other in-field drilling which should improve the recovery of gas throughout the pool.

Q Were Exhibits 1, 2 and 3 prepared by you or

LYON-DIRECT

under your direction and supervision?

A Yes, they were.

MR. TOM KELLAHIN: We move the introduction of Exhibits 1, 2 and 3.

MR. NUTTER: Continental Exhibits 1, 2 and 3 will be admitted into the record.

(Whereupon, Applicant's Exhibits Nos. 1, 2 & 3 were marked for identification and admitted into evidence.)

MR. TOM KELLAHIN: That concludes our direct examination.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Lyon, do you agree that the 152,000 which the well entered the 1973 period with should be cancelled?

A Yes. We would like to have the right to produce it, but under the Rule, I don't believe --

Q (Interrupting) So what you are doing, you are taking the 152,000 and subtracting it from the current under-produced status that you have calculated here?

A Yes, sir.

Q And that is where this 195,000 came from?

A Yes. We feel also that the well should receive

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CASE 5223

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its share of any redistribution of allowable at the end of the balance period.

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

(Witness dismissed.)

MR. NUTTER: Do you have anything further, Mr. Kellahin?

MR. TOM KELLAHIN: No, sir.

MR. NUTTER: Does anyone have anything to offer in Case No. 5223?

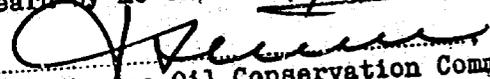
We will take the case under advisement.

THE NYE REPORTING SERVICE  
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SANTA FE, NEW MEXICO 87501  
TEL. (505) 982-0386

STATE OF NEW MEXICO )  
                          ) SS.  
COUNTY OF SANTA FE )

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

  
\_\_\_\_\_  
COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5223 heard by me on 4/25, 1974.  
  
\_\_\_\_\_  
Examiner  
New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE  
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SANTA FE, NEW MEXICO 87501  
TEL. (505) 982-0386

RECEIVED  
MAR 21 1975  
OIL CONSERVATION COMM.  
Santa Fe



CITIES SERVICE OIL COMPANY

Box 1919  
Midland, Texas 79701  
Telephone: 915 684-7131

March 19, 1975

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

Re: N.M.O.C.C. Order R-4885  
Compulsory Pooling of Mineral Interests  
Pennsylvanian Formation  
E/2 Section 32, T-21-S, R-27-E,  
NMPM, Eddy County, New Mexico

Gentlemen:

The Detailed Well Estimate attached to our letter of March 12, 1975 was prepared in April 1974 and later revised.

It should be replaced with the attached Detailed Well Estimate bearing the date 7/30/74. This is the estimated cost of drilling the Tracy-C No. 1 which was presented to the New Mexico Oil Conservation Commission in Case 5232 heard on September 18, 1974.

~~5323~~  
5323

Very truly yours,

E. F. Mötter  
Engineering Manager  
Southwest Region  
E & P Division

EFM:mfg

cc: Working Interest Owners

Enc.

OP 69

## DETAILED WELL ESTIMATE

REVISED BY: FINE MATEL

WELL NUMBER 1 LEASE Tracy C  
 CONTRACTOR \_\_\_\_\_ LOCATION 1980' FNL 660' FEL  
 DATE 7/30/74 SECTION 32-T21S-27E  
 J. O. NO. \_\_\_\_\_ DEPTH 11700' COUNTY Eddy STATE New Mexico

DESCRIPTION	GRADE	SIZE	QUAN.	W	ESTIMATE PRODUCER	ESTIMATE DRY HOLE	REVISED ESTIMATE	ACTUAL COST
<b>TANGIBLES</b>								
Casing								
13-3/8" 40.5# H-40 ST&C	A		405'		6075	6075		
9-5/8" 32.3# H-40 LT&C			2550'		28050	28050		
9-5/8" 36# H-40 LT&C			520'		5850	5850		
5-1/2" 17# N-80 LT&C			10250'		92250	-		
5-1/2" 20# N-80 LT&C			1500'		15000	-		
Well head connections	A				10500	1500		
Tubing 2-7/8" 6.4# N-80	A		11300		24395	-		
Sucker rods								
Bottom hole pump								
Engine or motor								
Pumping unit								
Electrical equip. inc. Labor & Trans.								
Line pipe, fittings inc. Labor & Trans.					1000	-		
Packer	A		1		1500	-		
<b>TANK BATTERY</b>								
Stock tanks	A	310	1		3500	-		
G. B., settler, free water K. O. tank								
Separator, heater treater, etc.	A				22640	-		
Cost to install T. B.								
Labor & Transportation					3000	-		
<b>INTANGIBLES</b>								
Contract Drlg. labor (footage) @ \$12.25/Ft.					143325	143325		
Rotary day work 6 Days @ \$2200 Day					13200	13200		
Cable tool work								
Subsurface casing equipment					3500	2000		
D. S. T., electric logs, etc.					17000	17000		
Service rig work 7 Days @ \$600/Day					4200	-		
Acidizing, frocing					4000	-		
Perforating					2500	-		
Misc. company and contract labor					3000	2000		
Road building, locotion					10000	10000		
Cement & cementing service					12000	10000		
Cement squeeze jobs								
Drilling mud, chemicals					12000	12000		
Drilling bits, coreheads, reamers								
Mud logging unit					1500	1500		
Rental of miscellaneous equip.					3500	3500		
Company, contract hauling					3000	2000		
Water, fuel					6000	6000		
Miscellaneous incidentals					5000	3000		
Total estimated cost - 100%					457485	267000		
Total estimate C. S.		%						



BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

CASE NO. 5223  
Order No. R-4779-A

APPLICATION OF CONTINENTAL OIL COMPANY  
FOR A 320-ACRE NON-STANDARD GAS PRORATION  
UNIT, SIMULTANEOUS DEDICATION OF ACREAGE  
AND REINSTATEMENT OF CANCELLED UNDER-  
PRODUCTION, LEA COUNTY, NEW MEXICO.

NUNC PRO TUNC

BY THE COMMISSION:

It appearing to the Commission that due to clerical error and inadvertence, Order No. R-4779, dated May 21, 1974, does not correctly state the intended order of the Commission.

IT IS THEREFORE ORDERED:

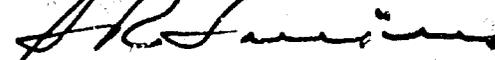
(1) That Paragraph (1) on Page 2 of Order No. R-4779, be and the same is hereby corrected to read in its entirety as follows:

"(1) That the applicant, Continental Oil Company, is hereby authorized to simultaneously dedicate a non-standard gas proration unit comprising the N/2 of Section 17, Township 24 South, Range 37 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico, to its Jack B-17 Wells Nos. 3 and 4, located 990 feet from the North line and 990 feet from the East line and 990 feet from the North line and 1980 feet from the West line, respectively, of said Section 17."

(2) That this order shall be effective nunc pro tunc as of May 21, 1974.

DONE at Santa Fe, New Mexico, this 4th day of June, 1974.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
I. R. TRUJILLO, Chairman

ALEX J. ARMISTE, Member

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

SEAL  
jr/



BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 5223  
Order No. R-4779

APPLICATION OF CONTINENTAL OIL  
COMPANY FOR A 320-ACRE NON-  
STANDARD GAS PRORATION UNIT,  
SIMULTANEOUS DEDICATION OF  
ACREAGE AND REINSTATEMENT OF  
CANCELLED UNDERPRODUCTION,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 25, 1974,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 21st day of May, 1974, the Commission, a  
quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

- (1) That due public notice having been given as required by  
law, the Commission has jurisdiction of this cause and the  
subject matter thereof.
- (2) That the applicant, Continental Oil Company, seeks  
approval for a 320-acre non-standard gas proration unit compris-  
ing the N/2 of Section 17, Township 24 South, Range 37 East,  
NMPM, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneous-  
ly dedicated to its Jack B-17 Wells Nos. 3 and 4, located 990  
feet from the North line and 990 feet from the East line and  
990 feet from the North line and 1980 feet from the West line,  
respectively, of said Section 17 with the allowable to be  
produced from either well in any proportion.
- (3) Applicant further seeks reclassification of the subject  
proration unit to non-marginal status and reinstatement of the  
underproduction which was cancelled November 1, 1973, when the  
aforesaid proration unit was reclassified to marginal status.
- (4) That applicant requests that said reclassification and  
reinstatement be retroactively effective April 1, 1974.
- (5) That the proposed non-standard gas proration unit can

-2-  
CASE NO. 5223  
Order No. R-4779

be efficiently and economically drained and developed by the subject wells.

(6) That the applicant recompleted its Jack B-17 Well No. 3 within the proration period in which it was reclassified as marginal.

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

IT IS THEREFORE ORDERED:

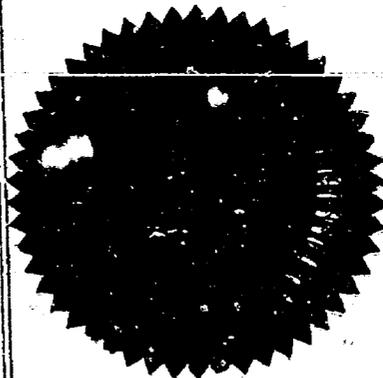
(1) That the applicant, Atlantic Richfield Company, is hereby authorized to simultaneously dedicate a non-standard gas proration unit comprising the N/2 of Section 17, Township 24 South, Range 37 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico, to its Jack B-17 Wells Nos. 3 and 4, located 990 feet from the North line and 990 feet from the East line and 990 feet from the North line and 1980 feet from the West line, respectively, of said Section 17.

