

Case Number

4287

Application

Transcripts.

Small Exhibits

ETC.

dearnley-meier

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
January 7, 1970

EXAMINER HEARING

IN THE MATTER OF:)

Application of Continental Oil)
Company, for a waterflood expansion)
and unorthodox injection well)
location, Eddy County, New Mexico.)

Case No. 4287

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: Call Case 4287.

MR. HATCH: Case 4287. Application of Continental Oil Company for a waterflood expansion and unorthodox injection well location, Eddy County, New Mexico.

MR. KELLAHIN: If the Examiner please, Jason Kellahin, Kellahin and Fox, appearing for the Applicant.

I have one witness I would like to have sworn.

(Witness sworn).

(Whereupon, Applicant's Exhibit 1 was marked for identification).

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?

A Victor T. Lyon.

Q By whom are you employed and in what position?

A I am employed by Continental Oil Company as conversion coordinator in the Hobbs Division, Hobbs, New Mexico.

Q Have you testified before the Oil Conservation Commission and made your qualifications a matter of record?

A Yes, sir.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. NUTTER: Yes, he is qualified.

Q (By Mr. Kellahin) Mr. Lyon, what is proposed by Continental Oil Company in Case 4287?

A Case 4287 is application of Continental Oil Company for amendment of Order No. R-3756A, to authorize an unorthodox location for its Donahue Well No. 5, located 1960 feet from the north line and 1450 feet from the west line of Section 35, Township 16 South, Range 29 East, Eddy County, New Mexico.

Order No. R-3756 authorized the Forest pool waterflood project and in this order there was authorization for Donahue No. 4 at a standard location in Unit "F" of Section 35.

Upon staking the location, it was found that the rig would have to be placed over a pipe line right of way, and, therefore, an application was filed and hearing was held September 8th in Case No. 4197 to authorize

an unorthodox location for the well, 1980 feet from the north line and 1450 feet from the west line of Section 35.

This well was started and after setting of surface casing, the hole was lost due to mechanism difficulties. Therefore, we requested and received tentative approval subject to this hearing of a location 20 feet north of the well, which was authorized in Order No. R-3756.

Q Are these various locations shown on Exhibit No. 1?

A Yes, sir. Exhibit No. 1 is a plat showing the southeast quarter northwest quarter of Section 35. It shows the original proposed location, the pipe line right of way, the revised location for Donahue No. 4 and then the location which we are seeking to be authorized, at which is the actual location of Donahue No. 5.

This location for No. 5 is circled in red.

Q Now, the well will still remain on the same unit within the waterflood, will it not?

A Yes, sir.

Q And that unit was included in the original

approval of the waterflood project?

A Yes, sir. There was authorization given Order R-3756 for an injection well in this drilling unit.

Q So, while the advertising in this particular case covers a waterflood expansion and an unorthodox injection well, actually the unit had already been included in the --

A Yes, sir.

Q -- flood?

A The completion of this well as an injection well will have the effect of expanding the project area under -- the way I understand the Commission operates under their waterflood rules. But, it is not an expansion over what was proposed in the original case.

Q Now, this area is included in the Forest Pool; is that right?

A Yes, sir. As I mentioned before the -- this hearing began, we are preparing to enlarge this unit to include the Nunnally No. 3, which has been owned by General American Oil Company of Texas.

We had requested that this well be reclassified from the Square Lake Pool to the Forest Pool and the Commission suggested that we abolish the Forest Pool and

add it all to the Square Lake, which has the same effect; and, so, it is my understanding that the Commission will, on its own motion, seek to make this change in the pool.

Q Now, in completing this well as an injection well, will your completion procedures be the same as those proposed in the other case?

A Yes, they will.

Q Was Exhibit No. 1 prepared by you or under your supervision?

A Yes, it was.

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

MR. NUTTER: Continental's Exhibit No. 1 will be admitted in evidence. This is labeled Exhibit 2.

THE WITNESS: I think it is from a previous case and it was Exhibit 2; so, that would change to Exhibit 1.

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

MR. KELLAHIN: That's all, Mr. Nutter.

MR. NUTTER: If there is nothing further, the witness may be excused and the case will be taken under advisement.

(Witness excused).

