

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

BEFORE THE OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

CASE NO. 2391

IN THE MATTER OF: Application of Continental Oil Company
for a 320-acre non-standard gas proration
unit, Lea County, New Mexico.

TRANSCRIPT OF HEARING

OCTOBER 4, 1961



BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 4, 1961

EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil Company
for a 320-acre non-standard gas proration
unit, Lea County, New Mexico. Applicant
in the above-styled cause seeks the estab-
lishment of a 320-acre non-standard gas
proration unit in the Jalmat Gas Pool,
comprising the S $\frac{1}{2}$ of Section 25, Township
23 South, Ranch 36 East, Lea County, New
Mexico, said unit to be dedicated to the
Lynn B-25 Well No. 2, located 990 feet from
the south and west lines of said Section 25.)

CASE NO.
2391

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

EXAMINER UTZ: We call Case No. 2391

MR. MORRIS: Application of Continental Oil Company
for a 320-acre non-standard gas proration unit, Lea County, New
Mexico.

MR. KELLAHIN: May the record show the same appear-
ances as in the previous case and let the record show the wit-
ness has been sworn in the previous case.

EXAMINER UTZ: Yes, the record will show that.

VICTOR T. LYON,

called as a witness, having been first duly sworn on oath, was

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PHONE 325-1112

ALBUQUERQUE, N. M.
PHONE 243-6621



examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Mr. Lyon, you are the same Mr. Lyon who testified in Case No. 2390?

A Yes, I am.

Q Are you familiar with the Application of Continental Oil Company in Case No. 2391?

A Yes, I am.

Q Would you state what's proposed in this Application?

A Yes, in Case No. 2391, the application of Continental Oil Company is for the enlargement to 320 acres of the presently approved 160-acre unit for its 11-B 25 Well No. 2 located in Section 25, Township 23 South, Range 36 East.

Q Do you have a plat showing the location and ownership of the acreage involved here?

A Yes, sir. Exhibit No. 1 is a location - ownership plat showing 11-B 25 lease well producing thereon and the off-setting leases and wells producing on those leases.

The lease consists as shown outlined in red of the S $\frac{1}{2}$ of Section 25, Township 23 South, Range 36 East. The No. 2 well which this acreage is proposed to be allocated is circled in red. The Jalmat wells producing in this area are shown circled in green and the acreage allocated to them is shown outlined in green.



There may be a mistake on the unit in Section 26. If it is shown on your copy as one unit, it is incorrect.

The N $\frac{1}{2}$ of Section 26 is allocated to Well No. 3, the S $\frac{1}{2}$ to Well No. 1. Otherwise, I believe it is correct.

Q The exhibit also shows the present proration units in the area?

A Yes.

Q Referring to Exhibit 2, would you identify and discuss the information on that exhibit?

A Exhibit No. 2 is a structure plat showing the configurations of the structure contoured on top of the Yates formation in the area of 11-B 25 Lease. The proposed proration unit is outlined in red consisting of the S $\frac{1}{2}$ of Section 25, and the proposed unit well is shown circled in red.

Q On the basis of the structure plat and the information obtained in surrounding wells, in your opinion is all of the acreage you propose to dedicate productive of gas from the Yates formation?

A Yes, sir. The acreage which we propose to add is currently allocated to Well No. 1 and the unit as shown on Exhibit No. 1 is completely surrounded by acreage which is allocated to the Jalmat gas wells.

Q Do you have deliverability tests on Well No. 2?

A Yes, sir. Exhibit No. 3 is a photostatic copy of the form C 122C showing the deliverability test conducted during



the period of April 28 thru May 5, 1961 on this well. It shows the deliverability as 80% of a shut-in pressure, 4,725 MCF per day.

Q Do you know what the deliverability is on the No. 1 Well?

A The No. 1?

Q Yes, sir.

A Let's see. Yes, sir; it is 480 MCF per day.

Q Do you know the current status of these two wells on proration schedules?

A I am sorry, I have not familiarized myself with that.

Q On the basis of the deliverability tests will the 11-B 25 Well No. 2 be capable of making its allowable for the figures 320-acre unit?

A Yes, sir.

Q Is the unit normal in all respects with the exception of the well location?

A Yes, it is.

Q And that is the reason for this Application?

A That is correct.

Q In your opinion will a well so located impair the correlative rights of the offset operators?

A No, sir; I believe not. The normal location for such a unit would be 980 feet from the well and the acreage to the West is owned by Continental Oil Company and is actually a part



of the same basic lease.

Q Is the ownership of the proposed unit common throughout?

A Yes, it is.

Q In your opinion, would reallocation of this acreage to the No. 2 Well be in the interest of protecting correlative rights of the ownership under this lease?

A Yes, sir, I believe it would.

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

A They were.

MR. KELLAHIN: We offer in evidence Exhibits 1, 2, and 3 in Case No. 2391.

EXAMINER UTZ: Without objection Applicant's Exhibits 1, 2, and 3 will be entered into the record of this case.

MR. KELLAHIN: That's all I have.

CROSS EXAMINATION

BY MR. UTZ:

Q Would you say that the figure 28,000,400 under production in the No. 2 Well was due to curtailment from El Paso as in the previous case?

A Yes, sir. I feel certain that it is. It has demonstrated its ability to produce large volume of gas.

Q Do you understand that the status of the unit being added to No. 2 Well will go into unit status?

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON N. M.
PHONE 325 1182

ALBUQUERQUE N. M.
PHONE 243 6691



