

CASE 5654: CONTINENTAL OIL COMPANY
FOR A NON-STANDARD GAS PRORATION UNIT
AND SIMULTANEOUS DEDICATION, LEA COUNTY

CASE NO.

5654

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 17, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil Company) CASE
for a non-standard gas proration unit) 5654
and simultaneous dedication, Lea County,) New Mexico.

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: William F. Carr, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant: W. Thomas Kellahin, Esq.
KELLAHIN & FOX
Attorneys at Law
500 Don Gaspar
Santa Fe, New Mexico

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General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

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VICTOR T. LYON

Direct Examination by Mr. Kellahin

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Cross Examination by Mr. Nutter

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EXHIBIT INDEX

Page

Applicant's Exhibit No. One, Plat

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2 The next case will be Case 5654.

3 MR. CARR: Case 5654, application of Continental
4 Oil Company for a non-standard gas proration unit and
5 simultaneous dedication, Lea County, New Mexico.

6 MR. KELLAHIN: Tom Kellahin of Kellahin and Fox and
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8 (THEREUPON, the witness was duly sworn.)
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10 VICTOR T. LYON

11 called as a witness, having been first duly sworn, was
12 examined and testified as follows:
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14 DIRECT EXAMINATION

15 BY MR. KELLAHIN:

16 Q Would you please state your name, your employment
17 and in what capacity?

18 A I'm Victor T. Lyon, Conservation Coordinator for
19 Continental Oil Company in the Hobbs Division located in Hobbs
20 New Mexico.

21 Q Mr. Lyon, have you previously testified before
22 this Commission?

23 A Yes, I have.

24 Q Are you familiar with the facts surrounding this
25 particular application?

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2 MR. KELLAHIN: If the Examiner please, are the
3 witness's qualifications acceptable?

4 MR. NUTTER: Yes, they are.

5 Q. (Mr. Kellahin continuing.) Mr. Lyon, refer to
6 Exhibit Number One, identify it and tell us what Continental
7 is seeking?

8 A. Case 5654 is the application of Continental Oil
9 Company for approval of a four hundred and eighty acre non-
10 standard gas proration unit and authority to allocate the
11 unit jointly between its State J-2 Wells Nos. 9 and 12 in
12 Section 2, Township 22 South, Range 36 East. These wells are
13 located in Units G and D respectively of that section and
14 Exhibit One is a plat that shows the State J-2 lease as a
15 stippled pattern, consisting of the north half of the southeast
16 quarter of Section 2, Township 22 South, Range 36 East.

17 It shows the location and ownership of offsetting
18 properties and wells to the best of our knowledge and belief.

19 The two wells involved in this case, State J-2
20 Nos. 9 and 12 are circled in red. No. 9 is located nineteen
21 hundred and eighty feet from the north and east lines and
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1 Eumont gas pools and the entire four hundred and eighty acre
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 2 the two wells.

3 Q In your opinion, Mr. Lyon, will approval of this
 4 application be in the best interests of conservation, prevention
 5 of waste and the protection of correlative rights?

6 A In my opinion it will.

7 Q Was the information on Exhibit One compiled by
 8 you or under your direction and supervision?

9 A Yes, it was.

10 MR. KELLAHIN: We move the introduction of Exhibit
 11 Number one.

12 MR. NUTTER: Exhibit One will be admitted into
 13 evidence.

14 (THEREUPON, Applicant's Exhibit Number One
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20 Q Mr. Lyon, is the unit still classified as a marginal
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22 A Yes, it is.

23 Q So it has no status as of now?

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 5 have increased substantially in the last few years but it was
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 7 allocation of a Eumont well was two hundred and fifty MCF a
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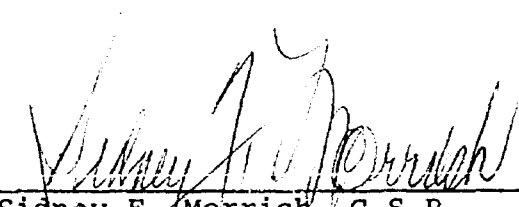
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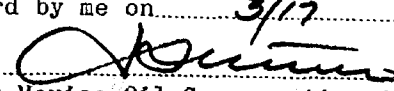
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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand 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.


Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5654
heard by me on 3/17, 1976.

, Examiner
New Mexico Oil Conservation Commission

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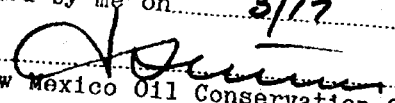
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, Examiner
New Mexico Oil Conservation Commission

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OIL CONSERVATION COMMISSION

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



DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO
April 1, 1976

STATE GEOLOGIST
EMERY C. ARNOLD

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

Re: CASE NO. 5654
ORDER NO. R-5190

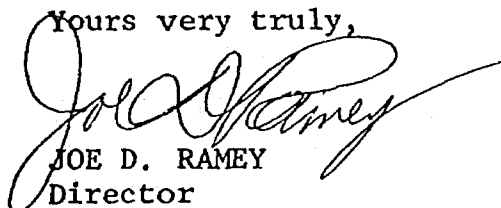
Applicant:

Continental Oil Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

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. 5654
Order No. R-5190

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 17, 1976, at Santa Fe, New Mexico, before Examiner, Daniel S. Nutter.

NOW, on this 30th day of March, 1976, 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, seeks approval for a 480-acre non-standard gas proration unit comprising the N/2 and SE/4 of Section 2, in Township 22 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico.

(3) That the applicant seeks to simultaneously dedicate to said non-standard unit its State J-2 Wells Nos. 9 and 12, located in Units G and D, respectively, of said Section 2, with unit production to be taken from said wells in any proportion.

(4) That the proposed non-standard gas proration unit can be efficiently and economically drained and developed by the subject wells.

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

-2-

Case No. 5654
Order No. R-5190

(6) That Administrative Order NSP-342, which originally approved the above-described non-standard gas proration unit, should be superseded.

IT IS THEREFORE ORDERED:

(1) That effective at 7:00 a.m. on April 1, 1976, the applicant, Continental Oil Company, is hereby authorized to simultaneously dedicate its 480-acre non-standard gas proration unit comprising the N/2 and SE/4 of Section 2 in Township 22 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, to its State J-2 Wells Nos. 9 and 12, located in Units G and D, respectively, of said Section 2, with unit production to be taken from said wells in any proportion.

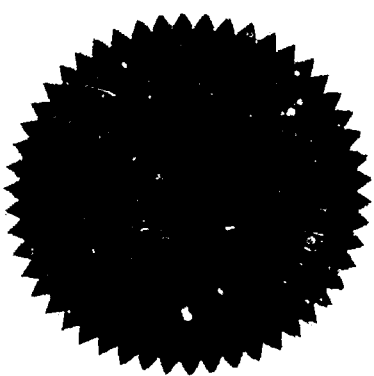
(2) That the allowable assigned to the above-described gas proration unit shall be based upon the unit size of 480 acres and that the operator may produce the allowable assigned to the unit from the subject wells in any proportion.

(3) That Administrative Order NSP-342 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