I N D E X

<u>WITNESS</u>	<u>PAGE</u>
VICTOR T. LYON	
Direct Examination by Mr. Kellahin	2

E X H I B I T S

Applicant's Exhibit 1	2
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STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, GLENDA BURKS, 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 of the said proceedings to the best of my knowledge, skill and ability.

Notary Public

My Commission Expires:

March 12, 1973

I do hereby certify that the foregoing is a complete record of the proceedings in the Examinar hearing of Case No. 4287, heard by me on 1/7, 19 70.

[Signature], Chairman
New Mexico Oil Conservation Commission



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

January 20, 1970

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

Re: Case No. 4287
Order No. R-3756-B
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 X

Aztec OCC

Other State Engineer Office

**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. 4287
Order No. R-3756-B**

**APPLICATION OF CONTINENTAL OIL COMPANY
FOR A WATERFLOOD EXPANSION AND UNORTHODOX
INJECTION WELL LOCATION, EDDY COUNTY, NEW
MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 7, 1970, at Santa Fe, New Mexico, before Examiner Daniel S. Mutter.

NOW, on this 20th day of January, 1970, 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 by Order No. R-3756, dated May 20, 1969, the applicant, Continental Oil Company, was authorized to institute its Continental Forest Donahue Waterflood Project in the Forest Pool, among other projects, by the injection of water into the Grayburg and San Andres formations through its Donahue Well No. 3 at a standard location in Unit J of Section 34 and through its Donahue Well No. 4 to be drilled at a standard location in Unit F of Section 35, both in Township 16 South, Range 29 East, NMPM, Eddy County, New Mexico.

(3) That Order No. R-3756-A, dated September 8, 1969, amended said Order No. R-3756 to permit the applicant to drill the above-described Well No. 4 at a specified non-standard location in order to avoid a certain topographic obstruction.

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CASE No. 4287

Order No. R-3756-B

(4) That mechanical difficulties have prevented the successful completion of said Well No. 4 at the non-standard location specified in said Order No. R-3756-A.

(5) That the applicant now seeks the amendment of Order No. R-3756 to permit the drilling of its Donahue Well No. 5 in its Continental Forest Donahue Waterflood Project at an unorthodox location 1960 feet from the North line and 1450 feet from the West line of said Section 35 as a replacement for said Well No. 4.

(6) That approval of the subject application will not violate correlative rights and will permit an efficient water injection pattern to be maintained, thereby preventing waste.

IT IS THEREFORE ORDERED:

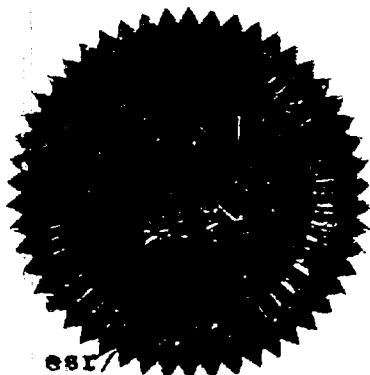
(1) That Order No. R-3756, dated May 20, 1969, is hereby further amended to authorize the applicant, Continental Oil Company, to drill its Donahue Well No. 5, a water injection well in its Continental Forest Donahue Waterflood Project for the injection of water into the Grayburg and San Andres formations, at an unorthodox location 1960 feet from the North line and 1450 feet from the West line of Section 35, Township 16 South, Range 29 East, NMPM, Eddy County, New Mexico.

(2) That Order No. R-3756 in all other respects shall remain the same.

(3) That Order No. R-3756-A is hereby superseded.

(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
DAVID F. CARGO, Chairman

Alex J. ArmiJO
ALEX J. ARMIJO, Member

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

Docket No. 1-70

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 7, 1970

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
A. L. Porter, Jr., Alternate Examiner:

CASE 4286: Application of Gulf Oil Corporation for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico. Said exception would be for applicant's Littlefield "AB" Federal Lease, located in Section 22, Township 18 South, Range 31 East, Shugart Field, Eddy County, New Mexico. Applicant seeks authority to dispose of salt water produced by wells on said lease in unlined surface pits in said Section 22.

CASE 4287: Application of Continental Oil Company, for a waterflood expansion and unorthodox injection well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Forest Donahue Waterflood Project, Forest Pool, by the injection of water through one additional well located at an unorthodox location 1960 feet from the North line and 1450 feet from the West line of Section 35, Township 16 South, Range 29 East, Eddy County, New Mexico.

