

4576

Application

Transcripts.

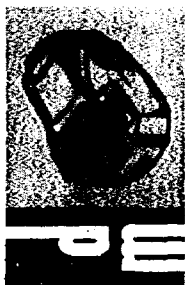
Small Exhibits

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

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



BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
August 11, 1971

Examiner Hearing

-----  
IN THE MATTER OF: )

Application of Continental Oil )  
Company for unorthodox oil well )  
locations, Lea County, New Mexico. )

Case No. 4576

-----  
BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

1 MR. NUTTER: We will call Case No. 4576.

2 MR. HATCH: Case 4576. Application of Continental  
3 Oil Company for unorthodox oil well locations, Lea County,  
4 New Mexico.

5 MR. KELLAHIN: If the Examiner please, Jason  
6 Kellahin, Kellahin and Fox, appearing for the applicant.  
7 We have one witness I would like to have sworn.

8 (Witness sworn)

9 (Whereupon, Applicant's Exhibits 1 and 2 were marked  
10 for identification.)

11 VICTOR T. LYON

12 having being duly sworn, testified as follows:

13 DIRECT EXAMINATION

14 BY MR. KELLAHIN:

15 Q Would you state your name, please?

16 A Victor T. Lyon.

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

18 A I am employed by Continental Oil Company as Conservation  
19 Coordinator in the Hobbs Division Office.

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

22 A Yes, I have.

23 MR. KELLAHIN: Are the witnesses qualifications  
24 acceptable?

25 MR. NUTTER: Yes, they are.

dearnley-meier reporting service, inc.

1 Q (Mr. Kellahin Continuing) Mr. Lyon, are you familiar  
2 with the application of Continental Oil Company in case  
3 number 4576?

4 A Yes, sir.

5 Q What is proposed by the applicants in this case?

6 A Case 4576 is the application of Continental Oil Company  
7 for two producing oil wells to be drilled at unorthodox  
8 locations in the Eumont pool within the boundaries of  
9 the Eumont Hardy Unit.

10 Both wells to be located in section 6, township 21 south,  
11 range 37 east, Lee County, New Mexico.

12 Q Now, referring to what has been marked as the applicant's  
13 exhibit number 1, would you identify that exhibit?

14 A Yes, sir. Exhibit number 1 is a location plat showing  
15 the Eumont Hardy Unit and the immediately surrounding  
16 area, the boundary of the unit is shown by the heavy  
17 dashed line, and as you can see, this unit embraces parts  
18 of four different townships, township 20 south, ranges  
19 37 and 38 east, and township 21 south, ranges 36 and 37  
20 east.

21 The wells are shown by the conventional manner and the  
22 injection wells are shown with the triangles circumscribed  
23 around the wells.

24 The locations and ownership of offsetting properties is  
25 shown to the best of our knowledge and belief. The two

1 wells which are the subject of this hearing are shown  
2 circled in red, well number 48, located in unit H, and  
3 well number 49, in unit N of section 6.

4 Well number 48 is proposed to be located 1492 feet from  
5 the north line, 560 feet from the east line.

6 Well number 49, 3,360 feet from the south line, 1980 feet  
7 from the west line, both in section 6.

8 Q Now, referring to what has been marked as exhibit number  
9 two, would you identify that exhibit?

10 A Yes, sir. Exhibit Number 2 is a location plat showing  
11 section 6 on a larger scale showing the size of the  
12 various lots, 1 through 18, lots 6 through 9, and 14 through  
13 16 are regular 40 acre lots.

14 The remaining lots are irregular and contain the acreage  
15 shown within the parentheses.

16 Q As shown, well number 48 is located 1492 feet from the  
17 south line, and since lot 1 is 1229 feet from the north-  
18 south dimension, this places the well 263 feet from the  
19 north boundary of its lots, which is 67 feet closer than  
20 that permitted by the state-wide rules?

21 A Well, well number 49 is located 300 feet from the north  
22 boundary of lot 14, which is 30 feet closer than it is  
23 permitted by the state-wide rules.

24 You well know that there are two wells, one in lot 1, and  
25 the other in lot 8, which are plugged.

1 It was not considered feasible to re-enter these wells,  
2 and consequently, there is no well on the two lots to  
3 recover the oil which underlies it.

4 Therefore, a well number 48 is proposed to be drilled,  
5 so as to recover the oil underlying these two lots, which  
6 is estimated to be approximately 98,000 barrels.