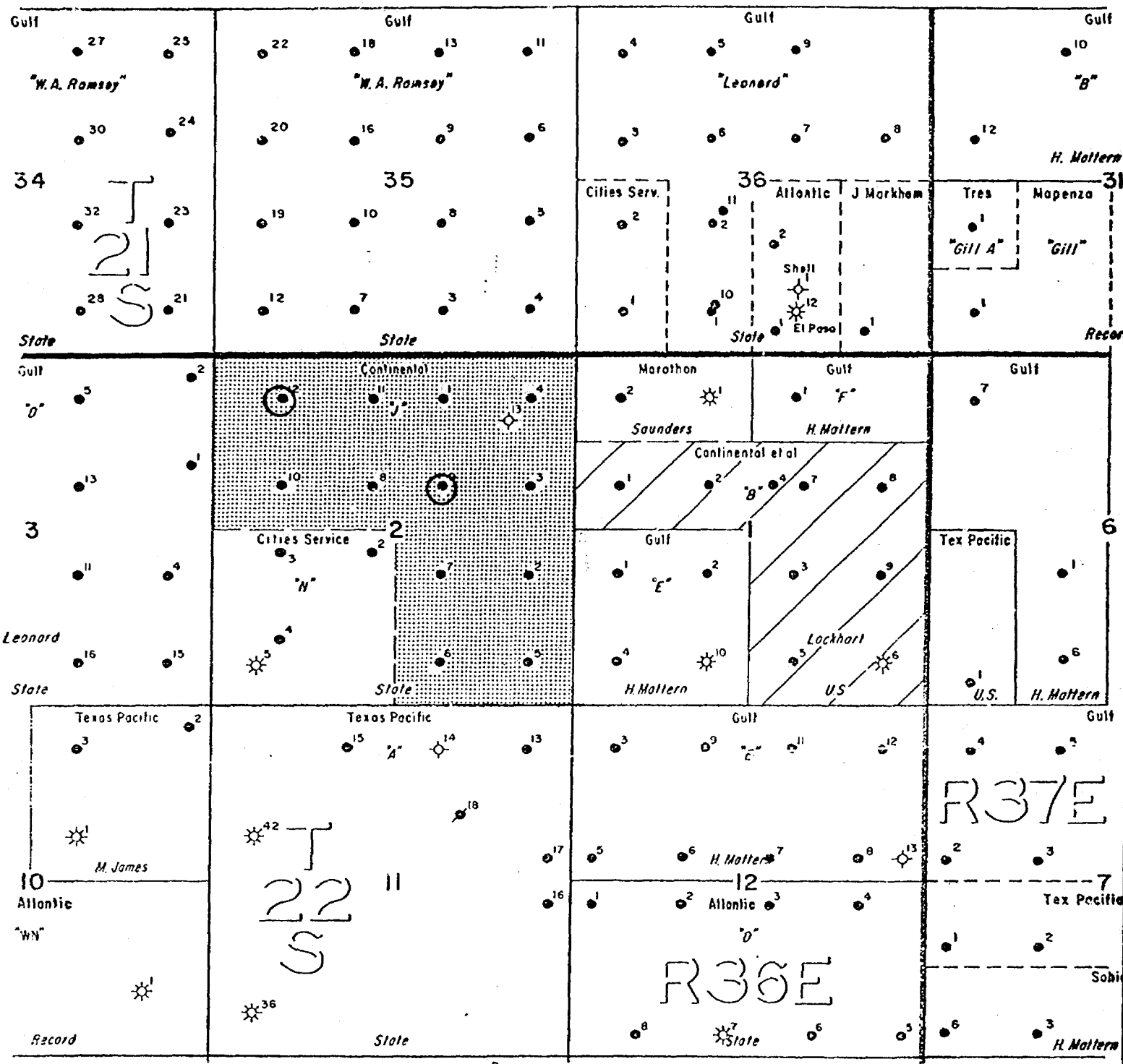
Phil R. Lucero
PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

dr/



BEFORE EXAMINATION
OIL COMPANY
Conoco
CASE NO. 5654

CONTINENTAL OIL COMPANY
PRODUCTION DEPARTMENT—HOBBS DIVISION

EUMONT POOL
 LEA COUNTY, NEW MEXICO

STATE J-2 LEASE

SCALE
 0 1000 2000

Before The Oil Conservation Commission
Of The State of New Mexico

IN THE MATTER OF THE APPLICATION
OF CONTINENTAL OIL COMPANY FOR
APPROVAL OF THE JOINT ALLOCATION
OF A 480-ACRE NON-STANDARD GAS
PRORATION UNIT IN THE EUMONT GAS
POOL CONSISTING OF N/2 AND SE/4
SECTION 2, TOWNSHIP 22 SOUTH,
RANGE 36 EAST TO ITS STATE J-2
WELLS NOS. 9 AND 12 AND FOR
PERMISSION TO PRODUCE THE UNIT
ALLOWABLE BETWEEN THE TWO WELLS
IN ANY PROPORTION

A P P L I C A T I O N

Applicant, Continental Oil Company, hereby respectfully requests approval of the joint allocation of a 480-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the N/2 and SE/4 Section 2, T-22S, R-36E, Lea County, New Mexico to its State J-2 Wells Nos. 9 and 12, and for authority to produce the assigned allowable in any proportion between the two wells, and in support thereof would show:

1. Applicant is the owner of the State J-2 Lease consisting of the N/2 and SE/4 of Section 2, T-22S, R-36E, Lea County, New Mexico containing 480.64 acres.
2. Applicant has herefore drilled and completed 12 producing wells in the Arrowhead - Grayburg Pool on said lease.
3. Applicant in 1957 dually completed its State J-2 Well No. 9 located 1980' FNL and 1980' FEL of said Section 2 in the Arrowhead-Grayburg and Eumont Gas Pool under the provisions of Order No. DC-390.
4. The entire State J-2 Lease was allocated for gas proration purposes to said Well No. 9 under the provisions of Order NSP-342.
5. Applicant has plugged back and recompleted in the Eumont Gas Pool its Well No. 12 located 660' FNL and 990' FWL of said Section 2.
6. Said Well No. 9 is a marginal well, and the recompletion of said Well No. 12 provides additional producing capacity needed to produce the allowable available to the lease.
7. The granting of this application will prevent waste and protect correlative rights of applicant without impairing the correlative rights of others.

WHEREFORE, applicant respectfully requests that this matter be set for hearing before the commission's duly appointed examiner and, upon hearing an order be entered authorizing the joint allocation of the 480-acre proration unit to said wells Nos. 9 and 12 as described above.

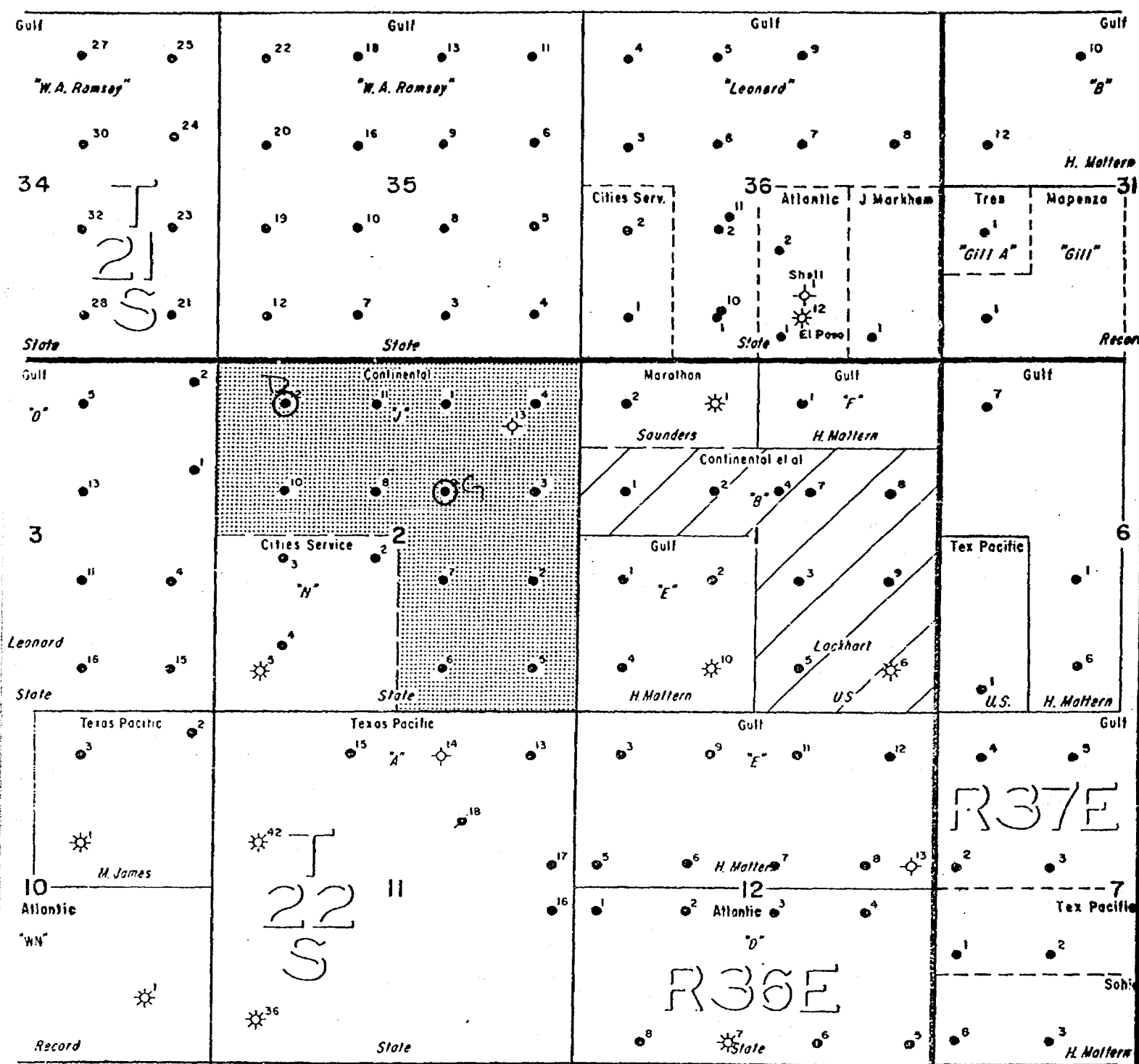
Respectfully Submitted,

CONTINENTAL OIL COMPANY



L. P. Thompson
Division Manager
Production

reh




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PRODUCTION DEPARTMENT—HOBBS DIVISION

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LEA COUNTY, NEW MEXICO

STATE J-2 LEASE

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0 1000 2000

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7. The granting of this application will prevent waste and protect correlative rights of applicant without impairing the correlative rights of others.

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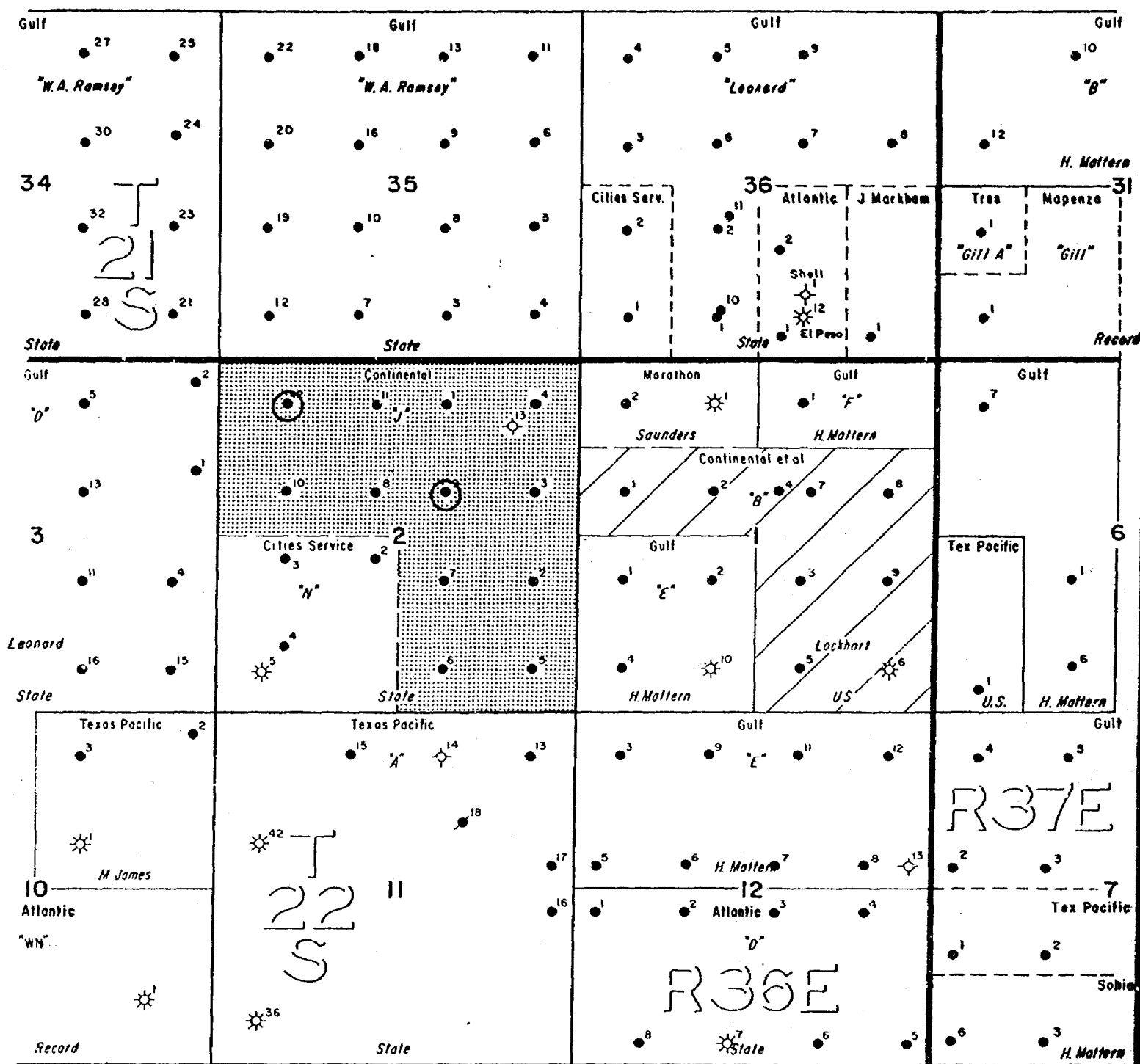
Respectfully Submitted,

