

CASE 4196: Appli. of CONTINENTAL  
FOR A NON-STANDARD GAS PRORATION  
UNIT, LEA COUNTY, NEW MEXICO.

Case Number.

4196

---

Application

Transcripts.

Small Exhibits

ETC.



dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
August 27, 1969

IN THE MATTER OF:

Application of Continental Oil  
Company for a non-standard gas  
proration unit, Lea County,  
New Mexico.

Case No. 4196

BEFORE: ELVIS A. UTZ,  
Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 4196.

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

MR. KELLAHIN: If the Examiner please, Jason Kellahin appearing for the Applicant. We have one witness I would like to have sworn.

(Witness sworn.)

(Whereupon, Applicant's Exhibit No. 1 marked for identification.)

\* \* \* \* \*

R I C H A R D D. T U R N E R, a witness, called by the Applicant, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A Richard D. Turner.

Q By whom are you employed and in what position, Mr. Turner?

A I am an Associate Engineer for Continental Oil Company in the Hobbs Division.

Q Have you ever testified before the Oil Conservation Commission, or its Examiners?

A No, sir, I haven't.

Q For the benefit of the Examiner, would you briefly outline your education and experience as an engineer?

A In January, 1969, I graduated from Marietta College, Marietta, Oklahoma, with a B. S. in Petroleum Science and since then I have been employed in the Hobbs Division in the Production Department.

Q Have you been working in the area which is involved in the application in Case 4196?

A Yes, I have.

MR. KELLAHIN: Are the witness's qualifications acceptable?

MR. UTZ: Yes, sir, they are.

Q (By Mr. Kellahin) Are you familiar with the application of Continental Oil Company in this case?

A Yes, sir. Case 4196 is the application of Continental Oil for an approval of a 360-acre non-standard gas proration unit in the Jalmat Gas Pool to be assigned jointly to its Stevens "B" Nos. 15 and 16 located in Section 18, Township 23 South, Range 37 East, Lea County, New Mexico.

Q Now, referring to what has been marked as the Applicant's Exhibit No. 1, would you identify that exhibit?

A Exhibit No. 1 is the location plat showing that portion of the Stevens "B" Lease lying in Section 18, Township 23 South, Range 37 East, the wells located thereon and the leases and wells in the immediately surrounding area. As shown by the red outline, the Stevens "B" Lease lying in Section 18 consists of the west half and the northwest quarter of the northeast quarter of Section 18. This lease is shown outlined in red. Additional tracts in this same basic area are found in Section 7 immediately to the north and in Section 12, Township 23 South, Range 36 East. These tracts are shown by the crosshatch pattern. Existing Jalmat gas proration units are shown outlined in blue and the wells to which they are assigned are circled in blue. You will note that there are two existing non-standard gas proration units involving the Stevens "B" Lease in Section 18. One is a 320-acre unit consisting of the west half of Section 18 which is presently assigned to Well 16, located in Unit K of that section. The other is a 160-acre unit assigned to the Stevens B 18 Comm Well No. 1 located in Unit B and consisting of the northeast quarter of Section 18.

Q What is the present status of that well?

A This well is presently shut in, I believe. It's underproduced and is a marginal well and is not abandoned

and is showing a loss.

Q What is the ownership of the non-standard unit assigned to the Stevens B 18 Comm Well No. 1?

A This unit is a result of a communitization agreement between the members of the New Mexico Federal Unit (Continental Oil Company, Chevron Oil Company, Atlantic Richfield Company and Pan American Petroleum Corporation) who owns the northwest of the northeast quarter; Amerada who owns the southeast quarter of the northeast quarter; and Samedan who owns the other two 40-acre tracts within the quarter section.

Q What disposition is being made of this communitization agreement?

A This well has declined in productivity until it is no longer profitable to operate. As a result of this, the communitization agreement is in the process of being terminated and the well will be plugged and abandoned in the very near future.

Q Will you please review the history of the gas allocation in the west half of Section 18?

A When gas proration began in 1954, Wells Nos. 15 and 16 each were assigned a quarter section in conformance with the then existing Jalmat (or Langmat) gas pool rules.