7 Now, well number 49 is being drilled to improve the pattern.  
8 You will note that number 43 is only 660 feet from number  
9 47, and about 900 feet from number 44.

10 Consequently, this well is expected to preserve early  
11 water breakthrough and as a matter of fact, has experienced  
12 early water breakthrough so that the area between the  
13 number 43 and number 40, which is up in lot 11 will not  
14 be efficiently set.

15 We therefore propose to drill well number 39, which is  
16 more centrally located from the 3 injection wells around  
17 it, and it is estimated that this change in location,  
18 the drilling of well number 49 will recover in additional  
19 55 thousand barrels of oil.

20 Q Now, this additional oil you are talking about is oil that  
21 would not otherwise be under the present injection pattern;  
22 is that correct?

23 A Correct.

24 Q And the sole purpose of this application is to improve the  
25 injection pattern within this flood?

1 A Yes, sir.

2 Q And the producing pattern?

3 A Yes.

4 Q Were exhibits one and two prepared by you or under your  
5 supervision?

6 A Yes, they were.

7 MR. KELLAHIN: At this time I would like to offer  
8 in evidence exhibits one and two.

9 MR. NUTTER: Applicant's exhibits one and two will  
10 be admitted in evidence. Does anyone have any questions  
11 of Mr. Lyon? He may be excused.

12 Do you have anything further Mr. Kellahin?

13 MR. KELLAHIN: That's all, Mr. Nutter. Thank you.

14 MR. NUTTER: Does anyone have anything they wish to  
15 offer in case number 4576?

16 Take the case under advisement.  
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dearnley-meier reporting service

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25I N D E XWITNESSPAGE

VICTOR T. LYON

Direct Examination by Mr. Kellahin

2

EXHIBITMARKEDOFFERED AND  
ADMITTEDApplicant's 1  
and 2

2

6



1 STATE OF NEW MEXICO )  
2 )  
3 COUNTY OF BERNALILLO )

4 I, LINDA MALONE, Court Reporter, do hereby certify that  
5 the foregoing and attached Transcript of Hearing before the  
6 New Mexico Oil Conservation Commission was reported by me; and  
7 that the same is a true and correct record of the said  
8 proceedings, to the best of my knowledge, skill and ability.

9  
10 *Linda Malone*  
11 Court Reporter  
12  
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21

22 I do hereby certify that the foregoing is  
23 a true and correct record of the proceedings in  
24 the New Mexico Oil Conservation Commission hearing of Case No. 4576  
25 heard by me on 8/11 1971  
*[Signature]*  
New Mexico Oil Conservation Commission



# OIL CONSERVATION COMMISSION

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

GOVERNOR  
BRUCE KING  
CHAIRMAN

**LAND COMMISSIONER  
ALEX J. ARMIJO  
MEMBER**

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

**August 19, 1971**

Called Vic Lyon 8-19-71 SK

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

Re: Case No. 4576  
Order No. R-4183  
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.

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. 4376  
Order No. R-4183

APPLICATION OF CONTINENTAL OIL  
COMPANY FOR UNORTHODOX OIL WELL  
LOCATIONS, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 11, 1971, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 19th day of August, 1971, 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 operator of the Eumont Hardy Waterflood Project in the Eumont Pool, Lea County, New Mexico.

(3) That the applicant seeks authority to drill two oil wells as infill wells in said waterflood project at unorthodox locations as follows:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM  
Eumont Hardy Unit Well No. 48 to be  
located 1492 feet from the North line  
and 560 feet from the East line of  
Section 6;

-2-

CASE NO. 4576  
Order No. R-4183

Eumont Hardy Unit Well No. 49 to be located 3660 feet from the South line and 1980 feet from the West line of Section 6.

(4) That approval of the proposed location should increase the efficiency of the Eumont Hardy Waterflood Project and result in greater ultimate recovery of oil, thereby preventing waste.

(5) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the pool, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, is hereby authorized to drill two oil wells as infill wells in its Eumont Hardy Waterflood Project, Eumont Pool, Lea County, New Mexico, at unorthodox locations as follows:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM  
Eumont Hardy Unit Well No. 48 to be located 1492 feet from the North line and 560 feet from the East line of Section 6;

Eumont Hardy Unit Well No. 49 to be located 3660 feet from the South line and 1980 feet from the West line of Section 6.