(2) That the allowable assigned to said unit shall be based on the unit size of 320-acres and may be produced by the wells to which said unit is dedicated in any proportion.

(3) That the subject unit is hereby reclassified to non-marginal status effective 7:00 a.m., April 1, 1974 and the under-production of said unit accruing since January 1, 1973, being 195,212 MCF, is hereby reinstated as of the same date.

(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

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

ALEX J. ARMIJO, Member  
*A. L. Porter, Jr.*  
A. L. PORTER, JR., Member & Secretary

S E A L

jr/

①

Application of Continental Oil Company  
for a 320-acre non-standard gas  
protraction unit, simultaneous dedica-  
tion of acreage and reinstatement of  
cancelled ~~underproduction~~ underproduction, Lee County,  
New Mexico.

Case 5223

April 25, 1974 - DSN

FINDS:

(1) Jurisdiction

(2) That the applicant, Continental Oil Company, seeks  
approval for a ~~320-acre~~ 320-acre non-standard  
gas protraction unit comprising the N/2 of Section 17,  
Township 24 South, Range 37 East, N.M.P.M., Fulmont  
Gas Pool, Lee County, New Mexico, to be simultaneously  
dedicated to its Jack B-77 wells Nos. 3 and  
4, located 990 feet from the North line and 990  
feet from the East line and 990 feet from the North  
line and 1980 feet from the West line, respectively,  
of said Section 17.

with the allowable to be produced  
from either well in any proportion.

(3) Applicant further seeks reclassification of the  
subject ~~protraction unit~~ <sup>protraction unit</sup> to non-marginal  
status and reinstatement of ~~the~~ <sup>the</sup> underpro-  
duction which was cancelled November 1, 1973, when  
the aforesaid protraction unit was reclassified to  
marginal status.

(2)

(4) That ~~the applicant requests~~ <sup>applicant requests</sup> that said reclassification and reinstatement be retroactively ~~be~~ effective April 1, 1971.

(5) That the proposed non-standard gas production unit can be efficiently and economically drained and developed by the subject wells.

(6) That the applicant recompleted its Jack B-17 well No. 3 within the production period in which it was ~~classified~~ reclassified as marginal.

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

ORDER:

(1) That ~~the applicant requests~~ <sup>the applicant</sup>, Atlantic Richfield Company, is hereby authorized to simultaneously ~~dedicate~~ dedicate a non-standard gas production unit comprising the N/2 of Section 17, Township 24 South, Range 37 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico, to its Jack B-17 wells Nos. 3 and 4, located 990 feet from the North line and 990 feet from the East line and 990 feet from the North line and 1980 feet from the West line of said Section 17.

(2) That the allowable assigned to said unit shall be based on the unit size of 370 acres and may

(2)

be produced by the wells to which said unit is dedicated in any proportion.

(3) That the ~~unit~~ subject unit is hereby re-classified to non-marginal status effective 7:00 AM, April 1, 1974 and the underproduction of said unit occurring since January 1, 1973, being 195,212 NCF, is hereby reinstated as of the same date.

(4) Jurisdiction

Done

DOCKET: EXAMINER HEARING - THURSDAY - APRIL 25, 1974

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

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

CASE 5206: (Continued from the April 10, 1974, Examiner Hearing)

Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle West Warren-Blinebry and East Skaggs-Drinkard production in the wellbore of its SEMU Burger Well No. 21 located in Unit O of Section 19, Township 20 South, Range 38 East, Lea County, New Mexico.

CASE 5209: (Continued from the April 10, 1974, Examiner Hearing)

Application of Union Oil Company of California for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Estacado Unit Area comprising 1280 acres, more or less, of State and fee lands in Township 14 South, Range 35 East, Lea County, New Mexico.

CASE 5219: Application of Midwest Oil Corporation for pool creation, discovery allowable, and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Wolfcamp production for its South Empire Deep Unit Well No. 4 located in Unit G, of Section 32, Township 17 South, Range 29 East, Eddy County, New Mexico, and for the promulgation of special pool rules therefor, including a provision for 80-acre spacing. Applicant further seeks the assignment of approximately 42,245 barrels of oil discovery allowable to the aforesaid well.

CASE 5220: Application of Atlantic Richfield Company for an unorthodox gas well location and non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its McDonald State WN Well No. 24 located 1780 feet from the North line and 660 feet from the West line of Section 25, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to a 320-acre non-standard gas proration unit comprising the N/2 of said Section 25.