During the period of time when deliverability was a factor in the Jalmat proration formula, Well No. 15 was shut in and the entire 320 acres was assigned to Well No. 16 in order to maximize the deliverability factor. Since that time the gas pressures in the Jalmat gas pool have continually declined and it has been necessary for El Paso Natural Gas Company, the purchaser, to adjust their gathering system, placing wells in successively lower pressure line. Well No. 16 has declined in pressure to the point that it is near the pressure of the line into which it is producing and this situation is currently being changed so that the well should be better able to produce its allowable. Because of the amount of time required to make these changes and as a matter of insurance to make sure that the non-standard unit allowable is produced, we would like to allocate the entire 360 acres to both wells on a joint basis so that the allowable may be produced by either or both of them in any proportion.

Q Why are you adding the northwest of the northeast quarter of Section 18 which was formerly in a communitized agreement with the 320-acre unit presently assigned to Well No. 16?

A This 40-acre tract is part of the same basic lease as the west half of Section 18 and will no longer



have a well to produce the allowable which would be assigned to it. It seems quite logical, therefore, since the communitization agreement is being terminated, to include this 40-acre tract in the unit assigned to the other wells on this same lease.

Q In your opinion, is this northwest quarter of the northeast quarter gas productive?

A Yes, it is obviously gas productive since it has been producing for 15 years of gas proration and for several years prior to that. It is still considered gas productive despite the fact that the well which is located on the acreage has declined to non-commercial rates of production.

Q Will the granting of this application, in your opinion, prevent waste?

A Yes, sir, in my opinion, the granting of this application will prevent waste in that the gas which is recoverable under the lease will be produced.

Q Will there be any impairment of any rights of the operator or any individual?

A In my opinion, there will be no impairment of correlative rights by the granting of this application.

Q Was Exhibit 1 prepared by you or under your

supervision?

A Yes, sir, it was.

MR. KELLAHIN: At this time, I would like to offer in evidence Exhibit No. 1.

MR. UTZ: Without objection, Exhibit 1 will be entered into this record.

(Whereupon, Applicant's Exhibit No. 1 offered and admitted in evidence.)

MR. KELLAHIN: That's all I have on Direct Examination, Mr. Utz.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Turner, how was the dedication on the west half of Section 18 previously, just the 320?

A Yes, sir, the entire west half of the section.

Q And to which well was it dedicated?

A To No. 16, the southernmost well.

Q Is the No. 1 well in the northwest of the northeast quarter disconnected from the pipeline now?

A Sir, I'm not sure, although like we have said, it has declined in productivity and is uneconomical to operate.

Q Will you disconnect it?

A Yes, sir, it will be disconnected, plugged and

abandoned.

Q And you plan to do this pretty soon?

A Yes, sir.

MR. UTZ: Are there any other questions? The witness may be excused.

(Witness excused.)

MR. UTZ: Any statements? The case will be taken under advisement.

STATE OF NEW MEXICO )  
 ) ss  
COUNTY OF BERNALILLO )

I, ADA DEARNLEY, Court Reporter 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 and that the same is a true and correct record to the best of my knowledge, skill and ability.

Witness my hand this 17th day of September, 1969.

I do hereby certify that the foregoing is a complete record of the proceedings of Ada Dearnley the Examiner hearing of Case No. 44-196 heard by me on 8-27-1969.

*[Signature]*  
Examiner  
New Mexico Oil Conservation Commission

I N D E X

<u>WITNESS</u>		<u>PAGE</u>
<u>RICHARD D. TURNER</u>		
Direct Examination by Mr. Kellahin		2
Cross Examination by Mr. Utz		8
 <u>EXHIBITS</u>	 <u>MARKED</u>	 <u>OFFERED AND ADMITTED</u>
Applicant's Exhibit No. 1	2	8



## OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87501

GOVERNOR  
DAVID F. CARGO  
CHAIRMAN

LAND COMMISSIONER  
ALEX J. ARMIJO  
MEMBER

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

September 8, 1969

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

Re: Case No. 4196 ~~4197~~  
Order No. R-3052 ~~R-3756-A~~  
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 R-3756-A