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

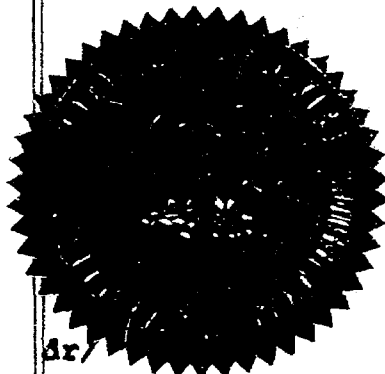
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
BRUCE KING, Chairman

  
ALEX J. ARMIO, Member

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



Docket No. 17-71

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 11, 1971

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  
Elvis A. Utz, Alternate Examiner:

CASE 4563: (Continued from the July 28, 1971, Examiner Hearing)

Application of Corinne Grace for special gas-oil ratio limitation and pressure maintenance project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to produce her State Well No. 1 located in Unit A of Section 1, Township 15 South, Range 29 East, Double L-Queen Pool, Chaves County, New Mexico, with no gas-oil ratio limitation, strip the liquids, and institute a pressure maintenance project by the injection of all said gas back into the producing formation through her State Well No. 2 located in Unit B of said Section 1. Applicant further seeks to transfer an oil allowable from said Well No. 2 to said Well No. 1.

CASE 4575: Application of Anadarko Production Company for the creation of a new gas pool, or, in the alternative, the amendment of the special pool rules for an existing pool and pool commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new San Andres gas pool for its Lou Wortham Well No. 6 located in Unit E of Section 11, Township 22 South, Range 37 East, or, in the alternative, the amendment of the special rules and regulations governing the South Eunice-San Andres Pool to provide for the classification of oil and gas wells, spacing and well location requirements, and an allocation formula for withdrawals by oil and gas wells. In the event the Commission creates the above-requested gas pool, applicant further seeks authority to commingle on the surface the liquid hydrocarbons from the above-described Well No. 6 and its Wortham Well No. 5, a South Eunice-San Andres Pool well, located in Unit C of said Section 11.

CASE 4576: Application of Continental Oil Company for unorthodox oil well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill two oil wells as infill wells in its Eumont Hardy Unit Area, Eumont Pool, Lea County, New Mexico, at unorthodox locations as follows:

*Eumont Hardy waterflood project  
R-3115*

Examiner Hearing - Wednesday  
August 11, 1971  
-2-

Docket No. 17-71

(Case 4576 continued)

TOWNSHIP 21 SOUTH, RANGE 37 EAST  
Eumont Hardy Unit Well No. 48 to  
be located 1492 feet from the  
North line and 560 feet from the  
East line of Section 6;

Eumont Hardy Unit Well No. 49 to  
be located 3660 feet from the South  
line and 1980 feet from the West  
line of Section 6.

- CASE 4577: Application of Petroleum Corporation for the creation of a new pool, special rules therefor, and discovery allowable, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Wolf-camp oil pool for its Petco State Well No. 2 located in Unit N of Section 26, Township 19 South, Range 29 East, Eddy County, New Mexico, and the promulgation of special rules therefor, including a provision for 160-acre spacing and proration units. Applicant further seeks the assignment of an oil discovery allowable in the amount of approximately 48,110 barrels to said well.
- CASE 4578: Application of Harvey E. Yates Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Empire South Deep Unit Area comprising 4968 acres, more or less, of Federal, State and Fee lands in Townships 17 and 18 South, Ranges 28 and 29 East, Eddy County, New Mexico.
- CASE 4579: Application of Stephen C. Helbing for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Juniper Canyon Unit Area comprising 6,880 acres, more or less, of Federal, State and Fee lands in Township 24 South, Range 25 East, Eddy County, New Mexico.
- CASE 4580: Application of Gulf Oil Corporation for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Harry Leonard (NCT-C) Well No. 12 located in Unit A of Section 36, Township 21 South, Range 36 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Arrowhead-Grayburg and Blinbry Pools through parallel strings of tubing.

