

CASE 5458: CONTINENTAL OIL CO.
for two non-standard gas proration
units & three unorthodox location
Lea County, New Mexico

CASE No.

5458

Application,
Transcripts,
Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 16, 1975

EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil Company for two non-standard gas proration units and three unorthodox locations, Lea County, New Mexico.

CASE NO. 5458

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 F. Carr, Esq.
Legal Counsel for the
Commission
State Land Office Building
Santa Fe, New Mexico 87501

For the Applicant:

W. Thomas Kellahin, Esq.
KELLAHIN & FOX
500 Don Gaspar
Santa Fe, New Mexico 87501

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I N D E X

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VICTOR T. LYON

Direct Examination by Mr. Kellahin
Cross Examination by Mr. Nutter

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E X H I B I T S

Applicant's Exhibits Nos. 1 and 2

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MR. NUTTER: Case 5458.

MR. CARR: Case 5458. Application of Continental Oil Company for two non-standard gas proration units and three unorthodox locations, Lea County, New Mexico.

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

(Witness sworn.)

VICTOR T. LYON

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

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

A I am Victor T. Lyon, Conservation Coordinator for Continental Oil Company, located in the Hobbs Division Office in Hobbs, New Mexico.

Q Mr. Lyon, have you previously testified before the Commission and had your qualifications as an expert witness accepted?

A Yes, I have.

Q Are you familiar with the Application of Continental

LYON-DIRECT

in this case?

A Yes, I am.

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

MR. NUTTER: Yes, they are.

BY MR. KELLAHIN:

Q Mr. Lyon, would you please refer to what has been marked as Applicant's Exhibit No. 1, identify it and state what Continental is seeking?

A Case No. 5458 is the Application of Continental Oil Company for the reallocation of acreage in the Eumont Gas Pool, resulting in the creation of two non-standard gas proration units on the Britt "B" Lease and for approval of unorthodox well locations and for approval of a joint allocation of acreage in one of the units to two wells located on that unit.

Exhibit No. 1 is a plat showing the area under discussion. The hatched area represents acreage which is owned by the New Mexico Federal Unit which is operated by Continental Oil Company. The area to the southeast within the heavy dashed lines is the southeast Monument Unit. The areas which are outlined in blue are existing gas-proration units on the Britt "B" Lease. The area

described as the southeast quarter, Section 10, and the southwest quarter, Section 11, is the Britt-Skaggs Com, and the wells to which this proration unit is allocated are circled in blue. The area described as the west half-east half, Section 15, is a gas-proration unit allocated to Britt "B" No. 8 which is circled in blue. The area described as the southwest of the northwest of Section 10 is the existing proration unit for Well No. 15 which is circled in red in Unit M of Section 10. The area described as the west half of Section 15 is presently allocated to Well No. 3 which is circled in red and shown in Unit L.

MR. NUTTER: That is a 320-acre unit?

THE WITNESS: It is a 320-acre unit, yes.

What we are proposing to do is shown by the areas outlined in red. We propose to -- well, first, let me say that we have drilled and completed Well No. 25 in Unit C at a location 660 feet from the north line, 1980 feet from the west line of Section 15 and completed it as a Eumont gas well. We propose to enlarge the unit for Well No. 15 to include that area outlined in red and described as the southwest quarter of Section 10, southwest of the northwest of 10 and the north half of the northwest of 15, allocated jointly to Wells Nos. 15 and 25. We would thereby reduce

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the proration unit to Well No. 3 so that it would include the southwest quarter and the south half of the northwest quarter of Section 15, and we would propose to allocate the larger unit, 280-acre unit, jointly to Wells 15 and 25 and would like to produce the allowable assigned to the unit between these two wells in any proportion.

BY MR. KELLAHIN:

Q Please refer to Exhibit 2 and identify it?

A Exhibit 2 is a tabulation comparing the proration and allowable for Britt "B" No. 3. The lefthand column shows the month, and the second column shows the allowable assigned for that month, and the third column shows production, and the fourth column shows the status, whether it is over or under-produced and the righthand column shows any appropriate remarks.

The tabulation covers the period beginning in January of 1974 and continuing through those months of 1975 which are available.

You will note that the well is in an over-produced status for each month except August of 1974, after the well had been shut in for some time and its production curtailed to get the well in balance. Also, the well, during recent months has been curtailed in order to achieve a balance.

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As of March 1st, the well was over-produced 36,765 MCF. I have marked on -- I guess I gave both of those exhibits that I have marked that on -- the production that has just been received for the month of March.