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. 4196  
Order No. R-3832

APPLICATION OF CONTINENTAL OIL COMPANY  
FOR A NON-STANDARD GAS PRORATION UNIT,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 27, 1969,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 8th day of September, 1969, 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, is the  
co-owner and operator of the Stevens "B" Lease, which, in addi-  
tion to other lands, consists of the W/2 and NW/4 NE/4 of Section  
18, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant has heretofore drilled and completed  
in the Jalmat Gas Pool on the aforesaid acreage its Stevens "B-18"  
Well No. 1, its Stevens "B" Well No. 15, and its Stevens "B" Well  
No. 16, located in Units B, F, and K, respectively, of said Sec-  
tion 18, and the aforesaid acreage, at various times, has been  
dedicated to said wells in various proportions.

(4) That the applicant now seeks the consolidation of the  
presently existing non-standard gas proration units into one

-2-

CASE No. 4196  
Order No. R-3832

360-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the W/2 and NW/4 NE/4 of said Section 18, to be simultaneously dedicated to the aforesaid Stevens "B" Wells Nos. 15 and 16.

(5) That the applicant further seeks authority to produce the allowable assigned to the unit from either of the aforesaid wells in any proportion.

(6) That the proposed non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid Stevens "B" Wells Nos. 15 and 16.

(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, will prevent the economic loss caused by the drilling of unnecessary wells, will avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

(8) That Administrative Order NSP-566 which created a 320-acre non-standard unit comprising the W/2 of the aforesaid Section 18 should be superseded, and the 160-acre non-standard unit comprising the NE/4 of said Section 18 should be abolished.

IT IS THEREFORE ORDERED:

(1) That, effective September 1, 1969, a 360-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the W/2 and NW/4 NE/4 of Section 18, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico, is hereby established and simultaneously dedicated to the Continental Oil Company Stevens "B" Wells Nos. 15 and 16, located in Units F and K, respectively, of said Section 18.

(2) That the allowable assigned to the above-described non-standard gas proration unit shall be based upon the unit size of 360 acres; that the operator may produce the allowable assigned to the unit from the subject wells in any proportion; and that the status of said consolidated unit shall be the combined status, as of September 1, 1969, of the units being consolidated.

-3-

CASE No. 4196

Order No. R-3832

(3) That Administrative Order NSP-566 which created the 320-acre non-standard unit comprising the W/2 of the aforesaid Section 18 is hereby superseded, and the 160-acre non-standard unit comprising the NE/4 of said Section 18 is hereby abolished.

(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

  
DAVID F. CARGO, Chairman

  
ALEX J. ARMILLO, Member

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



ccr/



Case 4196

Heard 8-27-69

Res. 9-2-69

Grant Cont. <sup>360 Ac</sup> on a US P for  
its ~~Stem~~ #15 located in  
unit F. + ~~Stem~~ #16 in unit  
K of sec. 18 235-37E.

Thos. H. [Signature]

CASE 4194 - Continued from Page 1 -

seeks authority to inject gas through two additional wells located in Unit L of Section 34, Township 17 South, Range 35 East and Unit B of Section 4, Township 18 South, Range 35 East and to expand said project area to include the SE/4 NE/4 of Section 33 and the NW/4, N/2 SE/4, and SW/4 SE/4 of Section 34 Township 17 South, Range 35 East. Applicant further seeks authority to dually complete all gas injection wells in the project in such a manner as to permit the production of oil from the lower section of the Abo Reef through tubing and the injection of gas into the upper section of the Abo Reef through the casing-tubing annulus.

