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PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

IN THE MATTER OF:

Application of Continental Oil Company  
for a 240-acre non-standard gas pro-  
duction unit, Lea County, New Mexico.

CASE NO. 2392 & 2393

TRANSCRIPT OF HEARING

October 4, 1967



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 240-acre non-standard gas proration  
 unit, Lea County, New Mexico. Applicant,  
 in the above-styled cause, seeks the estab-  
 lishment of a 240-acre non-standard gas pro-  
 ration unit in the Jalmat Gas Pool, comprising  
 the NW $\frac{1}{4}$  and W $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 23, Township 22  
 South, Range 36 East, Lea County, New Mexico,  
 said unit to be dedicated to the Meyer B-23 W 11  
 No. 3, located 1980 feet from the North line and  
 660 feet from the West line of said Section 23.

CASE NO.  
2392

Application of Continental Oil Company for  
 a 240-acre non-standard gas proration unit,  
 Lea County, New Mexico. Applicant, in the  
 above-styled cause, seeks the establishment  
 of a 240-acre non-standard gas proration unit  
 in the Jalmat Gas Pool, comprising the SE $\frac{1}{4}$  and  
 E $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 23, Township 22 South, Range  
 36 East, Lea County, New Mexico, said unit to  
 be dedicated to the Meyer B-23 Well No. 2,  
 located 990 feet from the South line and 1650  
 feet from the East line of said Section 23.

CASE NO.  
2393

BEFORE: Mr. Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case No. 2392.

MR. MORRIS: Application of Continental Oil Company  
 for a 240-acre non-standard gas proration unit, Lea County,  
 New Mexico

MR. KELLAHIN: Could we have that consolidated with

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Case No. 2393?

EXAMINER UTZ: As to the testimony?

MR. KELLAHIN: Yes, it involves the same basic lease and the same information.

EXAMINER UTZ: Cases Nos. 2392 and 2393 will be consolidated for the purposes of testimony.

MR. KELLAHIN: May the record show the same appearances as in the previous cases and the witness has been sworn in the preceding case.

EXAMINER UTZ: The record will show that.

VICTOR T. LYON,

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Mr. Lyon, you are the same Mr. Lyon that testified in the preceding case?

A I am.

Q Are you familiar with the Application of Continental Oil Company in Cases Nos. 2392 and 2393?

A Yes, sir.

Q Would you state what is proposed in these applications?

A In Case 2392 and 93 it is proposed to enlarge to 240 acres the presently approved proration unit for the Meyer B-23 No. 2 and No. 3 Wells located in Section 23, Township 22

South, Range 36 East.

Q Well, have you an exhibit prepared showing the location of these units?

A Yes, sir. Exhibit 1 is an ownership plat showing the Meyer B-23 lease and the immediate surrounding areas showing the wells that are drilled on the Meyer B-23 lease and the wells drilled on the offsetting leases. The Meyer B-23 lease consists of 480 acres described as the  $N\frac{1}{2}$  and  $SE\frac{1}{4}$  of Section 23, Township 22 South, Range 36 East. As shown on Exhibit 1, we propose to divide this acreage equally between wells No. 3 and No. 2. The unit for No. 3 will consist of the  $NW\frac{1}{4}$  and  $W\frac{1}{2}NE\frac{1}{4}$  of Section 23; and the unit for No. 2 will consist of the  $SE\frac{1}{4}$   $E\frac{1}{2}NE\frac{1}{4}$  of that section. Wells No. 2 and No. 3 are shown circled in red. The proposed units are shown outlined in red. Also shown circled in green are the Jalmat Wells producing in this area and the acreage allocated to those wells outlined in green.

Q What is the present acreage allocated to the Meyer No. 2 well?

A The Meyer B-23 No. 2 presently has assigned to it the  $SE\frac{1}{4}$ , Section 23, which is 160 acres.

Q You would then be adding 80 acres to that?

A Yes.

Q What does the allocation presently assigned to the Meyer B-23 No. 3 well?

A No. 3 presently has 60 acres consisting of the  $S\frac{1}{2}N\frac{1}{2}$



of Section 23.

Q Where is the balance of the acreage in the section allocated at the present time?

A The balance of the acreage, 160 acres, is assigned to Well No. 1 and it consists of the  $N\frac{1}{2}N\frac{1}{2}$  of Section 23. We propose to shut-in Well No. 1 when this acreage is re-allocated.