(Whereupon, a discussion was held off the record.)

A (Continuing) So that the status of the well as of April 1st is 15,098 MCF over-produced. It had been my request that we would allocate a proportionate share of this over-production to the unit for No. 15 and 25; however, I believe that with the reallocation that will take place as of April 1st, that the well will probably be under-produced as a net result of that, so, therefore, I don't think that there would be anything served by transferring that over-production.

Q Please refer to what has been marked as Exhibit 3 and identify that?

A Exhibit No. 3 is a similar comparison showing the allowable and production and status of Britt "B" No. 15. This tabulation begins January, 1973 and continues through the months of '75 which are available.

You will note that the wells started a balancing period January 1st of '73 and under-produced in the amount

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4749 MCF. During the succeeding balancing period which ended April 1st of '74, the well had made up under-productions so that it had, subject to cancellation, 867 MCF. The well under-produced during most of that period so that it entered the proration period beginning April 1st of '74 under-produced in the amount of 155,836 MCF. This included 35,079 MCF which was redistributed to it as of April 1st. The well has made up some of its under-production so that -- well, let me state, first, that the well was reclassified to a marginal status as of July 1st, and therefore, the months beginning with July of '74 are the allowables that would have been assigned to the well had it been non-marginal. The well actually was marginal during those months. If you will note, its status as of March 1st is almost identical to the status as of April 1st, so that it has produced its allowable during this 8-month period.

We request that this well have its allowable reinstated as it would have had had it stayed non-marginal during this period. We recognize that the allowable which would be lost due to balancing, cancellation, et cetera, is lost, which would be 128,717 MCF, but we would like the proration unit to be restored to non-marginal status and that this unproduced allowable be restored to the two

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wells. We feel confident that with the two wells producing that the allowable can be made up.

Q Were Exhibits 1, 2 and 3 either prepared by you directly or under your direction and supervision?

A Yes, they were.

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

A Yes, it will.

MR. KELLAHIN: If the Examiner please, we move the introduction of Exhibits 1, 2 and 3.

MR. NUTTER: Continental's Exhibits 1, 2 and 3 will be admitted in evidence.

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

MR. KELLAHIN: That concludes our direct examination.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Lyon, do you happen to know the Order numbers which approved the two existing proration units that are being affected by this hearing?

A I looked at the well file at the time I prepared the Application intending to put those orders in the Application and I didn't find it then. Yesterday, before I left Hobbs, I went to the files again and searched again, and I still cannot find those orders in the well file. I can make a further search if you would like me to, but I have been unable to find that information at this time.

Q Now, you are talking here about, first, on your Britt "B" No. 3, you say this well as of the end of March has an over-produced status of 15,098 MCF?

A Yes, sir.

Q And you are suggesting that we not take a fourth of that over-production which would be the amount of acreage that is being taken out of the unit. You are suggesting we not take a fourth of this over-production and assign it to the other proration unit status, because you feel that on redistribution, this well's over-production is going to be wiped out?

A Yes, sir, that is the way it appears to me. If the redistribution is even half as large as it was in 1974, or even less than that, the well will be in an under-produced status rather than over-produced.

(Whereupon, a discussion was held off the record.)

LYON-CROSS

A (Continuing) I would like to request that if the well is over-produced, that 25 percent of its over-production be transferred to the unit which is being enlarged, to the unit for No. 15 and 25.

Q Now, on this other unit, Mr. Lyon, the well was actually reclassified as marginal back in July, you say?

A Yes, sir.

Q And you are seeking now, in effect, to have this well reclassified back to non-marginal status?

A As I understand the Commission's policies when they changed their rules for the southeast New Mexico prorated pools, that this was the intent of the Commission that if the well was reclassified to marginal and thereafter showed that it was capable of non-marginal production, that it would be reclassified as non-marginal and that the allowable would be restored to the well.

Q Well, the provision is there in the rules that this can be done, but there is a time limit on doing this, Mr. Lyon.

A Well, I feel that this is reasonably timely, that the well was drilled approximately six months after the existing well was reclassified, and considering the difficulty of getting materials and drilling rigs and this

sort of thing, that it was reasonably timely.

Q But it is not within the call of the hearing and wasn't included in your Application for the hearing.

A Well, I thought the Commission had administrative authority to do that.

Q I don't think so. I don't think the Commission does, Mr. Lyon, for a retroactive reclassification. This is already April of 1975 and we would be going back 10 months and I think the limit is 15 days, so it would certainly require an exception to the rules and that would have to be after notice was given.

A Fifteen days from when?