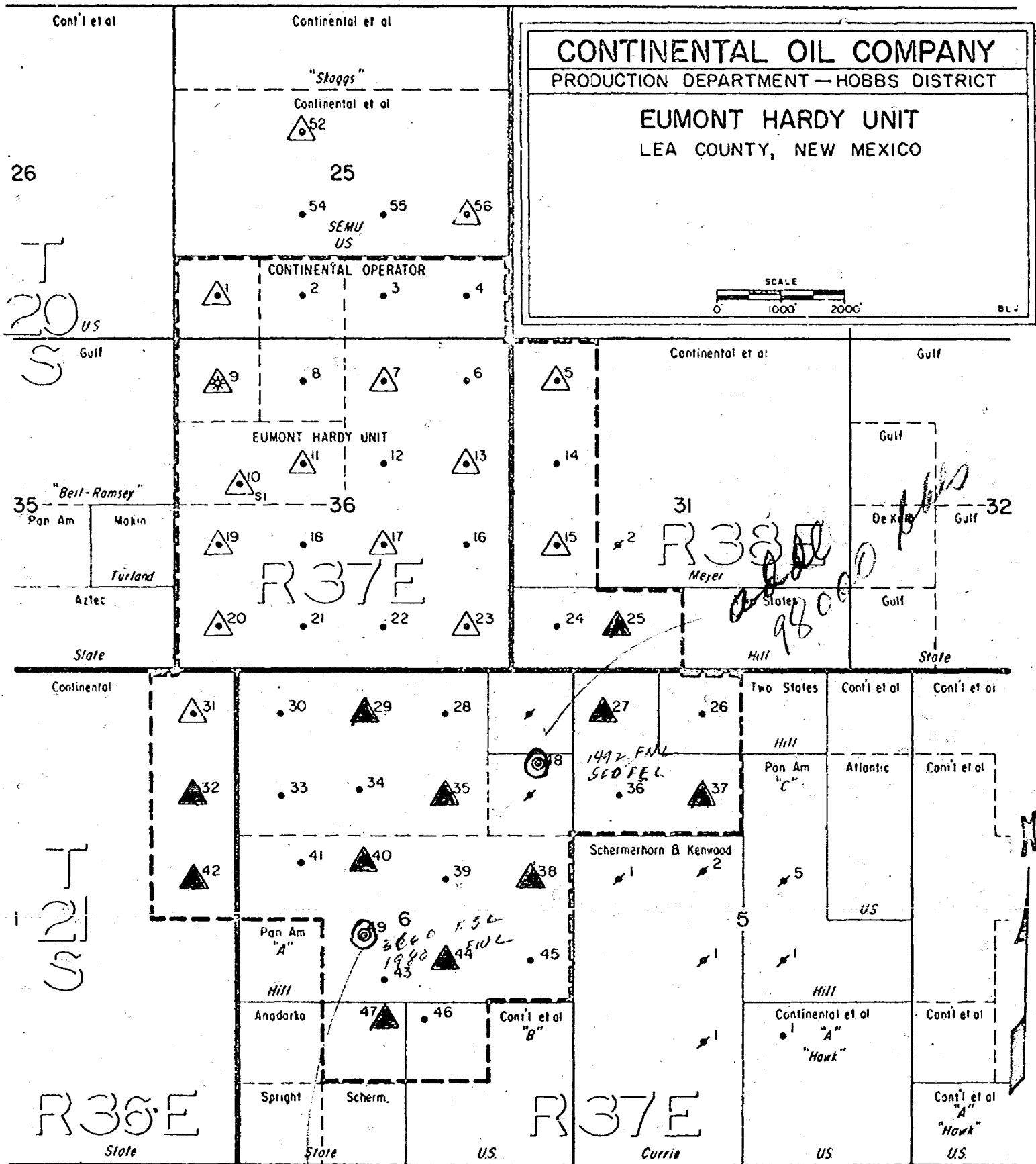
Examiner Hearing - Wednesday  
August 11, 1971