CASE 4195: Application of Continental Oil Company for eight non-standard gas proration units and a non-standard gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the rededication of acreage to establish the eight following non-standard gas proration units in Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico:

A 120-acre non-standard unit comprising the SE/4 NE/4 and E/2 SE/4 of Section 14, to be dedicated to the "SEMU" Well No. 46, located in Unit T of said Section 14;

A 240-acre non-standard unit comprising the NE/4 and E/2 SE/4 of Section 26, to be dedicated to the "SEMU" Well No. 64, located in Unit G of said Section 26;

A 560-acre non-standard unit comprising the W/2 and W/2 SE/4 of Section 26 and the E/2 E/2 of Section 27, to be dedicated to the "SEMU" Well No. 65, located in Unit L of said Section 26;

A 640-acre non-standard unit comprising the W/2 and the W/2 E/2 of Section 14 and E/2 E/2 of Section 15, to be dedicated to the "SEMU" Well No. 66, located in Unit L of said Section 14;

DOCKET No. 24-69

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 27, 1969

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

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 4191: Application of Gulf Oil Corporation for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from approximately 4408 feet to 4415 feet in its Roosevelt "AN" State Well No. 3 located in the NW/4 SE/4 of Section 32, Township 7 South, Range 36 East, adjacent to the Todd-Lower San Andres Pool, Roosevelt County, New Mexico.

CASE 4192: Application of Southwest Production Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Buffalo Valley "Com" Well No. 2 at an unorthodox location 1650 feet from the North line and 990 feet from the East line of Section 35, Township 14 South, Range 27 East, Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico, in exception to the provisions of Rule 2 of the special rules for said pool.

CASE 4193: Application of Humble Oil & Refining Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Bowers "A" Federal Com 33 Well No. 33 located in Unit D of Section 29, Township 18 South, Range 36 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Hobbs (Grayburg-San Andres) Pool and the Hobbs-Blinbry Pool through parallel strings of tubing.

CASE 4194: Application of Phillips Petroleum Company for an amendment of Order No. R-3181 and dual completions, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3181, which order established special rules regulating the operation of the Phillips Petroleum Company Vacuum Abo Pressure Maintenance Project, Vacuum-Abo Reef Pool, Lea County, New Mexico. Applicant

CASE 4195 - Continued from Page 2 -

A 320-acre non-standard unit comprising the SE/4, S/2 NE/4, and E/2 SW/4 of Section 24, to be dedicated to the "SEMU" Well No. 67, located in Unit K of said Section 24;

A 640-acre non-standard unit comprising the E/2 and E/2 W/2 of Section 23 and W/2 W/2 of Section 24, to be dedicated to the "SEMU" Well No. 68, located in Unit J of said Section 23;

An 80-acre non-standard unit comprising the E/2 NW/4 of Section 24, to be dedicated to the "SEMU" Well No. 69, located in Unit F of said Section 24;

A 320-acre non-standard unit comprising the E/2 E/2 of Section 22 and the W/2 W/2 of Section 23, to be dedicated to the "SEMU" Well No. 90, to be completed at a non-standard location 660 feet from the South and East lines of said Section 22.

CASE 4196: Application of Continental Oil Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the consolidation of three existing non-standard gas proration units into one 360-acre non-standard unit comprising the W/2 and the NW/4 NE/4 of Section 18, Township 23 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to its Stevens "B" Wells Nos. 15 and 16, located in Units F and K, respectively, of said Section 18. Applicant further seeks authority to produce the allowable assigned to said unit from either of the aforesaid wells in any proportion.

CASE 4197: Application of Continental Oil Company for an amendment to Order No. R-3755, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3755 which authorized, among other things, the drilling of a water injection well in the Forest Donahue Waterflood Project area at a location 1980 feet from the North line and 1650 feet from the West line of Section 35, Township 16 South, Range 29 East, Eddy County, New Mexico

CASE 4197 - Continued from Page 3 -

Applicant now seeks authority to locate said well at an unorthodox location 1980 feet from the North line and 1450 feet from the West line of said Section 35 in the Forest (San Andres) Pool.

CASE 4198: Application of Continental Oil Company for amendment of Order No. R-3487, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3487 which authorized the applicant to utilize its Eaves "A" Well No. 10, located in Unit P of Section 19, Township 26 South, Range 37 East, Scarborough Yates-Seven Rivers Pool, to dispose of salt water into the Seven Rivers formation in the interval from 3208 feet to 3255 feet. Applicant now seeks authority to inject produced salt water into the Yates and Seven Rivers formations in the perforated and open-hole interval from approximately 3107 feet to 3410 feet in said well and the reclassification of said salt water disposal well to a pressure maintenance injection well.