CONTINENTAL OIL COMPANY



L. P. Thompson
Division Manager
Production

reh



CONTINENTAL OIL COMPANY
PRODUCTION DEPARTMENT—HOBBS DIVISION

EUMONT POOL
 LEA COUNTY, NEW MEXICO

STATE J-2 LEASE

SCALE
 0 1000 2000

Before The Oil Conservation Commission
Of The State of New Mexico

IN THE MATTER OF THE APPLICATION
OF CONTINENTAL OIL COMPANY FOR
APPROVAL OF THE JOINT ALLOCATION
OF A 480-ACRE NON-STANDARD GAS
PRORATION UNIT IN THE EUMONT GAS
POOL CONSISTING OF N/2 AND SE/4
SECTION 2, TOWNSHIP 22 SOUTH,
RANGE 36 EAST TO ITS STATE J-2
WELLS NOS. 9 AND 12 AND FOR
PERMISSION TO PRODUCE THE UNIT
ALLOWABLE BETWEEN THE TWO WELLS
IN ANY PROPORTION

A P P L I C A T I O N

Applicant, Continental Oil Company, hereby respectfully requests approval of the joint allocation of a 480-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the N/2 and SE/4 Section 2, T-22S, R-36E, Lea County, New Mexico to its State J-2 Wells Nos. 9 and 12, and for authority to produce the assigned allowable in any proportion between the two wells, and in support thereof would show:

1. Applicant is the owner of the State J-2 Lease consisting of the N/2 and SE/4 of Section 2, T-22S, R-36E, Lea County, New Mexico containing 480.64 acres.
2. Applicant has herefore drilled and completed 12 producing wells in the Arrowhead - Grayburg Pool on said lease.
3. Applicant in 1957 dually completed its State J-2 Well No. 9 located 1980' FNL and 1980' FEL of said Section 2 in the Arrowhead-Grayburg and Eumont Gas Pool under the provisions of Order No. DC-390.
4. The entire State J-2 Lease was allocated for gas proration purposes to said Well No. 9 under the provisions of Order NSP-342.
5. Applicant has plugged back and recompleted in the Eumont Gas Pool its Well No. 12 located 660' FNL and 990' FWL of said Section 2.
6. Said Well No. 9 is a marginal well, and the recompletion of said Well No. 12 provides additional producing capacity needed to produce the allowable available to the lease.
7. The granting of this application will prevent waste and protect correlative rights of applicant without impairing the correlative rights of others.

WHEREFORE, applicant respectfully requests that this matter be set for hearing before the commission's duly appointed examiner and, upon hearing an order be entered authorizing the joint allocation of the 480-acre proration unit to said wells Nos. 9 and 12 as described above.