-3-

Docket No. 17-71

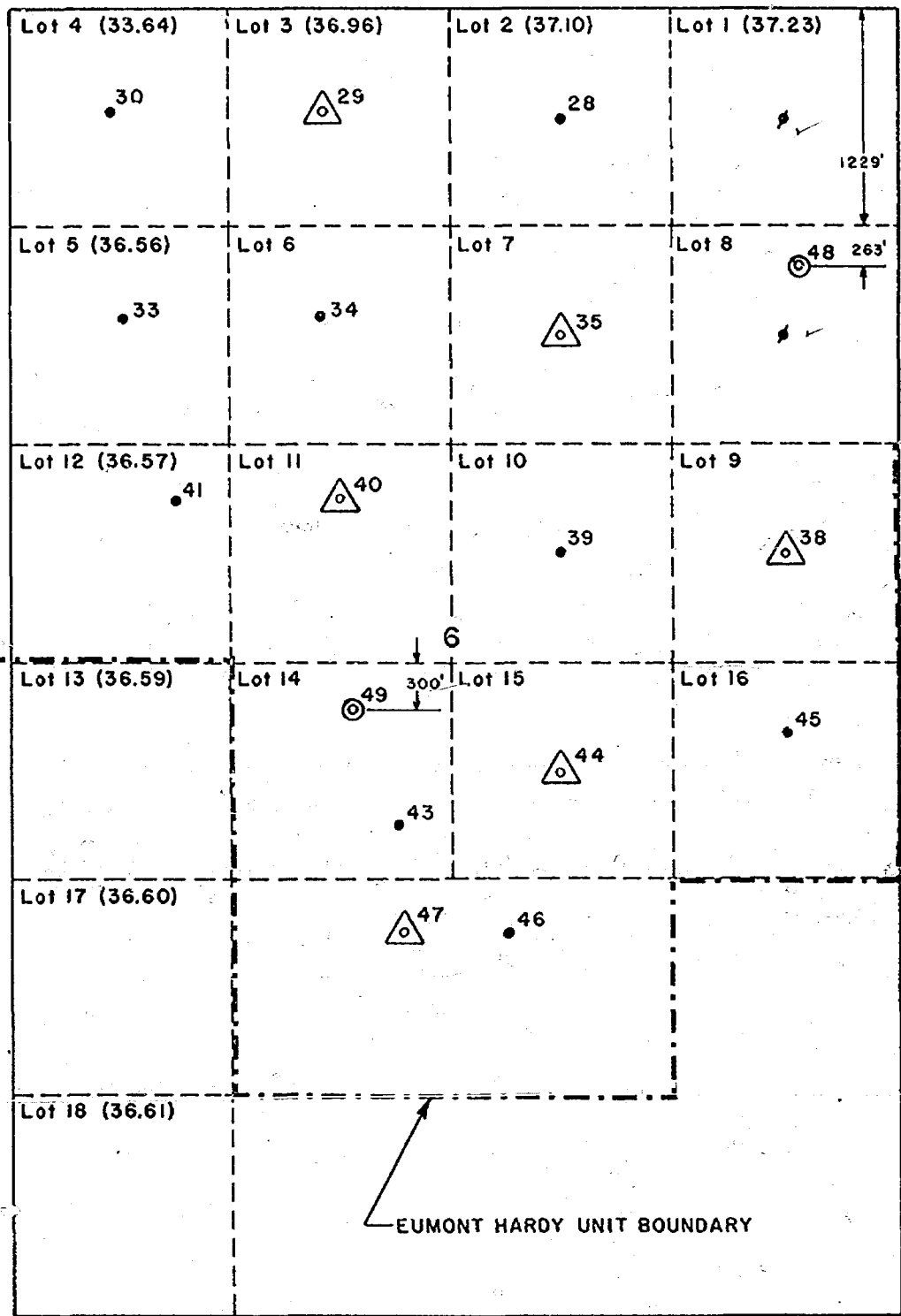
CASE 4570: (Continued from the July 28, 1971, Examiner Hearing)  
Application of Shenandoah Oil Corporation for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the interval from 1760 feet to 1840 feet by injection down the annulus of its Read & Stevens "M" Federal Well No. 1 located in Unit K of Section 28, Township 6 South, Range 27 East, Haystack-Cisco Gas Pool, Chaves County, New Mexico.

BEFORE EXAMINER  
OIL COMMISSION  
4576





BEFORE EXAMINER NUTTER  
 OIL CONSERVATION COMMISSION  
 EXHIBIT NO. 2  
 CASE NO. 4576



R37E

<b>CONOCO</b>	
PRODUCTION DEPARTMENT	HOBBS DIVISION
EUMONT HARDY UNIT LEA COUNTY, NEW MEXICO SECTION 6, T-21S, R-37E EXHIBIT NO. 2 CASE 4576	
SCALE 	
ERW	



L. P. Thompson  
Division Manager  
Production Department  
Hobbs Division

Western Hemisphere Petroleum Division  
Continental Oil Company  
P. O. 460  
1001 North Turner  
Hobbs, New Mexico 88240  
(505) 393-4141

71 JUL 27 AM 8 16

*Case 4576*

July 26, 1971

New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

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

Gentlemen:

Application for Two Unorthodox Locations in Eumont Hardy Unit,  
Lea County, New Mexico

Forwarded, herewith in triplicate, is our application for authorization to drill two producing wells at unorthodox locations within the boundaries of the Eumont Hardy Unit, Eumont Pool, Lea County, New Mexico. Confirming our verbal request to Mr. Hatch, we should like this matter set for the August 11, 1971, Examiner Docket.