CASE 4199: Application of Burleson & Huff for compulsory pooling and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying the SE/4 of Section 28, Township 25 South, Range 37 East, Lea County, New Mexico. Said 160-acre non-standard gas proration unit to be dedicated to the Burleson & Huff "Cook" Well No. 2, a recompleted well, located 660 feet from the South and East lines of said Section 28. Also to be considered will be the costs of drilling and/or recompleting said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4200: Application of Burleson & Huff for compulsory pooling and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying the NE/4 of Section 29 Township 25 South, Range 37 East, Lea County, New Mexico. Said 160-acre non-standard gas proration unit to be dedicated to a well,

CASE 4204 - Continued from Page 5 -

and unorthodox locations in Sections 3 and 4, Township 25 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico. Applicant further seeks a procedure whereby additional injection wells at orthodox and unorthodox locations may be approved for said project administratively.

CASE 4205: Application of Tesoro Petroleum Corporation for four unorthodox injection well locations and amendment of Order No. R-2807, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to inject water into the Hospah Upper Sand Oil Pool in its Hospah Unit Waterflood Project Area through four additional injection wells at unorthodox locations in Section 36, Township 18 North, Range 9 West, McKinley County, New Mexico, said wells to be located as follows:

Well No. 62 located 1900 feet from the South line and 1140 feet from the West line;

Well No. 63 located 1980 feet from the North line and 2310 feet from the West line;

A well to be drilled 1430 feet from the South line and 2625 feet from the East line;

A well to be drilled 30 feet from the South line and 2350 feet from the East line.

Applicant further seeks the amendment of Order No. R-2807, which order authorized the aforesaid waterflood project, to establish a procedure whereby additional injection wells at unorthodox locations, as may be necessary to complete an efficient injection pattern, may be approved administratively.

CASE 4206: Application of Shell Oil Company for an unorthodox oil well location and amendment to Order No. R-2538, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a producing oil well at an unorthodox location 1315 feet from the North line and 2625 feet from the West line of Section 34, Township 19

CASE 4200 - Continued from Page 4 -

to be recompleted, located 660 feet from the East line and 1980 feet from the North line of said Section 29. Also to be considered will be the costs of drilling and/or recompleting said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4201: Application of Mobil Oil Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Langlie-Mattix Queen Unit Area comprising 1120 acres, more or less, of federal and fee lands in Sections 10, 11, 14, 15, 22, and 23, Langlie-Mattix Pool, Lea County, New Mexico.

CASE 4202: Application of Mobil Oil Corporation for a waterflood project and unorthodox injection well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Langlie-Mattix Queen Unit Area by the injection of water into the Queen sand through 17 wells at orthodox and unorthodox locations in Sections 10, 11, 14, 15, 22, and 23, Township 25 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico. Applicant further seeks a procedure whereby additional injection wells at orthodox and unorthodox locations may be approved for said project administratively.

CASE 4203: Application of Mobil Oil Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Humphrey Queen Unit Area comprising 751 acres, more or less, of federal and fee lands in Sections 3 and 4, Township 25 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico.

CASE 4204: Application of Mobil Oil Corporation for a waterflood project and unorthodox injection well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Humphrey Queen Unit Area by the injection of water into the Queen sand through 11 wells at orthodox

-8-

EXAMINER HEARING - August 27, 1969

DOCKET No. 24-69

CASE 4208 - Continued from Page 7 -

several waterflood projects by the injection of water into the Seven Rivers formation through his Mary Lou Well No. 1 located in Unit H of Section 29 and his Caroline Well No. 4 located in Unit E of Section 28, both in Township 19 South, Range 28 East, East Millman-Seven Rivers Pool, Eddy County, New Mexico.

