

Case Number  
4594

Application

Transcripts

Small Exhibits

ETC.

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

209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-4671 • ALBUQUERQUE, NEW MEXICO



BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
September 15, 1971

EXAMINER HEARING

----- )  
IN THE MATTER OF: )

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

Case No. 4594

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

I N D E XV. T. LYONPAGE

Direct Examination by Mr. Kellahin

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Cross Examination by Mr. Nutter

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E X H I B I T SMarked Offered and  
Admitted

Applicant's Exhibits Nos. 1, 2 &amp; 3

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MR. NUTTER: Case No. 4594.

MR. HATCH: Case No. 4594. Application of Continental Oil Company for an unorthodox oil well location, Lea County, New Mexico.

MR. KELLAHIN: If the Examiner please, Jason Kellahin of Kellahin and Fox, Santa Fe, appearing for the Applicant. I have one witness I would like to have sworn.

(Witness sworn.)

(Whereupon, Applicant's Exhibits Nos. 1, 2 and 3 were marked for identification.)

V. 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 state your name, please?

A My name is V. T. Lyon, L-Y-O-N.

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

A I am employed by Continental Oil Company as conservation coordinator in the Hobbs Division Office.

Q Have you testified before the Oil Conservation Commission or one of its Examiners and made your

qualifications a matter of record?

A Yes, sir, I have.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. NUTTER: Yes, they are.

BY MR. KELLAHIN:

Q Mr. Lyon, are you familiar with the Application of Continental Oil Company in Case No. 4594?

A Yes, sir.

Q Briefly, what is proposed by the Applicant in this case?

A Case 4594 is the Application of Continental Oil Company for authority to drill at an unorthodox location its Eaves-A No. 15 and also for exception to the Commission's rules to locate this well closer than 660 feet to other wells on the same lease.

Q Now, the Eaves-A No. 15 is to be drilled on the same 40-acre proration unit as another well, is it not?

A Yes, it is.

Q How would the allowable be assigned to the two wells?

A We propose that the allowables be assigned jointly to these two wells.

Q What is the separation between the two wells; you said less than 660 feet?

A Yes, sir. The proposed location is 402 feet from Well No. 1 and it is 557 feet from Well No. 8.

Q Now, referring to what has been marked as Exhibit NO. 1, would you discuss the information shown on that Exhibit?

A Yes, sir. Exhibit No. 1 is a location plat showing the Eaves-A lease and the immediately surrounding area. The Eaves-A lease is outlined in red and consists of the S/2 of Section 19, S/2 of the NW/4 and the NW of the NW/4 of Section 19 and the N/2-N/2 of Section 30. The ownership of the offsetting leases are shown to the best of our knowledge and belief and the locations of the wells are shown. The proposed location for Eaves-A No. 15 is shown circled in red at a location 660 feet from the south line, 2540 feet from the east line of Section 19. We have also shown on there, two injection wells which are shown by the triangle symbol. The producing wells are shown by the normal filled circle with the number indicated by it.

Q You say they are injection wells. Is this in the waterflood project?

A Yes, it is a pressure maintenance.

Q Pressure maintenance project?

A Yes, sir.

Q I refer you to what has been marked as Exhibit No. 2. Would you identify that exhibit?

A Exhibit No. 2 is a structure map showing the same area as was shown on Exhibit No. 1 with the structural configurations of the top of the Yates formation shown with contouring at a contour interval of 50 feet. Again, the Well No. 15 is shown in red. You will note that the structure is a fairly steep anticline trending north and south and that this location is at one of the highest locations on the structure according to our interpretation. This reservoir has a quite strong water drive, we believe, from the west and there is a facies change which we believe occurs approximately along the crest of this structure.

Q Referring to what has been marked as Exhibit No. 3, would you identify that exhibit?

A I would like to point out that in regard to Exhibit No. 2 that the thickness of the Yates formation is quite constant so that the structural configuration at the top of Seven Rivers would look almost identical

to this structure map that we have, Exhibit 2.

Now, Exhibit 3 is a copy of the Gamma Ray Neutron Log which was run in Eaves-A No. 8 which is the nearest well at a fairly comparable structural location which has penetrated fairly deeply into the Seven Rivers formation. We have indicated on the log the apparent completion interval in Eaves-A No. 1. You will note in the arrow to the left of the inside tract of the log that this completion interval extends from about the top of the Yates to about the top of the Seven Rivers. It may have penetrated the very top zone in the Seven Rivers. This well, Eaves-A No. 1, has not been logged, so we have correlated this on the basis of samples. The proposed completion interval for Eaves-A No. 15 is shown on the right hand of the inside tract which will include productive intervals in the Yates clear to the base of the productive portion of the Seven Rivers. We have several reasons for wishing to drill this well at this particular location. As I pointed out, it is one of the highest points that we could find on the structure. It is close to Well No. 1 which has had an extremely interesting history, but on which we have little information other than the fact that it has produced for 43 years,



and has a very high cumulative production. This Well No. 1 was drilled in 1928 with cable tools. There are at least two strings of tools at the bottom of the well. It is open-hole completion. We do not believe that it is practical to deepen the well, but as you can see from Exhibit No. 3, it has not penetrated Seven Rivers, and as you can see from Exhibit No. 2, it is located at the peak of the structure and if there is not a well which penetrates the top of the Seven Rivers, or the Seven Rivers formation at the top of the structure, there very likely would be oil lost that otherwise could be recovered. We also intend to do extensive coring in this well which will give us information on high structure wells. We have cored a number of wells in this reservoir, but they have all been on the flank of the structure because the crest of the structure was developed early -- years and years ago. I don't know that we pointed out that this is in the Scarborough Yates-Seven Rivers pool.