Q From the time that the well was reclassified, you can notify the Commission that you think the well should not be classified the way it was and ask that it be reclassified back to its original status and the under-production restored.

A If the well -- let me theorize with you a little bit -- if the No. 3 well had -- excuse me -- No. 15 well had been stimulated so that it was capable of non-marginal production by itself after it had been reclassified to marginal, how far would the Commission back up?

Q That would have to be the subject of the hearing.

There is never any backing up on retroactive classification except after a hearing.

A Well, this is not my recollection of what was proposed at the hearing where they changed the pool rules.

Q Well, we could review those, but there is no point in doing it on the record here.

A I agree.

Q But I have some doubts as to whether we can do what you have requested here in this particular application, Mr. Lyon.

A Well, if there is authority under the call of the hearing and the Commission's administrative authority, we request that it be done, and then if not, then, it cannot be done.

MR. NUTTER: Thank you. Are there any further questions of Mr. Lyon? He may be excused.

(Witness dismissed.)

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

MR. KELLAHIN: No, sir.

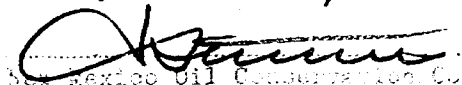
MR. NUTTER: Does anyone have anything they wish to offer in Case No. 5458? We will take the case under advisement, and the hearing is adjourned.

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 Examiner hearing of Case No. 5458 heard by me on 4/14, 1976.

 Examiner
New Mexico Oil Conservation Commission

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OIL CONSERVATION COMMISSION

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

I. R. TRUJILLO
CHAIRMAN

**LAND COMMISSIONER
PHIL R. LUCERO
MEMBER**

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

May 6, 1975

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

Re: CASE NO. 5458
ORDER NO. R-5008

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 _____

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. 5458
Order No. R-5008

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 16, 1975,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 6th day of May, 1975, 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 two non-standard gas proration units and three
unorthodox locations in Township 20 South, Range 37 East,
Eumont Gas Pool, Lea County, New Mexico, as follows:

A 240-acre unit comprising the SW/4 and S/2 NW/4
of Section 15 to be dedicated to applicant's
Britt "B" Well No. 3 at an unorthodox location
in Unit L of said Section 15; and

a 280-acre unit comprising the SW/4 NW/4 and SW/4
of Section 10 and the N/2 NW/4 of Section 15 to
be dedicated to applicant's Britt "B" Wells Nos.
15 and 25 located, respectively, at unorthodox
locations in Units M of Section 10 and C of
Section 15.

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Case No. 5458
Order No. R-5008

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

(4) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Eumont Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

(5) That the effective date of this order should be May 1, 1975.

IT IS THEREFORE ORDERED:

(1) That two non-standard gas proration units in the Eumont Gas Pool and three unorthodox locations in Township 20 South, Range 37 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, are hereby established and dedicated to the following wells:

A 240-acre unit comprising the SW/4 and S/2 NW/4 of Section 15 to be dedicated to the Continental Oil Company Britt "B" Well No. 3 at an unorthodox location in Unit L of said Section 15; and

a 280-acre unit comprising the SW/4 NW/4 and SW/4 of Section 10 and the N/2 NW/4 of Section 15 to be dedicated to the Continental Oil Company Britt "B" Wells Nos. 15 and 25 located, respectively, at unorthodox locations in Units M of Section 10 and C of Section 15.

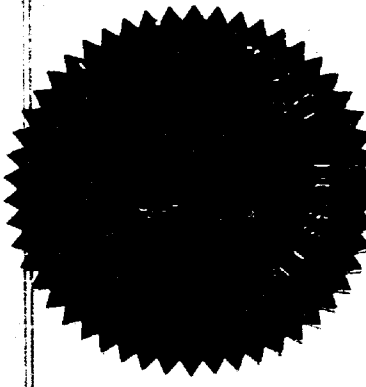
(2) That the effective date of this order shall be May 1, 1975.