CASE 4209: Application of Harvey E. Yates Company of Artesia for several pressure maintenance projects, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute several pressure maintenance projects by the injection of water into the Seven Rivers and Queen formations, McMillan (Seven Rivers-Queen) Pool, Eddy County, New Mexico, through the following-described wells in Township 20 South, Range 27 East:

Page & Yates Well No. 8 - Unit M - Section 5  
Page & Yates Well No. 6 - Unit I - Section 6  
Page & Yates Well No. 7 - Unit J - Section 6  
Lillie Yates Well No. 2 - Unit B - Section 7



CASE 4206 - Continued from Page 6 -

South, Range 35 East, as an infill well in its East Pearl-Queen Unit Waterflood Project area, East Pearl-Queen Pool, Lea County, New Mexico. Applicant further seeks the amendment of Order No. R-2538, which order authorized the aforesaid waterflood project, to establish a procedure whereby additional producing wells at unorthodox infill locations in the aforesaid project area, as may be necessary to complete an efficient producing pattern, may be approved administratively.

CASE 4207: Application of C. W. Trainer and DEL-LEA, Inc., for an unorthodox gas well location, Lea County, New Mexico. Applicants, in the above-styled cause, seek an exception to Rule 104 C II to permit the drilling of a well at an unorthodox gas well location 330 feet from the North line and 660 feet from the West line of Section 35, Township 12 South, Range 34 East, West Ranger Lake-Devonian Gas Pool, Lea County, New Mexico. The N/2 of said Section 35 to be dedicated to the well.

CASE 4186: (Readvertised)

Application of Tenneco Oil Company for compulsory pooling and an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Dakota Gas Pool underlying the North half of Section 11, Township 29 North, Range 13 West, San Juan County, New Mexico. Said acreage to be dedicated to a well to be drilled at an unorthodox gas well location 250 feet from the North line and 600 feet from the East line of said Section 11. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well. In the absence of a valid objection an order will be issued upon the record entered in the subject case August 6, 1969.

CASE 4208: Application of John A. Yates of Artesia for several waterflood projects, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute





# CONTINENTAL OIL COMPANY

P. O. Box 460

HOBBS, NEW MEXICO 88240

PRODUCTION DEPARTMENT

HOBBS DIVISION

L. P. THOMPSON  
Division Manager

G. C. JAMIESON  
Assistant Division Manager

1001 NORTH TURNER  
TELEPHONE 393-4141

July 30, 1969

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

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

Re: Applications for Hearing -  
August 27, 1969 Docket

*Case 4196*

Gentlemen:

Forwarded herewith in triplicate are the following applications.

Unorthodox location for Donohue No. 4, Forest Pool  
Section 35, T16S, R29E, Eddy County, New Mexico

Amendment of Order No. R-3487 for Pressure Maintenance  
Project, Scarborough Pool, Section 19, T26S, R37E,  
Lea County, New Mexico

360-acre non-standard gas proration unit, Stevens  
"B" Nos. 16 and 16, Jalmat Pool, Section 18, T23S,  
R37E, Lea County, New Mexico

8 NSP Units in the Eumont Gas Pool for SEMU Wells  
Nos. 46, 64, 65, 66, 67, 68, 69, and 90, T20S, R37E,  
Lea County, New Mexico.

Please set these matters for hearing on your August 27, 1969,  
Examiner docket.

Yours very truly, (

*[Signature]*

VTL-JS

RLA JJB JWK  
Attach

DOCKET MAILED

Date 8-15-69

IN THE MATTER OF THE APPLICATION  
CONTINENTAL OIL COMPANY FOR APPROVAL  
OF A 360-ACRE NON-STANDARD GAS PRORATION  
UNIT IN THE JALMAT POOL, TO BE ASSIGNED  
JOINTLY TO ITS STEVENS "B" NOS. 15 AND 16,  
LOCATED IN UNITS "F" AND "K," RESPECTIVELY  
SECTION 18, T23S, R37E, LEA COUNTY, NEW MEXICO

Case 4196

A P P L I C A T I O N

COMES NOW APPLICANT, Continental Oil Company, and respectfully requests approval of a 360-acre non-standard gas proration unit in the Jalmat Gas Pool for its Stevens "B" Wells No. 15 and 16, located in Units F and K, respectively, Section 18, T23S, R37E, Lea County, New Mexico, and in support thereof would show:

1. Applicant is operator and co-owner of the Stevens "B" Lease, which, in addition to other lands, consists of W/2 and NW/4 NE/4, Section 18, T23S, R37E, Lea County, New Mexico.