Yours very truly,

*L. P. Thompson*

rw  
Enc  
CC + enc:  
RLA: JJB: JWK

DOCKET MARKED

Date 7-30-71

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE  
STATE OF NEW MEXICO

16  
JUL 27 1971

IN THE MATTER OF THE APPLICATION OF  
CONTINENTAL OIL COMPANY FOR AUTHORITY  
TO DRILL TWO PRODUCING WELLS AT UN-  
ORTHODOX LOCATIONS IN EUMONT HARDY  
UNIT, SECTION 6, TOWNSHIP 21 SOUTH,  
RANGE, 37 EAST, LEA COUNTY, NEW  
MEXICO.

*JA*  
*Case 4576*

A P P L I C A T I O N

Comes now Continental Oil Company, and respectfully requests authority to drill two producing wells at unorthodox locations within the Eumont Hardy Unit, Eumont Pool, in Section 6, Township 21 South, Range 37 East, Lea County, New Mexico and in support thereof would show:

1. Continental is the operator of the Eumont Hardy Unit in the Eumont Pool as approved by Order No. R-3101.
2. Applicant has instituted a waterflood program in said unit as authorized by Order No. R-3115.
3. Applicant has found it necessary to drill two additional wells for more efficient waterflooding operations, to be located as follows:

Eumont Hardy Unit Well No. 48 - 1,492' from the north line and 560' from the east line, Section 6, Township 21 South, Range 37 East, Lea County, New Mexico.

Eumont Hardy Unit Well No. 49 - 3,660' from the south line and 1980' from the west line of Section 6, Township 21 South, Range 37 East, Lea County, New Mexico.

4. That the drilling and completion of the proposed wells will increase the efficiency of the waterflood operation and therefore will prevent waste and will not impair correlative rights.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing before the Commission's duly appointed examiner, and that upon hearing an order be entered authorizing the two unorthodox locations described above.

Respectfully submitted,

CONTINENTAL OIL COMPANY

*L. P. Thompson*  
L. P. Thompson  
Division Manager



DRAFT

GMH/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. 4576

Order No. R-4183

APPLICATION OF CONTINENTAL OIL  
COMPANY FOR UNORTHODOX OIL WELL  
LOCATIONS, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 11, 1971,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this \_\_\_\_\_ day of August, 1971, 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  
operator of the Eumont Hardy, <sup>waterflood Project</sup> Unit Area in the Eumont Pool, Lea  
County, New Mexico.

-2-

CASE NO. 4576

Order No. R-

(3) That the applicant seeks authority to drill two oil wells as infill wells in said waterflood project at unorthodox locations as follows:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

Eumont Hardy Unit Well No. 48 to be located 1492 feet from the North line and 560 feet from the East line of Section 6;

Eumont Hardy Unit Well No. 49 to be located 3660 feet from the South line and 1980 feet from the West line of Section 6.

(4) That approval of the proposed location should increase the efficiency of the Eumont Hardy waterflood Project Unit Area and result in greater ultimate recovery of oil, thereby preventing waste.

(5) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the pool, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, is hereby authorized to drill two oil wells as infill wells in its Eumont Hardy waterflood Project Unit Area, Eumont Pool, Lea County, New Mexico, at unorthodox locations as follows:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

Eumont Hardy Unit Well No. 48 to be located 1492 feet from the North line and 560 feet from the East line of Section 6;

Eumont Hardy Unit Well No. 49 to  
be located 3660 feet from the South  
line and 1980 feet from the West line  
of Section 6.

(2) That jurisdiction of this cause is retained for the  
entry of such further orders as the Commission may deem neces-  
sary.

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

CASE 4577: Appli. of PETROLEUM  
CORP. FOR CREATION OF NEW POOL,  
SPECIAL RULES & DISCOVERY ALLOW.

*Dismiss -  
revert to 40*