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

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Case No. 5458
Order No. R-5008

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



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

Phil R. Lucero
PHIL R. LUCERO, Member

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

S E A L

dr/

Comparison - Production vs Allowable
Britt "B" No. 3 L-15-T20S-R37E

Month	Allow.	Prod.	Over-(Under)	Remarks
1974				
January	52,061	74,229	108,435	
February	48,676	57,439	117,198	
March	42,675	53,940	128,463	
April	36,962	9,847	45,222	Redist. 56,126
May	30,621	6,086	20,687	
June	18,315	18,874	21,246	
July	15,155	-0-	6,091	
August	15,126	-0-	(9,035)	
September	12,764	44,694	22,895	
October	12,725	44,631	54,801	
November	29,059	38,190	63,932	
December	30,420	23,804	57,316	
1975				
January	20,095	23,111	60,332	
February	40,307	16,740	36,765	
March	43,792	22,125	15,098 ✓	
April	39,670			Reduced to 240-acre
May				

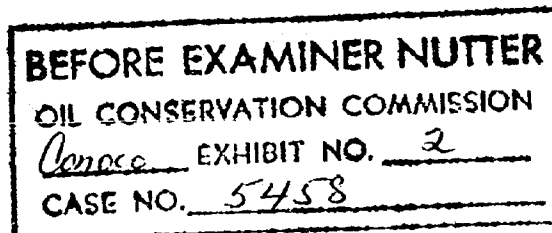


Exhibit No. 2
Case 5458

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Comparison - Production vs Allowable
Britt "B" No. 15 ~~X~~-10-T20S-R37E
M

<u>Month</u>	<u>Allow.</u>	<u>Prod.</u>	<u>Over-(Under)</u>	<u>Subj. to Cancellation</u>
1973				
January	24,895	17,948	(4,749)	4,749
February	24,419	16,386	(12,782)	4,749
March	26,486	17,732	(21,536)	4,749
April	19,293	16,701	(24,128)	4,749
May	20,528	15,583	(29,073)	4,749
June	18,190	16,186	(31,077)	4,749
July	15,413	16,375	(30,115)	3,787
August	15,843	16,527	(29,431)	3,103
September	13,406	15,642	(27,195)	867
October	16,511	15,930	(27,776)	867
November	35,600	15,280	(48,096)	867
December	36,976	15,760	(69,312)	867
1974				
January	32,538	15,543	(86,307)	867
February	30,423	13,925	(102,805)	867
March	26,672	15,514	(113,963)	867
April	23,101	15,440	(155,836)	Cancel 867
				Redist. 35,079
May	19,138	14,138	(160,836)	155,836
June	11,447	14,599	(157,684)	152,684
July*	9,472	14,830	(152,326)	147,326
August*	9,454	14,638	(147,142)	142,142
September*	7,978	14,120	(141,000)	136,000
October*	7,954	14,363	(134,591)	129,591
November*	18,163	13,725	(139,029)	129,591
December*	19,013	13,689	(144,353)	129,591
1975				
January*	12,560	13,434	(143,479)	128,717
February*	25,192	11,764	(156,907)	128,717
March*	27,370	13,575	(170,702)	
April*	24,794			
May**				

* Allowable for non-marginal well
** Change unit size to 280-acre

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
<i>Conoco</i>	EXHIBIT NO. <u>3</u>
CASE NO. <u>5458</u>	

Exhibit No. 3
Case 5458

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CASE 5457: Application of Texaco Inc., for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of East Weir-Blinebry, Monument-Tubb, and Skaggs-Drinkard production in the wellbore of its M. B. Weir "B" Well No. 10, located in Unit P of Section 12, Township 20 South, Range 37 East, Lea County, New Mexico.

CASE 5219: (Reopened)

In the matter of Case 5219 being reopened pursuant to the provisions of Order No. R-4784, which order established temporary special pool rules for the South Empire-Wolfcamp Pool, Eddy County, New Mexico, including a provision for 80-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing.

CASE 5458: Application of Continental Oil Co. for two non-standard gas proration units and three unorthodox locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the two following described non-standard gas proration units in Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico:

A 240-acre unit comprising the SW/4 and S/2 NW/4 of Section 15 to be dedicated to applicant's Britt "B" Well No. 3 at an unorthodox location in Unit L of said Section 15; and

A 280-acre unit comprising the SW/4 NW/4 and SW/4 of Section 10 and the N/2 NW/4 of Section 15 to be dedicated to applicant's Britt "B" Wells Nos. 15 and 25 located, respectively, at unorthodox locations in Units M of Section 10 and C of Section 15.

Dockets Nos. 10-75 and 11-75 are tentatively set for hearing on April 30, and May 14, 1975. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 16, 1975

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:

- ALLOWABLE: (1) Consideration of the allowable production of gas from seventeen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico, for May, 1975;
- (2) Consideration of the allowable production of gas from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for May, 1975.

CASE 5415: (Continued from the March 19, 1975, Examiner Hearing)

Application of Burk Royalty Co., for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Double L Queen Unit Area, comprising 2670 acres, more or less, of Federal, State, and fee lands in Townships 14 and 15 South, Ranges 29 and 30 East, Chaves County, New Mexico.