2. Applicant has heretofor drilled and completed three Jalmat gas wells on said lease as follows:

Stevens "B-18" Unit No. 1	Unit B	Sec. 18 4 <sup>D</sup>
Stevens "B" No. 15	Unit F	Sec. 18
Stevens "B" No. 16	Unit K	Sec. 18

and the acreage in the lease has been allocated to said wells in various proportions.

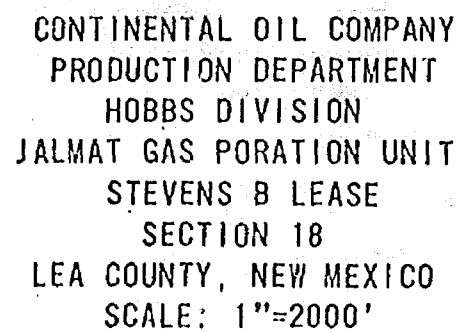
3. Applicant now desires to assign the 360-acres contained in the lease to wells numbers 15 and 16 jointly so that the allowable attributable to such acreage may be produced by either or both wells in any proportion.

4. That the allocation of acreage as proposed by applicant will prevent waste and will not impair correlative rights.

WHEREFORE, APPLICANT respectfully prays that this matter be set for hearing before the Commission's duly appointed examiner and that upon hearing an order be entered approving a 360-acre non-standard gas proration unit as described above.

Respectfully submitted,

  
G. C. JAMIESON



Case 4/96

DRAFT

GMH/esr

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. 4196

Order No. R- 3822

APPLICATION OF CONTINENTAL OIL COMPANY  
FOR A NON-STANDARD GAS PRORATION UNIT,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 27, 1969,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this Sept day of 1969, 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, is the  
co-owner and operator of the Stevens "B" Lease, which, in addi-  
tion to other lands, consists of the W/2 and NW/4 NE/4 of Section  
18, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant has heretofore drilled and completed  
in the Jalmat Gas Pool on the aforesaid acreage its Stevens "B-18"  
Well No. 1, its Stevens "B" Well No. 15, and its Stevens "B" Well  
No. 16, located in Units B, F, and K, respectively, of said Sec-  
tion 18, and the aforesaid acreage has <sup>at various times</sup> ~~been allocated~~ <sup>dedicated</sup> to said  
wells in various proportions.

*Consolidation  
Creation*

(4) That the applicant now seeks the ~~consolidation~~ of the ~~three~~ <sup>presently</sup> existing non-standard gas proration units into one 360-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the W/2 and NW/4 NE/4 of said Section 18, to be simultaneously dedicated to the aforesaid Stevens "B" Wells Nos. 15 and 16.

(5) That the applicant further seeks authority to produce the allowable assigned to the unit from either of the aforesaid wells in any proportion.

(6) That the proposed non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid Stevens "B" Wells Nos. 15 and 16.

(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, will prevent the economic loss caused by the drilling of unnecessary wells, will avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

*which created a 320-acre non-standard unit comprising the NW/4 of the aforesaid Section 18*  
(8) That Administrative Order NSP-566 should be superseded, and the ~~160-acre non-standard unit~~ <sup>160-acre non-standard unit</sup> comprising the NE/4 of said Section 18 should be abolished.

IT IS THEREFORE ORDERED:

(1) That, effective Sept. 1, 1969, a 360-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the W/2 and NW/4 NE/4 of Section 18, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico, is hereby established and simultaneously dedicated to the Continental Oil Company Stevens "B" Wells Nos. 15 and 16, located in Units F and K, respectively, of said Section 18.

(2) That the allowable assigned to the above-described non-standard gas proration unit shall be based upon the unit size of 360 acres; that the operator may produce the allowable

-3-  
CASE 4196

assigned to the unit from the subject wells in any proportion; and that the status of said consolidated unit shall be the combined status, as of Sept 1, 1969, of the ~~three~~ units being consolidated.

*which created the 32-acre non-standard unit comprising the 160-acre nonstandard unit comprising the NE 1/4 of said section 18 is hereby abolished.*

(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.

*The 1/2 of the above said Section 18*