CASE 5221: Application of Black River Corporation for an unorthodox gas well location and a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its BR 4 Federal Well No. 3 located 1986 feet from the North line and 330 feet from the East line of Section 4, Township 26 South, Range 24 East, undesignated Delaware gas pool, Eddy County, New Mexico,

CASE 5227: Application of Morris R. Antwell for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying Lots 9 through 16 of Section 4, Township 21 South, Range 26 East, Eddy County, New Mexico, to form a standard 320-acre gas proration unit to be dedicated to a well to be drilled at a standard location for said unit. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

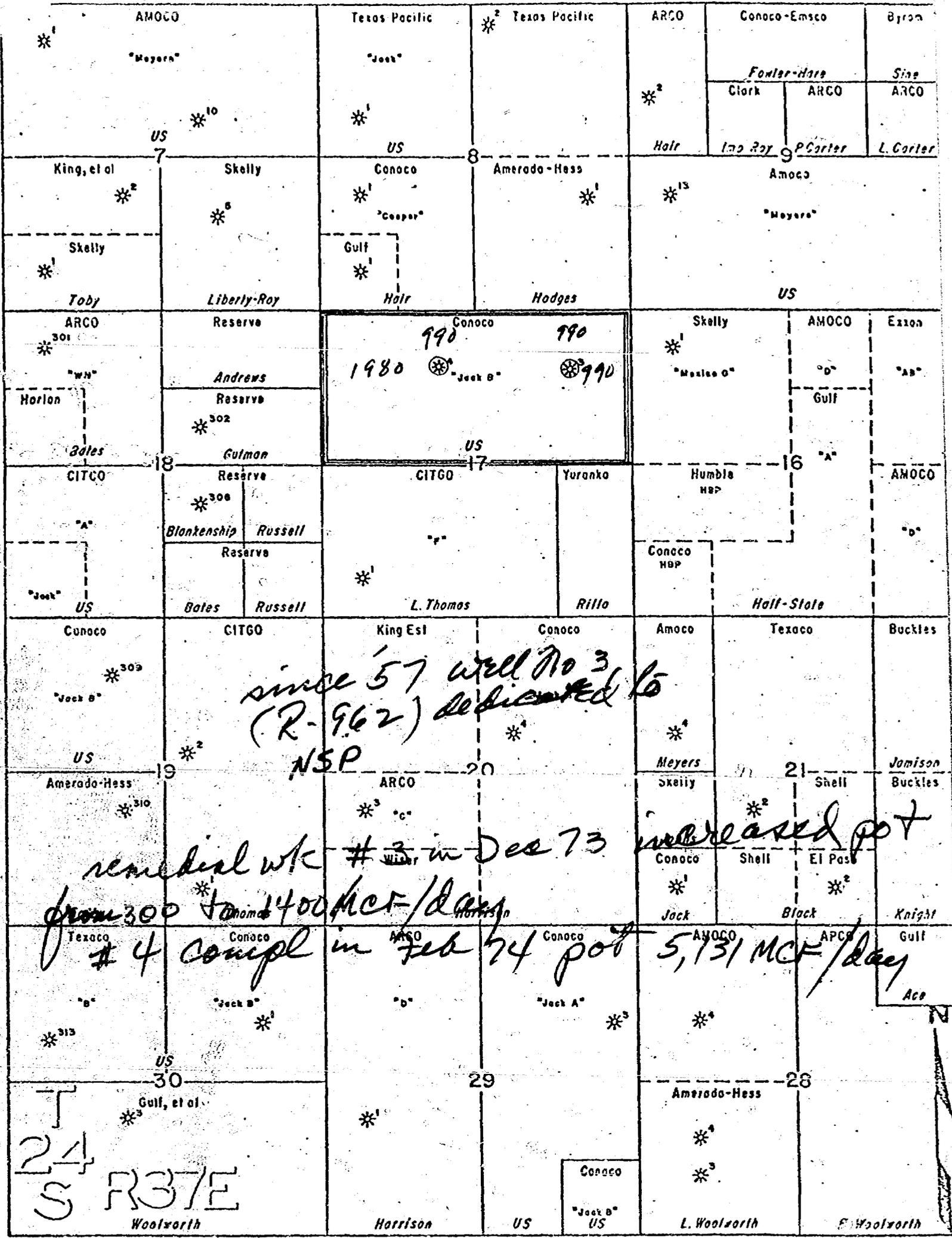
CASE 5228: Application of David Fasken for the creation of two pools and a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a Strawn gas pool and a Morrow gas pool for his El Paso 3 Federal Well No. 1 located 2724 feet from the North line and 2870 feet from the East line of Section 3, Township 21 South, Range 26 East, Eddy County, New Mexico. Applicant further seeks approval for the dual completion of said well to produce gas from the Strawn and Morrow formations through parallel strings of tubing.