Q What is the nature of the Seven Rivers formation in this area?

A The Seven Rivers is predominately dolomite. It is generally considered to be a Reed-type formation

with various intervals of porosity and is considered to be highly fraced.

Q I think you have already stated that the primary reason for this is to avoid trapping of oil in the upper portion of the formation. Does that summarize your testimony?

A Well, we feel that the oil will be trapped at the top of the formation, but we would like to have a well penetrate that where we can recover the oil that is trapped there.

Q And that is the purpose of this application?

A Yes, sir.

Q Will this cause any drainage to any offset operator?

A I don't believe so. This is an inside location well over a quarter of a mile from the nearest lease boundary. Also, we do propose to allocate the allowable between Well No. 1 and Well No. 15 jointly so that the two wells would not produce more than one well could produce if it had the capacity to produce. It does not have the capacity to produce. I might also mention that we have recently entered the well and run tubing. It has never had tubing in it before -- and pumping equipment in order--

Q (Interrupting) You are talking about the No. 1 Well?

A Yes, No. 1.

Q It never had tubing in it?

A It never had tubing in it.

Q This is Rule No. 107?

A I don't think Rule No. 107 existed then, when it was completed. But we did run tubing and a pump in an attempt to bring the well to top allowable production, and we were not able to bring it to top allowable production, consequently, we felt that we had economic justification for drilling Well No. 15 and there is considerable scientific information to be gained by the drilling of the well.

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

A Yes, they were.

MR. KELLAHIN: I will offer in evidence Exhibits 1, 2 and 3.

MR. NUTTER: Continental's Exhibits 1, 2 and 3 will be admitted in evidence.

MR. KELLAHIN: That completes our presentation.

(Whereupon, Applicant's Exhibits 1, 2 and 3 were offered and admitted in evidence.)

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Lyon, do you have any other wells that don't have tubing in them?

A No, I believe all of the other wells have tubing. I wish I had a picture of that well as it existed until a few years ago. It had an awfully peculiar well head on it and it had one of those big deep cellars which had to be filled so they could set the pumping equipment in it. It is a rather unique well.

Q What is the current capacity of the well?

A I wish you hadn't asked that. I meant to check that, the latest test on it before I left the office, but I failed to do it. The last report that I recall seeing on it, it was in the range of 47 barrels a day.

Q Does it make a lot of water?

A Yes, the water increased markedly when we installed the pump.

Q Apparently that well does have a pretty tight cumulative production, does it not?

A Better than half-million barrels.

MR. NUTTER: Are there any further questions of  
Mr. Lyon?

You may be excused.

(Witness dismissed.)

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

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

MR. NUTTER: Does anyone have anything for Case  
No. 4594? We will take the case under advisement.

STATE OF NEW MEXICO )  
COUNTY OF SANTA FE ) SS.

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Richard L. Nye  
COURT REPORTER

My commission expires March 25, 1975.

I do hereby certify that the foregoing is a true and correct record of the proceedings in the hearing of Case No. 4594 reported by me on 9/10, 1971.  
James, Examiner  
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

October 5, 1971

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

Re: Case No. 4594  
Order No. R-4199  
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. 4594  
Order No. R-4199

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 15, 1971, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 5th day of October, 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 an oil proration unit comprising the SW/4 SE/4 of Section 19, Township 26 South, Range 37 East, Scarborough Yates-Seven Rivers Pool, Lea County, New Mexico.

(3) That said proration unit is presently dedicated to applicant's Eaves "A" Well No. 1 located 330 feet from the South line and 2310 feet from the East line of said Section 19.

(4) That the applicant seeks an exception to Rule 104 C I of the Commission Rules and Regulations to permit the drilling of its Eaves "A" Well No. 15 as a second well on the above-described proration unit at an unorthodox location 660 feet from the South line and 2540 feet from the East line of said Section 19.



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CASE NO. 4594

Order No. R-4199

(5) That the applicant also seeks to simultaneously dedicate the SW/4 SE/4 of Section 19 to its Eaves "A" Well No. 15 and Eaves "A" Well No. 1 with assignment of a single 40-acre Scarborough-Yates allowable to the unit and authority to produce any or all of the allowable from either well.

(6) That approval of the subject application will prevent the drilling of unnecessary wells, will avoid the augmentation of risk arising from the drilling of an excessive number of wells, prevent reduced recovery, which might result from the drilling of too few wells, will afford the applicant the opportunity to produce its just and equitable share of the oil and gas in the subject pool, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, is hereby granted an exception to Rule 104 C I of the Commission Rules and Regulations to drill its Eaves "A" Well No. 15 at an unorthodox location 660 feet from the South line and 2540 feet from the East line of Section 19, Township 26 South, Range 37 East, NMPM, Scarborough Yates-Seven Rivers Pool, Lea County, New Mexico, as a second well on its proration unit comprising the SW/4 SE/4 of said Section 19.