CASE 5454: Application of Burk Royalty Co. for a waterflood project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Double L-Queen Pool, Chaves County, New Mexico, by the injection of water into the Queen formation through 17 wells located in Sections 23, 24, 25, and 36, Township 14 South, Range 29 East; Section 31, Township 14 South, Range 30 East; Sections 1 and 12, Township 15 South, Range 29 East, and Sections 6, 7, and 18, Township 15 South, Range 30 East.

CASE 5455: Application of Roger C. Hanks for the amendment of Order No. R-4158, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4158, which, as amended, authorizes the disposal of produced salt water into the Devonian formation through 2 7/8-inch tubing set in a packer at approximately 10,000 feet via the perforated interval from 10,220 feet to 10,504 feet in his Monsanto Foster Well No. 1, located in Unit D of Section 5, Township 20 South, Range 25 East, Dagger Draw Area, Eddy County, New Mexico. Applicant proposes the amendment of said order to permit setting the packer at 6271 feet or in the alternative, to block squeeze said well from 4000 feet to 6500 feet and set said packer at approximately 4000 feet.

CASE 5456: Application of Southern Union Production Co. for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Shelby Federal Well No. 1, located in Unit H of Section 13, Township 22 South, Range 24 East, Eddy County, New Mexico, in such a manner as to produce undesignated Strawn and Atoka gas through the casing-tubing annulus and tubing, respectively.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF CONTINENTAL OIL COMPANY FOR
RE-ALLOCATION OF ACREAGE IN THE
EUMONT GAS POOL, ESTABLISHING A
240-ACRE UNIT FOR BRITT-"B" NO.
3 IN UNIT L OF SECTION 15 AND A
280-ACRE UNIT TO BE ALLOCATED JOINTLY
TO BRITT "B" NO. 15 IN UNIT M OF
SECTION 10 AND BRITT "B" NO. ~~24~~ 25
AT AN UNORTHODOX LOCATION IN
UNIT C OF SECTION 15, TOWNSHIP
20 SOUTH, RANGE 37 EAST, LEA
COUNTY, NEW MEXICO

A P P L I C A T I O N

Applicant, Continental Oil Company, respectfully requests the re-allocation of acreage in the Eumont Gas Pool resulting in the creation of two non-standard gas proration units: A 240-acre unit consisting of SW/4 and S/2 NW/4 Section 15, to be allocated to Britt "B" No. 3 located in Unit L of Section 15; and a 280-acre unit consisting of SW/4 NW/4, and SW/4 Section 10, and N/2 NW/4 Section 15, to be jointly allocated to Britt "B" No. 15 in Unit M of Section 10 and to Britt "B" No. 25 at an unorthodox location in Unit C of Section 15, all in T-20S, R-37E and in support thereof would show:

1. Applicant is operator and co-owner of the Britt "B" Lease consisting of, in addition to other lands, SW/4 NW/4, and SW/4 Section 10 and W/2 Section 15, T-20S, R-37E, Lea County, New Mexico.
2. Applicant has heretofore drilled oil and gas wells on said lease including Britt "B" No. 3 located in Unit L of Section 15 and Britt "B" No. 15 located in Unit M of said Section 10, which are Eumont gas wells.
3. Said Well No. 3 presently has a 320-acre unit consisting of W/2 said Section 15; said Well No. 15 currently has assigned to it a 200-acre unit consisting of SW/4 and SW/4 NW/4 said Section 10.
4. Said Well No. 15 is a marginal well, whereas Well No. 3 is non-marginal.
5. Applicant has drilled and completed in the Eumont Gas Pool, its Britt "B" Well No. 25 at a location 660' FNL and 1980' FWL of said Section 15.
6. Applicant desires to re-allocate acreage among the three wells so as to enable the wells to produce the allowable assigned to the lease and therefore proposes to re-allocate the acreage by reducing the unit assigned to No. 3 to 240-acres consisting of SW/4 and S/2 NW/4 Section 15, and enlarging the second proration unit to consist of SW/4 NW/4 and SW/4 Section 10 and N/2 NW/4 Section 15 to be assigned jointly to Wells Nos. 15 and 25.

DOCKET MAILED

Date _____

7. Granting of this application will result in the prevention of waste
and will not impair correlative rights.

WHEREFORE, application respectfully requests that this matter be set for
hearing before the Commission's duly appointed Examiner and upon hearing
an order be entered authorizing the re-allocation of acreage and non-standard
location as described above.