CASE 5207: (Continued from the April 10, 1974, Examiner Hearing)

Application of Craig Polson for a non-standard proration unit and compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying a non-standard oil proration unit comprising the SW/4 NE/4 SE/4, NW/4 SE/4 SE/4, NE/4 SW/4 SE/4, and the SE/4 NW/4 SE/4 of Section 12, Township 13 South, Range 31 East, Caprock-Queen Pool, Chaves County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 1340 feet from the South line and 1300 feet from the East line of said Section 12, said location having been previously been approved by Order No. R-4750. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5208: (Continued from the April 10, 1974, Examiner Hearing)

Application of S. P. Yates for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to Order No. R-3221, as amended, authority to dispose of produced salt water in an unlined surface pit on its Federal LC 065598 lease in the SW/4 SW/4 of Section 4, and the NE/4 of Section 5, Township 17 South, Range 30 East, Square Lake Pool, Eddy County, New Mexico.



BEFORE EXAMINER NUTTER  
 OIL CONSERVATION COMMISSION  
 Conoco EXHIBIT NO. 1  
 CASE NO. 5223

Proposed Gas Unit  
 Jalmat Gas Wells  
 CONTINENTAL OIL COMPANY  
 Jack B-17 Lease  
 Location Plat  
 Lea County, New Mexico  
 Scale: 1" = 2000'

**NEW MEXICO OIL CONSERVATION COMMISSION  
MULTIPOINT AND ONE POINT BACK PRESSURE TEST FOR GAS WELL**

Form C-122  
Revised 9-1-65

Type Test <input checked="" type="checkbox"/> Initial <input type="checkbox"/> Annual <input type="checkbox"/> Special		Test Date 3/13/74	
Company Continental Oil Company		Connection None	
Pool Jalmat		Unit B	
Completion Date 3/13/74		Total Depth 3200	
Csg. Size 5 1/2		Perforations: From open hole To	
Tub. Size 2 3/8		Perforations: From To	
Type Well - Sing. or - Branched - G.G. or G.O. Multiple Single		Packer Set At None	
Producing Thru Thru		Reservoir Temp. °F 66.4	
Mean Annual Temp. °F 66.4		Baro. Press. - P <sub>a</sub> 13.2	
County Lea		State New Mexico	
Prover 2"		Meter Run Taps	

FLOW DATA				TUBING DATA			CASING DATA		Duration of Flow	
NO.	Prover Line Size	X	Orifice Size	Press. p.s.i.g.	Diff. h <sub>w</sub>	Temp. °F	Press. p.s.i.g.	Temp. °F		Press. p.s.i.g.
SI							356		357	
1.			1/8	352		62	352	60	353	
2.			3/16	346		65	346	64	347	30 Min.
3.			7/32	340		66	340	64	343	30 Min.
4.			5/16	320		69	320	68	330	30 Min.
5.			7/16	276		70	276	60	310	30 Min.

RATE OF FLOW CALCULATIONS							
NO.	Coefficient (24 Hour)	$\sqrt{h_w P_m}$	Pressure P <sub>m</sub>	Flow Temp. Factor F <sub>t</sub>	Gravity Factor F <sub>g</sub>	Super Compress. Factor F <sub>sp</sub>	Rate of Flow Q, Mcfd
1.	.2648		365.2	.0081	1.227	1.030	123
2.	.6082		350.2	.0052	1.227	1.038	277
3.	.8393		353.2	.0043	1.227	1.036	375
4.	1.672		333.2	.0015	1.227	1.033	700
5.	3.408		280.2	.0005	1.227	1.020	1,233

NO.	R	Temp. °R	T <sub>r</sub>	Z	Gas Liquid Hydrocarbon Ratio	Mcfd/bbl.
1.	.55	522	1.28	.026		
2.	.54	525	1.30	.029		
3.	.53	526	1.29	.031		
4.	.50	529	1.40	.037		
5.	.43	530	1.40	.045		

NO.	P <sub>c</sub>	P <sub>w</sub>	P <sub>w</sub> <sup>2</sup>	P <sub>c</sub> <sup>2</sup> - P <sub>w</sub> <sup>2</sup>
1	370.2	356.2	126.7	2.9
2	370.2	360.2	129.7	7.3
3	370.2	356.2	126.9	10.1
4	370.2	343.2	117.8	10.2
5	370.2	323.2	104.5	32.5

(1)  $\frac{P_c^2}{P_c^2 - P_w^2} = 4.215$     (2)  $\left[ \frac{P_c^2}{P_c^2 - P_w^2} \right]^n = 4.161$

ACF = Q  $\left[ \frac{P_c^2}{P_c^2 - P_w^2} \right]^n = 5.131$

Absolute Open Flow	5.131	Mcfd @ 15.025	Angle of Slope °	45.25	Slope, n	.001
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Remarks: No fluid was made at these rates.