(2) That the applicant is hereby authorized to simultaneously dedicate the SW/4 SE/4 of Section 19, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico, to the aforesaid Eaves "A" Well No. 15 and to its Eaves "A" Well No. 1 located 330 feet from the South line and 2310 feet from the East line of said Section 19; that a single 40-acre Scarborough Yates-Seven Rivers allowable shall be assigned to said 40-acre unit; and that the applicant is hereby authorized to produce any or all of the Scarborough Yates-Seven Rivers allowable from either well in any proportion.

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

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CASE NO. 4594  
Order No. R-4199

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*Bruce King*  
BRUCE KING, Chairman

*Alex J. Armijo*  
ALEX J. ARMILLO, Member

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

SEAL

dr/

Docket No. 20-71

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 15, 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 A. L. Porter, Jr., Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for October, 1971, from fifteen prorated pools in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico;
- (2) Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, for October, 1971.

CASE 4222 (Reopened): In the matter of Case 4222 being reopened pursuant to the provisions of Order No. R-3850-A, which order continued 80-acre spacing units for the West Sawyer-San Andres Pool, Lea County, New Mexico, for an additional one-year period. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units and present evidence as to whether or not said pool is in fact an associated reservoir.

CASE 4588: Application of V. H. Westbrook for a pressure maintenance project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project by the injection of water into the Delaware formation through his Guy A. Reed Well No. 2 located in Unit L of Section 24, Township 24 South, Range 28 East, Malaga-Delaware Pool, Eddy County, New Mexico.

CASE 4589: Application of Anadarko Production Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Burnham Grayburg San Andres Unit Area comprising 480 acres, more or less, of state lands in Section 2, Township 17 South, Range 30 East, Square Lake Field, Eddy County, New Mexico.

CASE 4590: Application of Wolfson Oil Company, MKA Oil Properties, John H. Hendrix, and Bruce A. Wilbanks for a special gas-oil ratio limitation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks as an exception to Rule 506 of the Commission Rules and Regulations, a limiting gas-oil ratio of 6,000 cubic feet of gas per barrel of oil in the Drinkard Pool, Lea County, New Mexico.

CASE 4591: Application of American Quasar Petroleum Company of New Mexico for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill an exploratory gas well at an unorthodox location 660 feet from the South and East lines of Section 21, Township 25 South, Range 33 East, Lea County, New Mexico, to test the Devonian, Pennsylvanian, and Wolfcamp formations within one mile of the Red Hills Field.

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- CASE 4592: Application of Gulf Oil Corporation for amendment of order permitting commingling of production, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4079, which order authorized the applicant to commingle production from the Hobbs (Grayburg-San Andres) and Hobbs-Blinebry Pools on its W. D. Grimes NCT-B Lease and to commingle production from said lease with the Hobbs (Grayburg-San Andres) Pool on its W. D. Grimes NCT-A lease, located in Sections 32 and 33, Township 18 South, Range 38 East, Lea County, New Mexico. Applicant seeks to allocate production to each lease and pool on the basis of bi-monthly tests rather than monthly tests.
- CASE 4593: Application of Continental Oil Company for an exception to Order No. R-3221, as amended, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, to dispose of water produced by wells located on its W. R. Means lease comprising the S/2 and NW/4 of Section 28, and E/2 and E/2 W/2 of Section 29, Township 14 South, Range 30 East, Vest Ranch-Queen Pool, Chaves County, New Mexico, in unlined surface pits.
- CASE 4594: Application of Continental Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its second well on a proration unit at an unorthodox location 660 feet from the South line and 2540 feet from the East line of Section 19, Township 26 South, Range 37 East, Scarborough Yates-Seven Rivers Pool, Lea County, New Mexico.
- CASE 4595: Application of Continental Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from undesignated Gallup and Dakota oil pools in the wellbores of two wells to be drilled in Section 27, Township 25 North, Range 4 West, West Lindrith Field, Rio Arriba County, New Mexico. Applicant further seeks the establishment of a procedure whereby similar approval may be granted administratively for other wells to be drilled in said area.
- CASE 4597: Application of Morris R. Antweil for lease commingling and off-lease storage, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle condensate produced from his Little Jewel Well No. 1 and Allen Well No. 1 located in Units F and J, respectively,

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Docket No. 20-71

(Case 4597 continued)

of Section 31, Township 22 South, Range 27 East, and from his Joell Well No. 1 located in Unit C of Section 6, Township 23 South, Range 27 East, South Carlsbad-Strawn Gas Pool, Eddy County, New Mexico, after separation and measurement of the liquids from each well.

CASE 4583: (Continued from the August 18, 1971, Examiner Hearing) Application of V. F. Vasicek and J. M. Fullinwider, doing business as V-F Petroleum for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 15, Township 16 South, Range 35 East, Lea County, New Mexico, said acreage to be dedicated to a well to be re-entered and recompleted in the Pennsylvanian formation and located 1980 feet from the South and East lines of said Section 15. 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.