Q Referring to what has been marked Exhibit No. 2, would you discuss the information shown on that exhibit?

A Exhibit No. 2 is a structure map contoured on top of the Yates showing the structural configurations in this area. The units which are proposed to be allocated to Well No. 2 and 3 are shown outlined in red and those two wells are shown circled in red.

Q Does the exhibit indicate that the Yates formation is present throughout the proposed unit?

A Yes, I believe it does.

Q In your opinion, is all of the acreage you propose to dedicate to each of these wells productive of gas?

A Yes, sir. All of this acreage as previously described to the three gas wells located on the lease. This is merely a reallocation of this acreage.

Q Your proposed units are substantially surrounded by production in the same formation, is that correct?

A Yes, sir.



Q Have you any exhibits showing the deliverability tests on the Meyer B-23 No. 2 well?

A Yes, sir. Exhibit No. 3 is a photostatic copy of the Form C-122C showing the deliverability test conducted in February of this year on the Meyer B-23 No. 2, the well demonstrated a deliverability of 80%, 4,571 MCF per day.

Q Do you have the same information on the Meyer B-23 No. 3 well?

A Yes, sir. Exhibit No. 4 is a photostatic copy of form C-122-C showing the results of the deliverability test conducted on the Meyer B-23 No. 3 on April 1 to April 28 of this year. This exhibit shows that the well demonstrated a deliverability of 80% of shut-in pressure or 4,492 MCF per day.

Q On the basis of that information, would each of these wells be capable of making the production allocated to the 240 acre unit?

A Yes, I am sure they would.

Q Do you know the results of the deliverability test from the Meyer B-No. 2, the No. 1 well?

A Yes. The result of the test conducted this year showed a deliverability of 1197 MCF per day.

Q Do you know the current status of the well involved here?

A I am sorry, I do not.

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Q Mr. Lyon, these applications are being heard here today on account of well locations?

A Yes, sir.

Q Would the wells, so located as they are in this instance with the allocation of 240 acres to each, in your opinion impair the correlative rights of the offset operators?

A I do not believe that correlative rights would be impaired by this reallocation.

Q The reallocation of these units would serve to protect the rights of the owners under the leases involved?

A Yes, I believe so.

Q Is the ownership common throughout on the Meyer B-23 lease?

A Yes, it is.

Q Including the royalty ownership?

A Correct.

Q Were Exhibits 1 thru 4 prepared by you or under your supervision?

A Yes, sir, they were.

MR. KELLAHIN: We offer in evidence applicant's Exhibits 1 thru 4 in Cases Nos. 2392 and 2393.

EXAMINER UTZ: Without objection, Exhibits 1 thru 4 in Cases Nos. 2392 and 2393 will be entered into the record of this case.

MR. KELLAHIN: That's all I have.

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CROSS EXAMINATIONBY MR. UTZ:

Q Mr. Lyon, the underproducing status of the No. 3 and No. 2 wells you think is caused from El Paso?

A I am certain that's true.

Q And again, in No. 1 well which is something like 26,000,000 overproduced because of low deliverability?

A Yes, sir.

EXAMINER UTZ: Are there any other questions of the witness?

RE CROSS EXAMINATIONBY MR. MORRIS:

Q Mr. Lyon, did you state that you believed all of the acreage being dedicated is productive of gas?

A I believe it is.

Q I see an absence of wells in the SE $\frac{1}{4}$  of Section 14 or in the NW $\frac{1}{4}$  of Section 24, which would lead me to wonder whether the NE $\frac{1}{4}$  of Section 23 we have under discussion might be very productive.

A Until wells are drilled, the degree of productivity is still in question. Structurally, there is no reason why it should not be productive. The Ohio, I believe that's McDonald's No. 21 in Section 24, appears to have the N $\frac{1}{2}$  of that section allocated to it and there is no reason to believe that the intervening acreage is not productive.



Q As you say, this is a reallocation of acreage that has been dedicated?

A That is correct.

MR. MORRIS: Thank you.

EXAMINER UTZ. Are there any other questions of the witness?

The witness may be excused and the case will be taken under advisement.

The Hearing is adjourned.

(Testimony concluded at 4:00 p.m.)

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