Approved By Commission:	Conducted By: Reggie Reston	Calculated By: Reggie Reston	Checked By:
-------------------------	--------------------------------	---------------------------------	-------------

Jack B-17 No. 3

Month	Allowable	Production	Over-Under
			152,624
1973 January	40,986	22,784	170,826
February	40,979	31,719	180,086
March	46,987	28,066	199,007
(3-mo. avg. 42,984)			
April	28,220	25,307	201,920
May	35,041	22,216	214,745
June	33,762	7,687	240,820
(3-mo. avg. 32,341)			
July	19,851	8,743	251,928
August	25,113	8,245	268,796
September	23,715	6,249	286,262
(3-mo. avg. 22,893)			
October	19,509	7,503	298,268
November	38,731*	10,515	326,484
December	40,592*	33,784	333,292
(3-mo. avg. 32,944)			
(yr. avg. 32,790)			
1974 January	41,804*	40,446	334,650
February	41,101*	33,316	342,435
March	37,990*	32,589	347,836
(3-mo. avg. 40,298)			
April	35,567*		

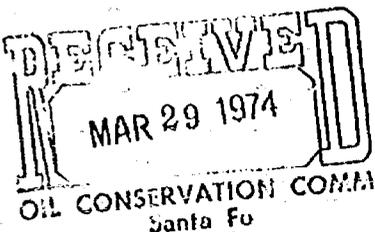
\*Allowable to 320-acre NM well  
 amount subject to cancellation 152,624  
 amount should be restored as of 4-1-74 195,212

BEFORE EXAMINER NUTTER  
 OIL CONSERVATION COMMISSION  
Conoco EXHIBIT NO. 3  
 CASE NO. 5223

Exhibit No. 3  
 Case 5223



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) 398-4141

*Not for Arg  
April 24  
Case 5-223*

March 27, 1974

New Mexico Oil Conservation Commission (3)  
P. O. Box 2988  
Santa Fe, New Mexico 87501

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

Gentlemen:

Continental Oil Company's Application For A 320-Acre NSP Unit To Be Allocated Jointly To Jack B-17 Nos. 3 and 4, Section 17, T-24S, R-37E, Lea County, New Mexico

Continental Oil Company respectfully requests administrative approval under the provision of Rule 5 (b) of the General Rules and Regulations of Order No. R-1670 for approval of a 320-acre non-standard gas proration unit to be allocated jointly to Jack B-17 Well No. 3 located 990' from the north and east lines and No. 4 located 990' from the north and 1980' from west lines both in Section 17, Township 24 South, Range 37 East, Lea County, New Mexico.

Jack B-17 No. 3 was allocated a 320-acre non-standard gas proration unit consisting of the north half of Section 17 on March 29, 1957, under the provisions of Order No. R-962. This proration unit remained non-marginal until November 1, 1973, when it was reclassified to marginal and 286,262 MCF of non-produced allowable was cancelled. On December 12, 1973, remedial work on the No. 3 well was performed increasing its deliverability from 300 MCF to 1,400 MCF per day. Although, successful remedial work was performed on the unit well and was reported to your Hobbs office, the proration unit is still classified as marginal.

Jack B-17 No. 4 was drilled in February and March, 1974, in order to provide additional producing capacity to the unit. A considerable amount of justification for the well was the underproduction to be made up. The No. 4 well was completed and ready to produce on March 13, 1974. A four-point back pressure test taken on March 13, indicated an absolute open flow of 5,131 MCF per day. The deliverability of wells 3 and 4 is sufficient to produce the monthly allowable and to make up the underproduction.

Attached is a location plat showing the Jack B-17 Lease, wells 3 and 4, and offset properties and wells. The proposed non-standard proration unit is outlined in red and consist of the north half of Section 17. By copy of this application, all offset operators of said proposed proration unit are being notified.

DOCKET MAILED

Date 4-11-74

New Mexico Oil Conservation Commission  
Page 2  
March 27, 1974

In view of the facts set out herein it is respectfully requested that the Commission enter an order approving the non-standard gas proration to be allocated jointly to Continental Oil Company's Jack B-17 Well Nos. 3 and 4 and to reclassify the proration unit to a non-marginal status retroactive to November 1, 1973.

The location of well No. 3 was approved in Order R-962. Well No. 4 is on a standard location for a 320-acre unit. If under these circumstances this application is ineligible for administrative approval, an examiner hearing is respectfully requested at the earliest available docket.