CASE 4596: Southeastern New Mexico nomenclature case calling for an order for the creation, extension and abolishment of certain pools in Lea, Eddy, and Chaves County, New Mexico.

(a) Create a new pool in Eddy County, New Mexico, classified as an oil pool for Strawn production and designated as the South Hackberry-Strawn Pool. The discovery well is the Perry R. Bass Big Eddy Unit No. 33 located in Unit P of Section 4, Township 20 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 31 EAST, NMPM  
SECTION 4: SE/4 SE/4

(b) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Maroon Cliffs-Morrow Gas Pool. The discovery well is the Perry R. Bass Big Eddy Unit No. 7 located in Unit O of Section 19, Township 20 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 31 EAST, NMPM  
SECTION 19: S/2

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(c) Create a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production and designated as the McDonald-Pennsylvanian Pool. The discovery well is the J. M. Huber Corporation Griffin No. 1 located in Unit A of Section 4, Township 14 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 14 SOUTH, RANGE 36 EAST, NMPM  
SECTION 4: NE/4

(d) Abolish the Northwest Vacuum-Abo Pool in Lea County, New Mexico, described as:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM  
SECTION 2: SW/4  
SECTION 3: NE/4 SE/4

(e) Extend the North Vacuum-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM  
SECTION 2: SW/4  
SECTION 3: SE/4

(f) Extend the Blinebry Oil Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM  
SECTION 36: NE/4

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
SECTION 8: NW/4

(g) Extend the South Carlsbad-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM  
SECTION 25: S/2

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM  
SECTION 30: S/2  
SECTION 31: W/2

(h) Extend the South Carlsbad-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

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TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM  
SECTION 30: S/2

- (i) Extend the Double L-Queen Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 29 EAST, NMPM  
SECTION 25: NW/4 SE/4

- (j) Extend the Eagle Creek-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM  
SECTION 22: W/2

- (k) Extend the Flying "M"-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM  
SECTION 9: NE/4

- (l) Extend the Flying "M"-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM  
SECTION 9: W/2, NE/4 and N/2 SE/4

- (m) Extend the Grayburg Jackson Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM  
SECTION 18: S/2 NW/4

- (n) Extend the Langlie-Mattix Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
SECTION 20: NW/4 and NW/4 SW/4

- (o) Extend the Power Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM  
SECTION 1: NE/4 NE/4

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM  
SECTION 6: SW/4 NW/4

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(Case 4596 continued)

(p) Extend the East Shoebar-Devonian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM  
SECTION 29: SW/4  
SECTION 30: SE/4

(q) Extend the North Vacuum-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM  
SECTION 12: S/2  
SECTION 14: S/2  
SECTION 23: N/2

(r) Extend the North Vacuum-Lower Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM  
SECTION 4: NW/4

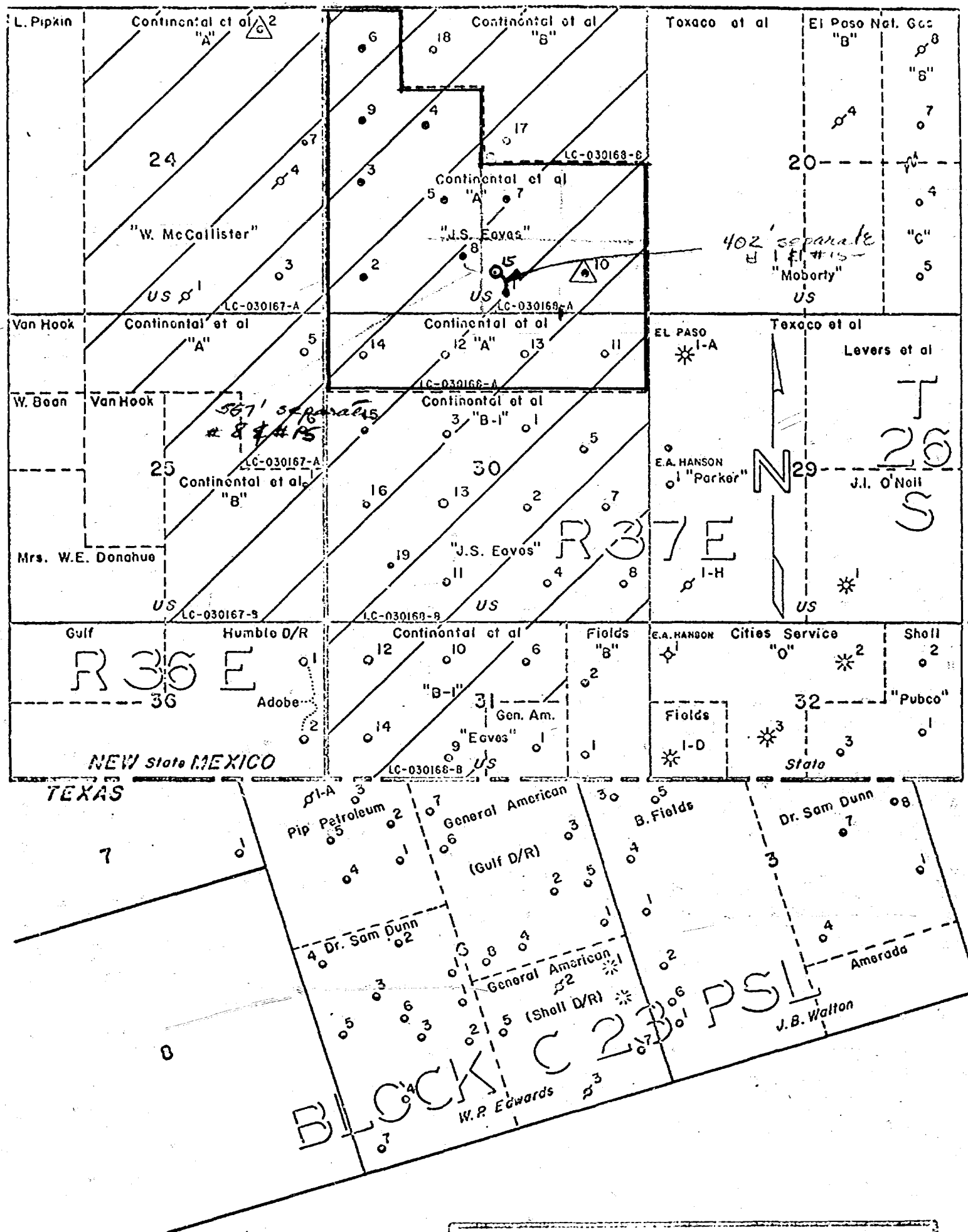
(s) Extend the Northwest Vacuum-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM  
SECTION 5: SE/4