Respectfully Submitted,

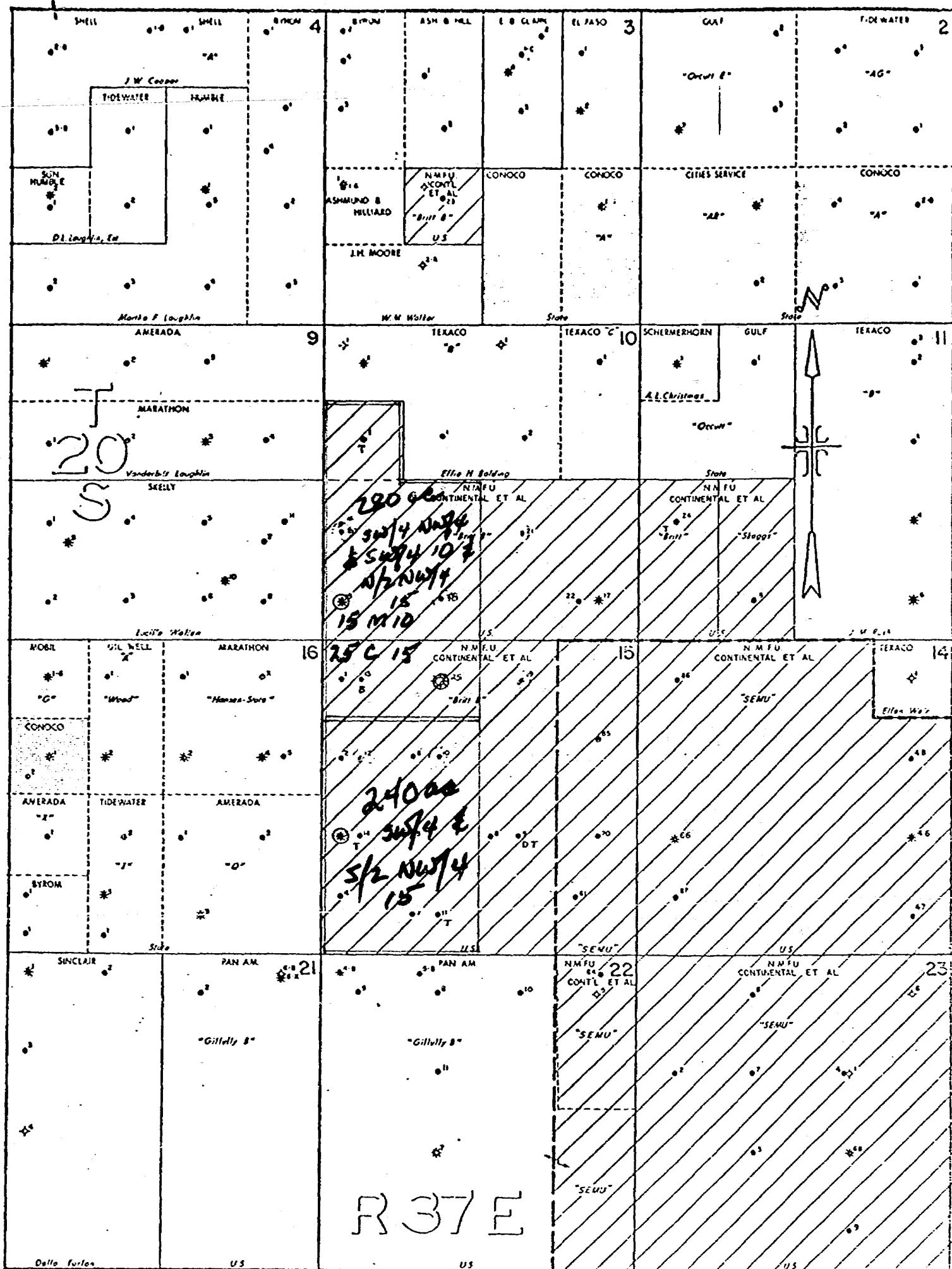
CONTINENTAL OIL COMPANY



L. P. Thompson
Division Manager
Production

reh

Case 5458



CONTINENTAL OIL COMPANY
PRODUCTION DEPARTMENT
HOBBS DIVISION

LEA COUNTY, NEW MEXICO
SCALE: 1"=2000'