Yours very truly,

*L. P. Thompson*  
*16/2/74*

JJS:reh  
CC+Enc  
New Mexico Oil Conservation Commission  
P. O. Box 1980  
Hobbs, New Mexico 88240

Atlantic Richfield Company  
P. O. Box 1610  
Midland, Texas 79701

Chevron Oil Company  
Box 1660  
Midland, Texas 79701

Offset Operators (Address List Attached)

RLA: GAD: JWK:

Offset Operators

Amoco Production Company  
P. O. Box 3092  
Houston, Texas 77001

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

Skelly  
P. O. Box 1351  
Midland, Texas 79701

Humble  
Box 3116  
Midland, Texas 79701

Cities Service Oil Company  
P. O. Box 4906  
Midland, Texas 79701

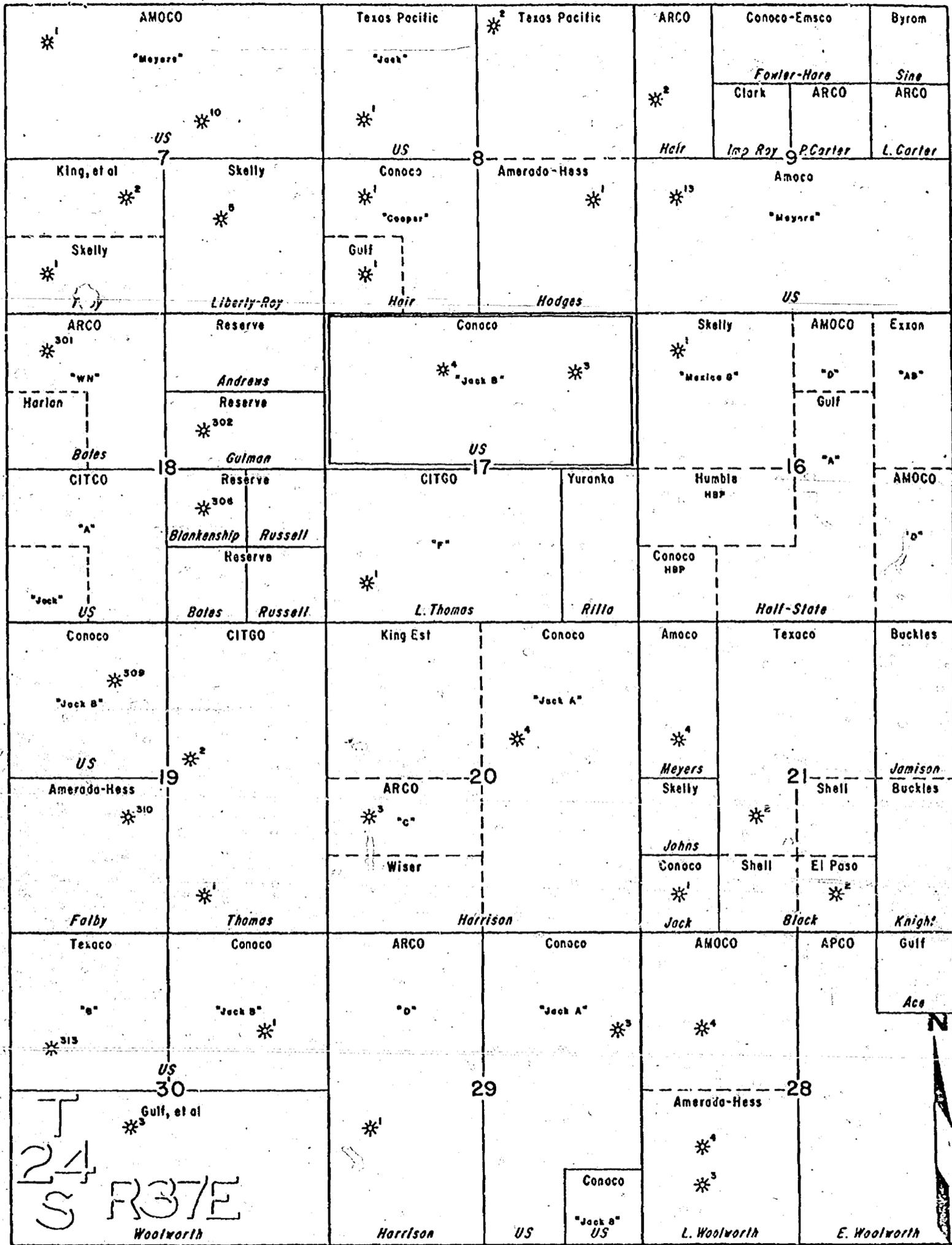
Reserve Oil & Gas Company  
301 First Savings Bldg.  
Midland, Texas 79701