(t) Extend the Vada-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 34 EAST, NMPM  
SECTION 2: S/2 and NW/4  
SECTION 3: NE/4  
SECTION 7: S/2  
SECTION 10: E/2  
SECTION 11: N/2





BEFORE EXAMINER NUTTER  
OIL CONSERVATION COMMISSION  
*Appl* EXHIBIT NO. 1  
CASE NO. 4594

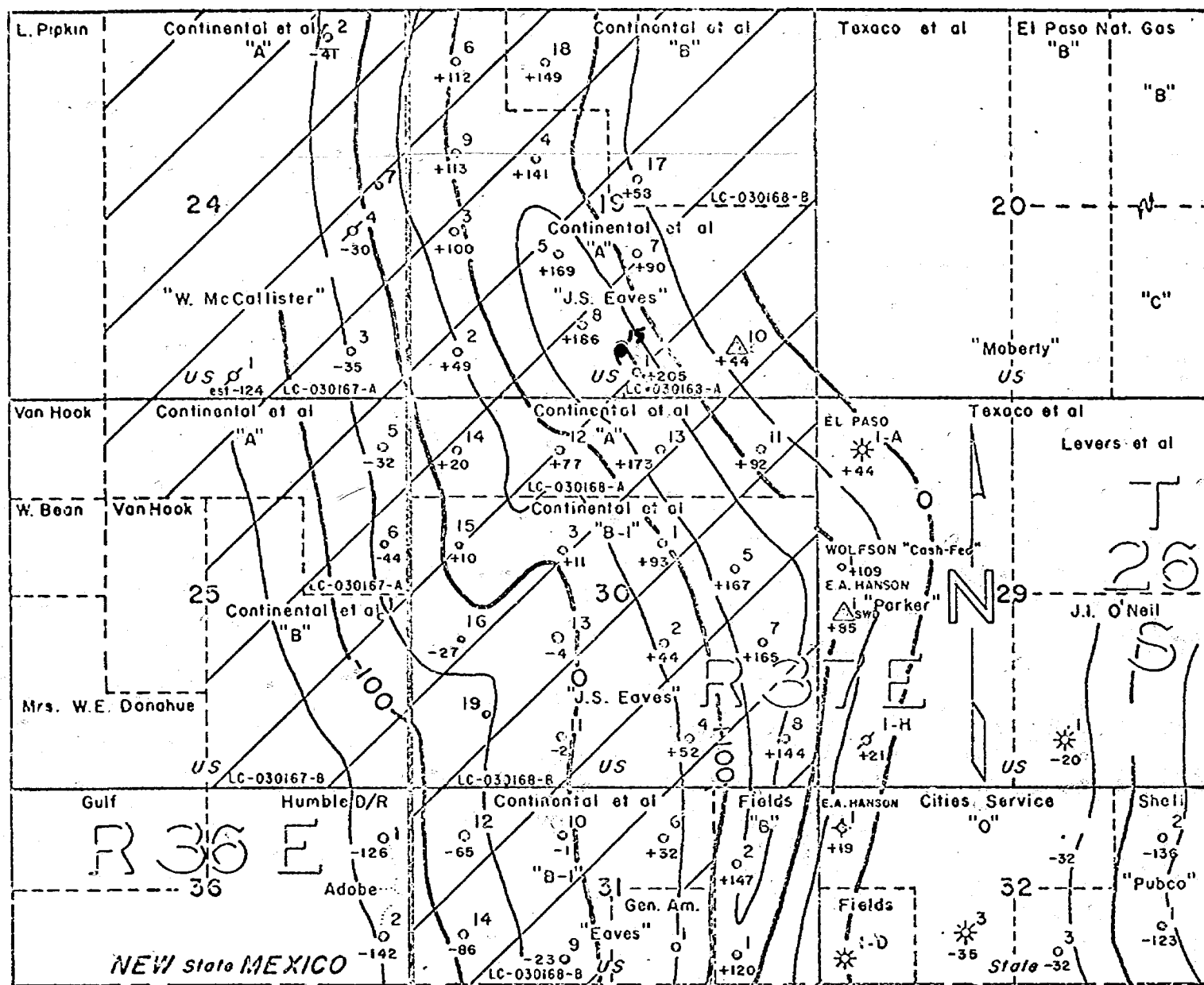
CONTINENTAL OIL COMPANY  
PRODUCTION DEPARTMENT  
HOBBS DISTRICT  
SCARBOROUGH YATES-7 RIVERS POOL  
Leo County, New Mexico