CASE 4288: Application of Wood, McShane and Thams-Colorado for an unorthodox oil well location and waterflood expansion, Lea County, New Mexico. Applicants, in the above-styled cause, seek authority to drill their Well No. 63, a producing oil well, at an unorthodox location 2740 feet from the South line and 1280 feet from the East line of Section 30, Township 22 South, Range 37 East, as an infill well in the Humble Oil & Refining Company State "M" Lease Waterflood Project, Langlie-Matrix Pool, Lea County, New Mexico. Applicants further seek to expand said project by the conversion to water injection of their Wells Nos. 27 and 39 located, respectively, in Units H and J of said Section 30. Applicants also seek a procedure whereby additional producing wells and injection wells at orthodox and unorthodox locations in said project may be approved administratively.

January 7, 1970 - Examiner Hearing

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Docket No. 1-70

CASE 4289: Application of Getty Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Justis-Blinebry and Justis-Tubb Drinkard Pools in the wellbore of its State "BB" Well No. 2 located in Unit D of Section 2, Township 25 South, Range 37 East, Lea County, New Mexico.

CASE 4290: Application of Getty Oil Company for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre non-standard proration unit comprising the SE/4 NE/4 and the NE/4 SE/4 of Section 29, Township 18 South, Range 38 East, Hobbs-Drinkard Pool, Lea County, New Mexico, said unit to be dedicated to a well to be drilled at a standard location in the NE/4 SE/4 of said Section 29.

CASE 3993: (Reopened)

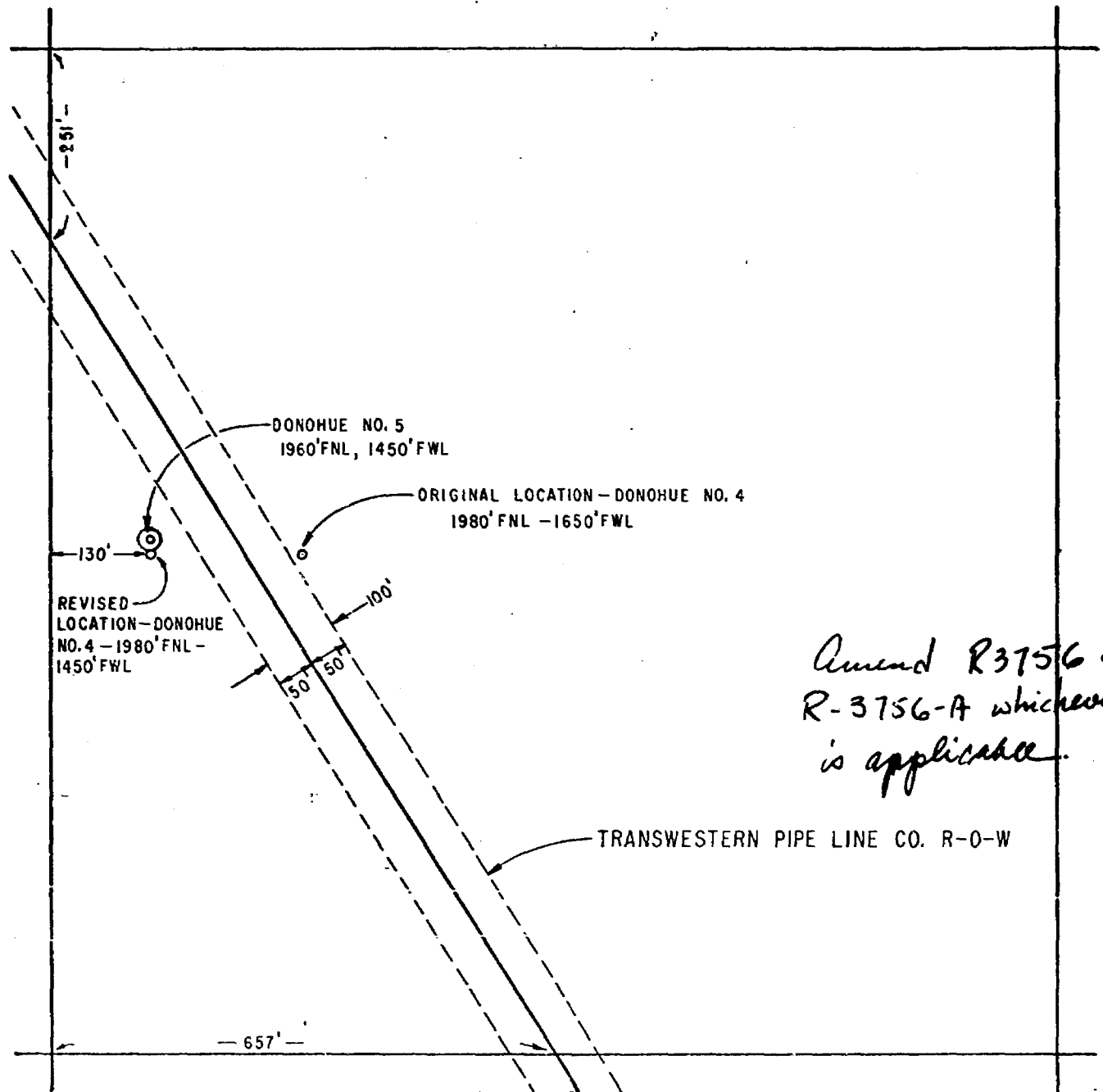
In the matter of Case No. 3993 being reopened pursuant to the provisions of Order No. R-3644, which order established 160-acre spacing units for the North Baum-Upper Pennsylvanian Pool, Lea County, New Mexico, for a one-year period. All interested parties may appear and show cause why said pool should not be developed on less than 160-acre units and why the proportional factor of 4.77 assigned to the pool should or should not be retained.