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

Case 5458

IN THE MATTER OF THE APPLICATION
OF CONTINENTAL OIL COMPANY FOR
APPROVAL OF UNORTHODOX LOCATION
FOR ITS STATE J-2 WELL NO. 14 AND
FOR JOINT ALLOCATION OF A 480-ACRE
NON-STANDARD GAS PRORATION UNIT IN
THE EUMONT POOL TO WELLS NOS. 9 AND
14, LOCATED IN UNITS "G" AND "D",
RESPECTIVELY, IN SECTION 2, TOWNSHIP
22 SOUTH, RANGE 36 EAST, LEA COUNTY,
NEW MEXICO

A P P L I C A T I O N

Applicant, Continental Oil Company, respectfully requests approval of an unorthodox location for its State J-2 Well No. 14 in Unit "D" of Section 2, T-22S, R-36E and for authority to jointly allocate the existing 480-acre non-standard gas proration unit in the Eumont Gas Pool, to said Well No. 14 and to Well No. 9 located in Unit "G" of said Section 2, and in support thereof would show:

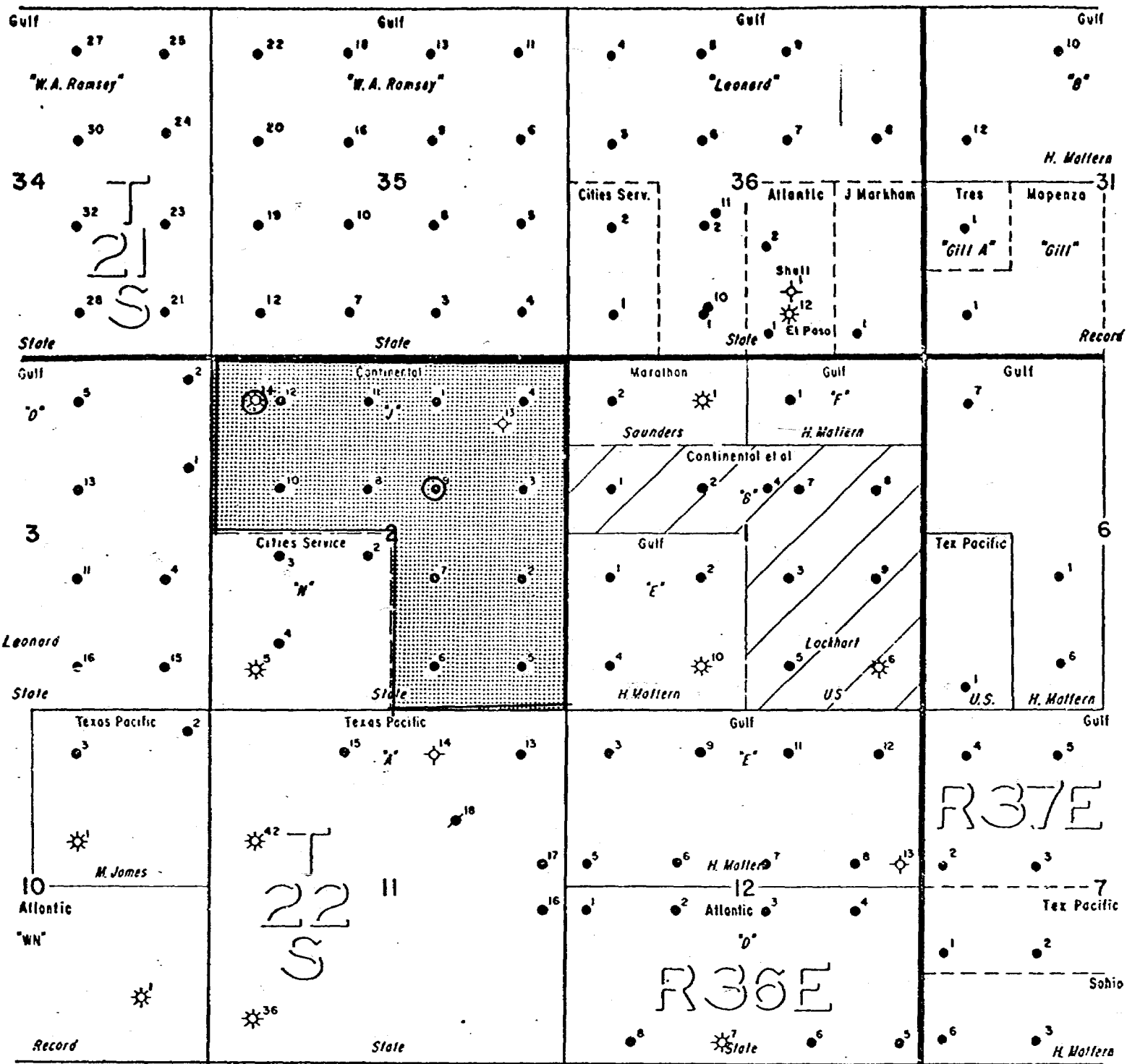
1. Applicant is owner and operator of the State J-2 Lease consisting of N/2 and SE/4 Section 2, T-22S, R-36E, Lea County, New Mexico.
2. Applicant has heretofore drilled oil and gas wells on said lease including No. 9, dually completed in the Arrowhead oil and Eumont gas pools in Unit "G" of said Section 2.
3. Administrative Order NSP-342 approved a 480-acre non-standard gas proration unit for said Well No. 9.
4. Said unit has been classified as a marginal unit and additional producing capacity is needed to protect applicant's correlative rights.
5. Applicant has drilled and completed its Well No. 14, at a location 660' FNL and 660' FWL of said Section 2, as a gas well in the Eumont Gas Pool.
6. Applicant proposes to allocate said 480-acre unit jointly to Wells Nos. 9 and 14, and requests authority to produce the allowable between the two wells in any proportion.
7. The granting of this application will prevent waste and protect correlative rights.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing before the Commission's duly appointed Examiner and, upon hearing, an order be entered approving an unorthodox location and joint allocation of acreage as described above.