EXHIBIT NO. 1

SCALE  
0' 1000' 2000'

BLJ

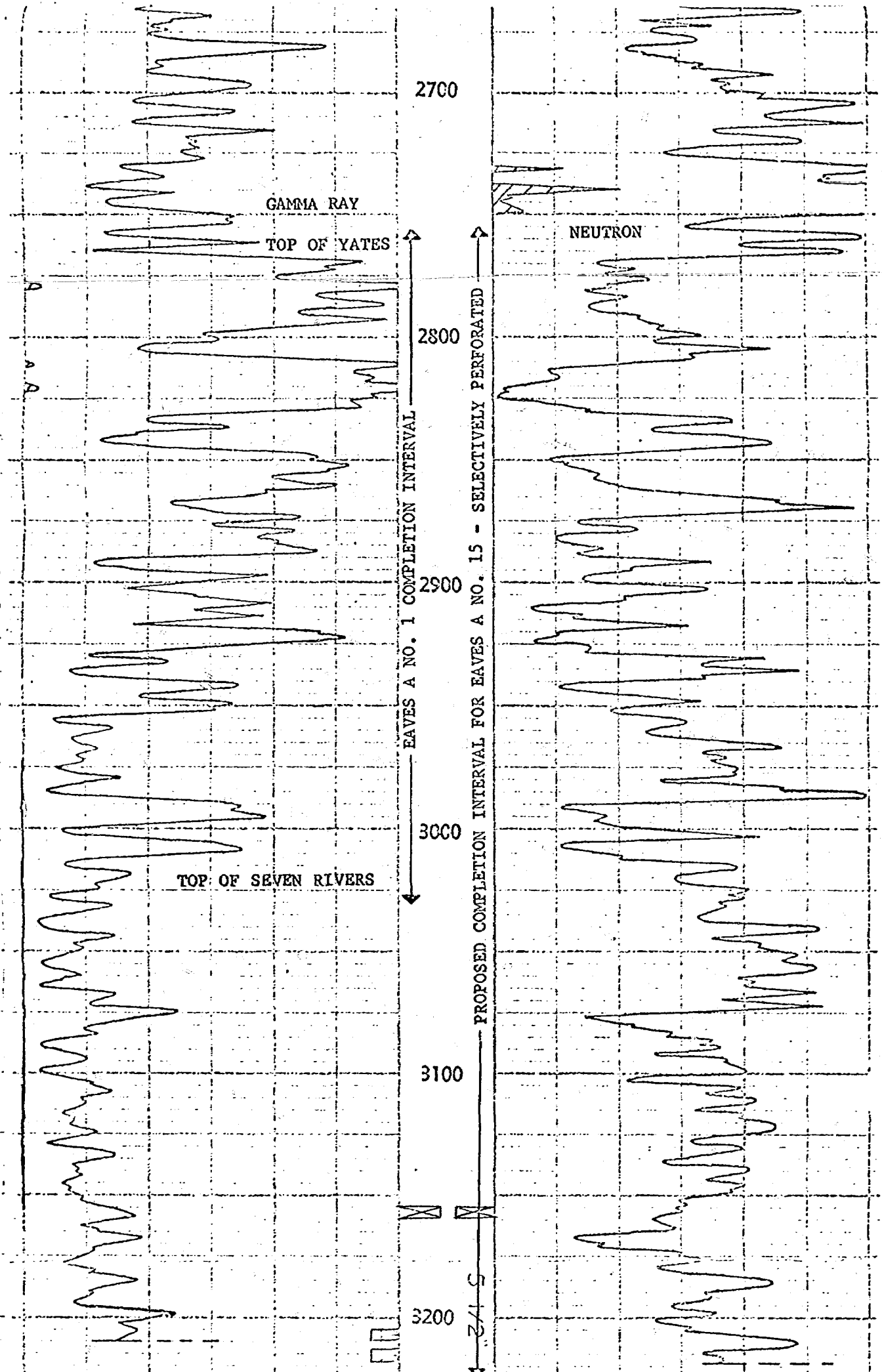
EXHIBIT NO. 1



BEFORE EXAMINER NUTTER  
OIL CONSERVATION COMMISSION  
*Apple* EXHIBIT NO. 2  
CASE NO. 4594

<b>CONOCO</b>	
PRODUCTION DEPARTMENT	HOBBS DIVISION
LEA COUNTY, NEW MEXICO YATES STRUCTURE MAP CI: 50'	
SCALE 0' 1000' 2000'	
EGS 7-70	erw

EXHIBIT NO. 2



R.D. 3219'  
T.D. 3221'

BEFORE EXAMINER NUTTER  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 3  
CASE NO. 4594



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

August 25, 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 Unorthodox Location - Eaves "A" No. 15,  
Lea County, New Mexico

Enclosed, in triplicate, is our application for approval of an unorthodox location for our Eaves "A" Well No. 15 to be located in Unit 0, Section 19, Township 26 South, Range 37 East, in the Scarborough Oil Pool, Lea County, New Mexico. Please set this matter for hearing on the September 15, 1971, Examiner Docket.