CASE 4202: (Reopened)

In the matter of Case 4202 being reopened at the request of the applicant, Mobil Oil Corporation. Applicant, in the original hearing of this case, sought permission to institute a water-flood project in the Langlie Mattix Queen Unit Area, Langlie-Mattix Pool, by the injection of water into the Queen sand formation through 17 injection wells at orthodox and unorthodox locations in Sections 10, 11, 14, 15, 22, and 23, Township 25 South, Range 37 East, Lea County, New Mexico. The Commission, by Order No. R-3823, authorized the applicant to inject water through 16 wells and denied the applicant authority to inject water through the proposed injection Well No. 14 to be drilled 660 feet from the North line and 1220 feet from the West line of said Section 14. Applicant seeks authority to now complete said Well No. 14 as a water injection well, alleging that negotiations for the acquisition or inclusion of a reage offsetting said Well No. 14 have not been successful, that failure to inject water through the well will result in the loss of approximately 200,000 barrels of oil, and that said injection will not violate the correlative rights of the offset operator.

- CASE 4291: Application of Atlantic Richfield Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates formation in the perforated and open-hole interval from 2892 feet to 3164 feet in its W. B. Kanagan Well No. 4 located 2173 feet from the South and West lines of Section 12, Township 25 South, Range 36 East, Jalmat Pool, Lea County, New Mexico.
- CASE 4292: 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 two existing non-standard gas proration units into one 320-acre non-standard unit comprising the S/2 N/2 and the SE/4 of Section 1, Township 22 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be dedicated to its Lockhart B-1 Wells Nos. 4 and 6, located in Units G and P, respectively, of said Section 1. Applicant further seeks authority to produce the allowable assigned to said unit from either of the aforesaid wells in any proportion.
- CASE 4778: (Continued from the December 17th Examiner Hearing and will be dismissed).
Application of Anne Burnett Windfohr, dba Windfohr Oil Company, for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico. Said exception would be for applicant's Gissler B Wells Nos. 11 and 12, located, respectively, in Units J and I of Section 23, Township 17 South, Range 30 East, Jackson-Abo Pool, Eddy County, New Mexico. Applicant seeks authority to dispose of salt water produced by said wells in unlined surface pits in the vicinity of said wells.
- CASE 4279: (Continued from the December 17th Examiner Hearing and will be dismissed).
Application of Anne Burnett Windfohr, dba Windfohr Oil Company, for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico. Said exception would be for applicant's Gissler B Well No. 4 located in Unit B of Section 8, Township 17 South, Range 30 East, Grayburg-Jackson Pool, Eddy County, New Mexico. Applicant seeks authority to dispose of salt water produced by said well in an unlined surface pit in the vicinity of said well.