Gulf  
P. O. Box 670  
Hobbs, New Mexico 88240

Gulf  
P. O. Box 1351  
Midland, Texas 79701

Amerada-Hess  
Drawer 817  
Seminole, Texas 79360

Mr. John Yuronka  
120-C Central Bldg.  
Midland, Texas 79701



Proposed Gas Unit  
Jalmat Gas Wells

CONTINENTAL OIL COMPANY

Jack B-17 Lease  
Location Plat  
Lea County, New Mexico

Scale: 1" = 2000'

Case 5223

DRAFT

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

CASE NO. 5223  
Order No. R-4779

APPLICATION OF CONTINENTAL OIL COMPANY  
FOR A 320-ACRE NON-STANDARD GAS PRORATION  
UNIT, SIMULTANEOUS DEDICATION OF ACREAGE  
AND REINSTATMENT OF CANCELLED UNDER-  
PRODUCTION, LEA COUNTY, NEW MEXICO.

*John*  
NUNC PRO TUNC

BY THE COMMISSION:

It appearing to the Commission that due to clerical error and inadvertence, Order No. R-4779, dated May 21, 1974, does not correctly state the intended order of the Commission.

IT IS THEREFORE ORDERED:

(1) That Paragraph (1) on Page 2 of Order No. R-4779, be and the same is hereby corrected to read in its entirety as follows:

"(1) That the applicant, Continental Oil Company, is hereby authorized to simultaneously dedicate a non-standard gas proration unit comprising the N/2 of Section 17, Township 24 South, Range 37 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico, to its Jack B-17 Wells Nos. 3 and 4, located 990 feet from the North line and 990 feet from the East line and 990 feet from the North line and 1980 feet from the West line, respectively, of said Section 17."

(2) That this order shall be effective nunc pro tunc as of May 21, 1974.

DONE at Santa Fe, New Mexico, this \_\_\_\_\_ day of May, 1974.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

DRAFT

jr/

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

*Asu* *WJD* *RMN*  
APPLICATION OF CONTINENTAL OIL COMPANY  
FOR A 320-ACRE NON-STANDARD GAS PRORATION  
UNIT, SIMULTANEOUS DEDICATION OF ACREAGE  
AND REINSTATEMENT OF CANCELLED UNDERPRODUCTION,  
LEA COUNTY, NEW MEXICO.

CASE NO. 5223

Order No. R-4779

ORDER OF THE COMMISSION

BY THE COMMISSION:

*Bill*  
This cause came on for hearing at 9 a.m. on April 25, 1974,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this        day of May, 1974, the Commission,  
a quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

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

(2) That the applicant, Continental Oil Company, seeks  
approval for a 320-acre non-standard gas proration unit com-  
prising the N/2 of Section 17, Township 24 South, Range 37 East,  
NMPM, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneously  
dedicated to its Jack B-17 Wells Nos. 3 and 4, located 990 feet from  
the North line and 990 feet from the East line and 990 feet from the  
North line and 1980 feet from the West line, respectively, of said  
Section 17 with the allowable to be produced from either well in  
any proportion.

(3) Applicant further seeks reclassification of the subject proration unit to non-marginal status and reinstatement of the underproduction which was cancelled November 1, 1973, when the aforesaid proration unit was reclassified to marginal status.

(4) That applicant requests that said reclassification and reinstatement be retroactively effective April 1, 1974.

(5) That the proposed non-standard gas proration unit can be efficiently and economically drained and developed by the subject wells.

(6) That the applicant recompleted its Jack B-17 Well No. 3 within the proration period in which it was reclassified as marginal.

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

IT IS THEREFORE ORDERED:

(1) That the applicant, Atlantic Richfield Company, is hereby authorized to simultaneously dedicate a non-standard gas proration unit comprising the N/2 of Section 17, Township 24 South, Range 37 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico, to its Jack B-17 Wells Nos. 3 and 4, located 990 feet from the ~~East~~ <sup>North</sup> line and 990 feet from the ~~North~~ <sup>East</sup> line and ~~1480~~ <sup>990</sup> feet from the ~~West~~ <sup>North</sup> line and 1480 feet from the ~~West~~ <sup>East</sup> line, respectively, of said Section 17.

(2) That the allowable assigned to said unit shall be based on the unit size of 320-acres and may be produced by the wells to which said unit is dedicated in any proportion.

(3) That the subject unit is hereby reclassified to non-marginal status effective 7:00 a.m., April 1, 1974 and the underproduction of said unit accruing since January 1, 1973, being 195, 212 MCF, is hereby reinstated as of the same date.

(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.