Respectfully submitted,

CONTINENTAL OIL COMPANY

L. P. Thompson



CONTINENTAL OIL COMPANY	
PRODUCTION DEPARTMENT—HOBBS DIVISION	
LEA COUNTY, NEW MEXICO	
<p>SCALE</p> <p>0 1000 2000</p>	

DRAFT

dr/

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. 5458

Order No. R-5008

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 16, 1975
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter

NOW, on this May day of April, 1975, 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 two non-standard gas proration units and three
unorthodox locations in Township 20 South, Range 37 East,
Eumont Gas Pool, Lea County, New Mexico, as follows:

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Case No. 5458
Order No. R-

A 240-acre unit comprising the SW/4 and S/2 NW/4 of Section 15 to be dedicated to applicant's Britt "B" Well No. 3 at an unorthodox location in Unit L of said Section 15; and

a 280-acre unit comprising the SW/4 NW/4 and SW/4 of Section 10 and the N/2 NW/4 of Section 15 to be dedicated to applicant's Britt "B" Wells Nos. 15 and 25 located, respectively, at unorthodox locations in Units M of Section 10 and C of Section 15.

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

(4) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Eumont Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That two non-standard gas proration units in the Eumont Gas Pool and three unorthodox locations in Township 20 South, ^{NW1/4, Eumont Gas Pool, Lea County, New Mexico,} Range 37 East, are hereby established and dedicated to the following wells:

~~That the applicant's Britt "B" Well No. 3 at an unorthodox location in Unit L of said Section 15, and the applicant's Britt "B" Wells Nos. 15 and 25 located at unorthodox locations in Units M of Section 10 and C of Section 15, respectively, are hereby established and dedicated to the following wells:~~
~~That the applicant's Britt "B" Well No. 3 at an unorthodox location in Unit L of said Section 15, and the applicant's Britt "B" Wells Nos. 15 and 25 located at unorthodox locations in Units M of Section 10 and C of Section 15, respectively, are hereby established and dedicated to the following wells:~~
~~That the applicant's Britt "B" Well No. 3 at an unorthodox location in Unit L of said Section 15, and the applicant's Britt "B" Wells Nos. 15 and 25 located at unorthodox locations in Units M of Section 10 and C of Section 15, respectively, are hereby established and dedicated to the following wells:~~
(5) That the effective date of this order should be ^{may} April 1, 1976.

A 240-acre unit comprising the SW/4 and S/2 NW/4
of Section 15 to be dedicated to ~~applicant's~~ *the Continental Oil Company*

Britt "B" Well No. 3 at an unorthodox location in
Unit L of said Section 15; and

a 280-acre unit comprising the SW/4 NW/4 and SW/4
of Section 10 and the N/2 NW/4 of Section 15 to
be dedicated to ~~applicant's~~ *the Continental Oil Company* Britt "B" Wells Nos.
15 and 25 located, respectively, at unorthodox
locations in Units M of Section 10 and C of
Section 15.

(3) 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.

(2) That the effective date of this order shall be
May 1, 1975.

~~(2) That one fourth of the aforesaid Britt "B" Well
No. 3's acreage is hereby transferred to
the 240-acre non-sharable gas production comprising
the SW/4 NW/4 and S/2 of Section 10 and the N/2 NW/4
of Section 15.~~