DONOHUE LEASE
SE/4 NW/4 SEC. 35-T16S-R29E
EDDY COUNTY NEW MEXICO

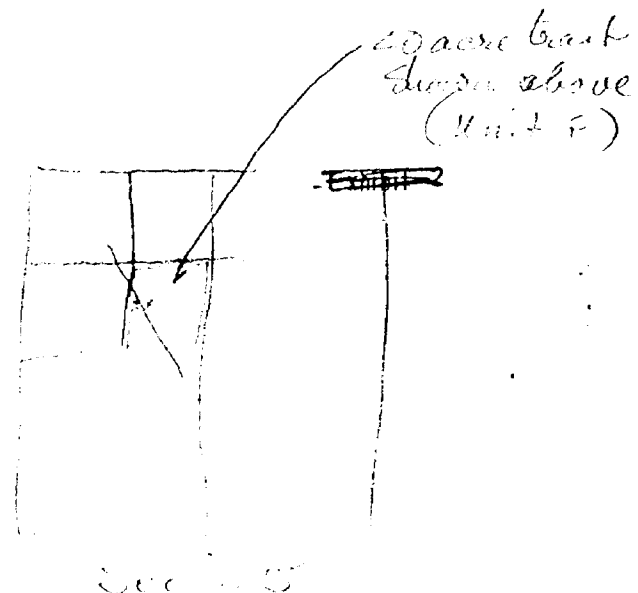


*Amend R3756 or
R-3756-A whichever
is applicable.*

Scale: 1"=200'

*Unit F
30-16-29*

BEFORE EXAMINER NUTTER
OF CONSERVATION COMMISSION
App. EXHIBIT NO. 1
CASE NO. 4



Contd

Douglas No. 5

1960' FNL

1450' FWL

Sec. 35, T 16S, R 29E

2ddy

Forrest Pool

R-3756

R-3756-A

DRAFT

GMH/esr

January 12, 1970

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. 4287

Order No. R-~~3756~~-B

APPLICATION OF CONTINENTAL OIL COMPANY
FOR A WATERFLOOD EXPANSION AND UNORTHODOX
INJECTION WELL LOCATION, EDDY COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 7, 19670,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of January, 19670, 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 by Order No. R-3756, dated May 20, 1969, the appli-
cant, Continental Oil Company, was authorized to institute its
Continental Forest Donahue Waterflood Project in the Forest Pool,
among other projects, by the injection of water into the Grayburg
and San Andres formations through its Donahue Well No. 3 at a
standard location in Unit J of Section 34 and through its Donahue
Well No. 4 to be drilled at a standard location in Unit F of
Section 35, both in Township 16 South, Range 29 East, NMPM, Eddy
County, New Mexico.

(3) That Order No. R-3756-A, dated September 8, 1969, amended
said Order No. R-3756 to permit the applicant to drill the above-
described Well No. 4 at a specified non-standard location in order
to avoid a certain topographic obstruction.

(4) That mechanical difficulties have prevented the successful completion of said Well No. 4 at the non-standard location specified in said Order No. R-3756-A.

(5) That the applicant now seeks the amendment of Order No. R-3756 to permit the drilling of its Donahue Well No. 5 in ~~the~~ ~~the~~ Continental Forest Donahue Waterflood Project at an unorthodox location 1960 feet from the North line and 1450 feet from the West line of said Section 35 as a replacement for said Well No. 4.

(6) That approval of the subject application will not violate correlative rights and will permit an efficient water injection pattern to be maintained, thereby preventing waste.

IT IS THEREFORE ORDERED:

(1) That Order No. R-3756, dated May 20, 1969, is hereby further amended to authorize the applicant, Continental Oil Company, to drill its Donahue Well No. 5, a water injection well in its Continental Forest Donahue Waterflood Project for the injection of water into the Grayburg and San Andres formations, at an unorthodox location 1960 feet from the North line and 1450 feet from the West line of Section 35, Township 16 South, Range 29 East, NMPM, Eddy County, New Mexico.

(2) That Order No. R-3756 in all other respects shall remain the same.

(3) That Order No. R-3756-A is hereby superseded.

(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.

CASE 4288: Application of WOOD,
McSHANE AND THAMS-COLORADO FOR
UNORTH. OIL WELL LOC. & WATERFLOOD