Yours very truly,

rw  
Enc  
CC:  
RLA: JJB: JWK:

RECEIVED  
AUG 27 1971

III CONSERVATION COM

Case 45-94

DOCKET MAILED

Date 9-3-71

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE  
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
CONTINENTAL OIL COMPANY FOR EXCEPTION  
TO STATEWIDE RULE 104 C1 - FOR AUTHORITY  
TO DRILL ITS EAVES "A" WELL NO. 15  
AT AN UNORTHODOX LOCATION 660' FROM  
THE SOUTH LINE AND 2,540' FROM THE EAST  
LINE OF SECTION 19, TOWNSHIP 26 SOUTH,  
RANGE 37 EAST, IN THE SCARBOROUGH POOL,  
LEA COUNTY, NEW MEXICO

*Case 4594*

A P P L I C A T I O N

Comes now Continental Oil Company, and respectfully requests exception to  
Statewide Rule 104 C1 - for approval of an unorthodox location in the  
Scarborough Oil Pool for its Eaves "A" Well No. 15, to be located 660'  
from the south line and 2,540' from the east line of Section 19, Township  
26 South, Range 37 East, Lea County, New Mexico, and in support thereof  
would show:

1. Applicant is operator and co-owner of the Eaves "A" Lease located  
in Sections 19 and 30, Township 26 South, Range 37 East, Lea  
County, New Mexico.
2. Applicant has heretofore drilled and completed 14 oil wells on  
the said lease including Well No. 1, located 330' from the south  
line and 2,310' from the east line of said Section 19.
3. Said Well No. 1 has declined in producing capacity until it can  
no longer produce top allowable and is in such mechanical condition  
that it is impracticable to perform remedial work which would return  
the well to top allowable producing capacity.
4. Applicant desires to drill an additional well in the SW/4 SE/4  
of Section 19 as a twin to Well No. 1 and to assign the allowable  
attributable to said proration unit to the two wells jointly.
5. Structural and reservoir considerations indicate that the well  
should be located 660' from the south line and 2,540' from the  
east line of the section, which is only 402' from Well No. 1 and  
557' from Well No. 8.

6. That the proposed well location is 1980' from the nearest lease boundary and will not cause drainage from any offset lease.
7. The granting of this application will be in the interest of preventing waste and will not impair correlative rights.

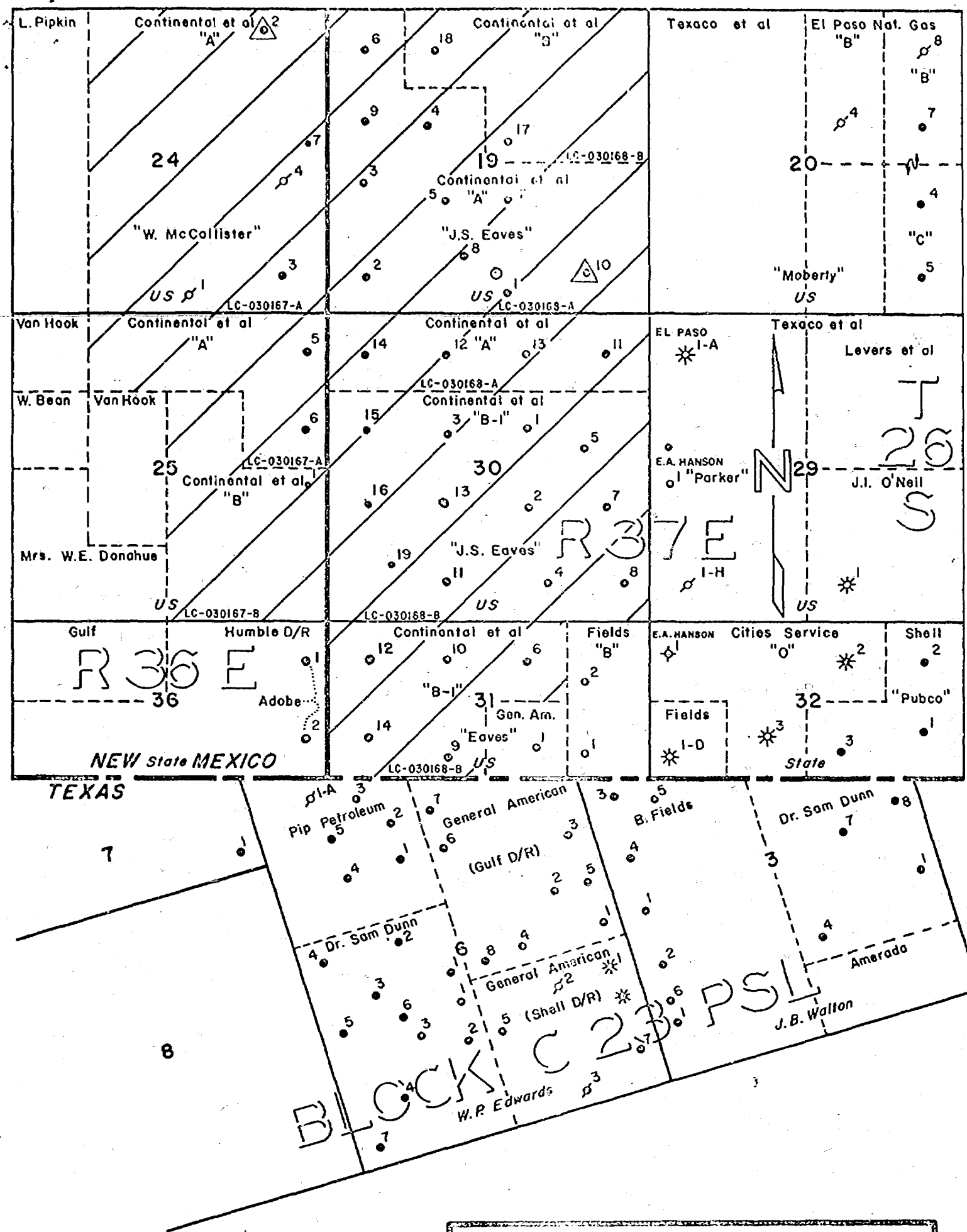
Wherefore, Applicant requests that his application be set for hearing before the Commission's duly appointed Examiner and, upon hearing, that an order be entered granting exception to Statewide Rule 104 C1 - as outlined above.

Respectfully submitted,  
CONTINENTAL OIL COMPANY



L. P. Thompson

rw



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. 4594

Order No. R-4199

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 15, 1971,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this October day of September, 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 owner~~  
~~operator and co-owner~~  
~~and operator of the following-described wells in Township~~  
~~Range~~, NMPM, Lea County, New Mexico:

(2) That the applicant, Continental Oil Company,  
is the operator ~~and co-owner~~ of an ~~oil~~ <sup>oil</sup> ~~provisional~~ <sup>provisional</sup> unit  
~~in the Scarborough Yates Seven Rivers Pool~~  
comprising the SW 1/4 SE 1/4 of Section 19, Township  
26 South, Range 37 East, Scarborough Yates -  
Seven Rivers Pool, Lea County, New Mexico.

(3) That said provisional unit is presently dedicated  
to ~~the~~ <sup>applicant's</sup> ~~Coal~~ <sup>Coal</sup> "A" well No. 1 located 330 feet from  
the south line and 2310 feet from the east line of  
said Section 19.



(3) That the applicant seeks an exception to Rule ~~104 C I~~ of the Commission Rules and Regulations to permit the drilling <sup>its Eaves "A" well No. 15 as a</sup> of a second well on the above-described proration unit at an ~~unorthodox~~ location 660 feet from the South line and 2540 feet from the East line of said Section 19.

~~Seven Rivers Pool.~~

(4) That the applicant also seeks an ~~exception to the~~ Special Rules and Regulations for the Scarborough-Yates Pool to simultaneously dedicate the SW/4 SE/4 of Section 19 to its Eaves "A" Well No. 15 and Eaves "A" Well No. 1 with assignment of a single 40-acre Scarborough-Yates allowable to the unit and authority to produce any or all of the allowable from either well.

(5) That approval of the subject application will prevent the drilling of unnecessary wells, will avoid the augmentation of risk arising from the drilling of an excessive number of wells, ~~prevent reduced recovery, which might result from the drilling~~ of too few wells, will afford the applicant the opportunity to produce its just and equitable share of the oil and gas in the subject pool, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, is hereby granted an exception to Rule 104 C I of the Commission Rules and Regulations to drill its Eaves "A" Well No. 15 ~~as a second well on the same~~ at an ~~unorthodox~~ location 660 feet from the South line and 2540 feet from the East line of Section 19, Township 26 South, Range 37 East, N.M.P.M., Scarborough Yates-Seven Rivers Pool, Lea County, New Mexico, as a second well on its proportionate unit comprising the SW 1/4 SE 1/4 of said Section 19.

(under)

~~its Eaves "A" Well No. 15, to be located 660 feet from the South line and 2540 feet from the East line of said Section 19~~ and to its Eaves "A" Well No. 1 located 330 feet from the South line and 2310 feet from the East line of said Section 19; that a single 40-acre Scarborough Yates-Seven Rivers allowable shall be assigned to said 40-acre unit; and that the applicant is hereby authorized to produce any or all of the Scarborough Yates-Seven River allowable from either well *in any proportion*.

(3) 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.

Unorthodox for Eanes # 15

Schorbough

660 FSL

2540 FEL

Dr 19, 26537 E

lea

2<sup>nd</sup> well on production unit

402' from #1

557' " #8

- oil -

Sept 15 -

CASE 4595: Appli. of CONTINENTAL  
OIL CO. FOR DOWNHOLE COMMINGLING,  
RIO ARRIBA COUNTY, NEW MEXICO.