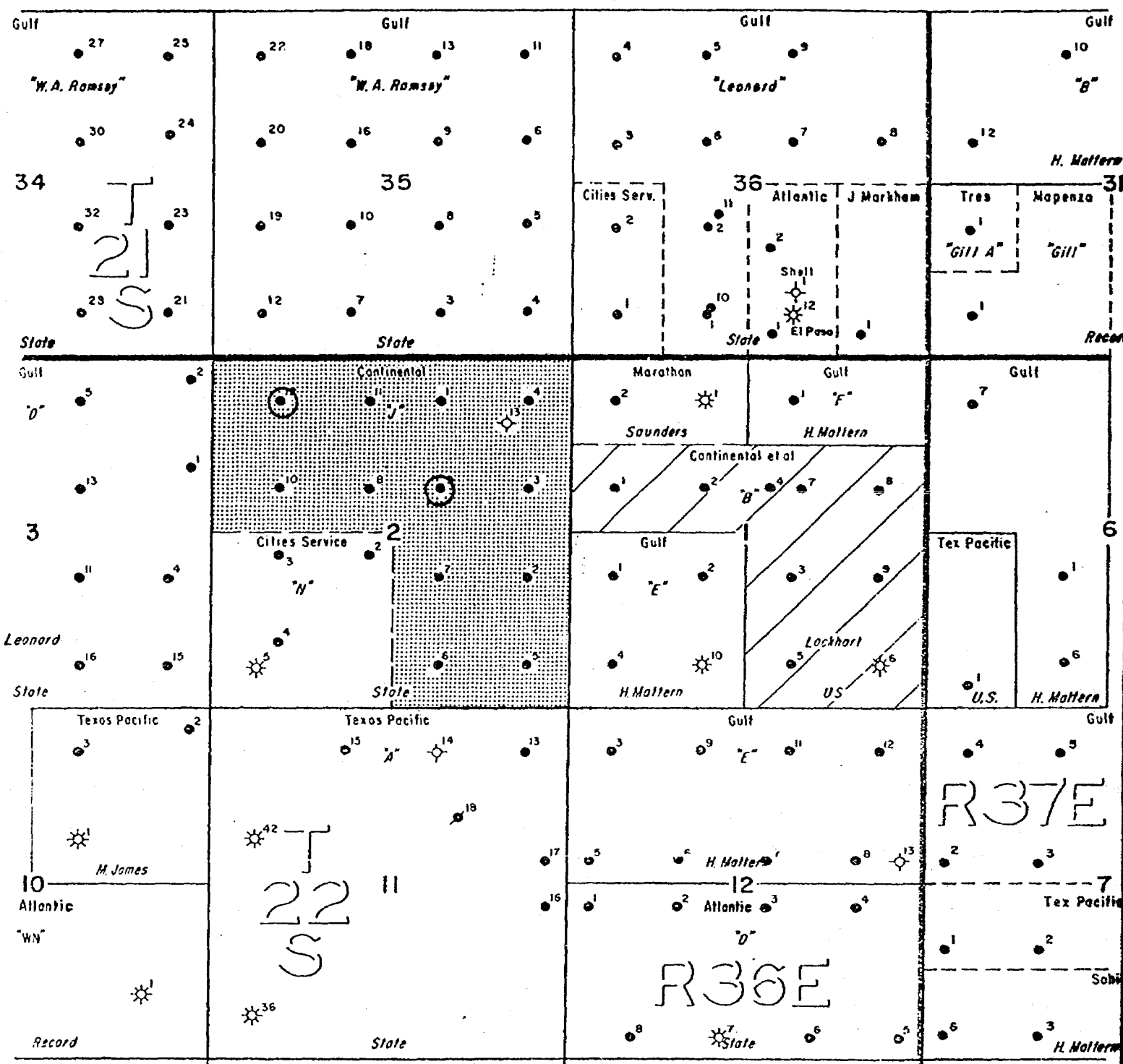
Respectfully Submitted,

CONTINENTAL OIL COMPANY



L. P. Thompson
Division Manager
Production

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CONTINENTAL OIL COMPANY
PRODUCTION DEPARTMENT—HOBBS DIVISION

EUMONT POOL
LEA COUNTY, NEW MEXICO

STATE J-2 LEASE

SCALE
0 1000 2000

CASE 5651: Application of Burmah Oil & Gas Co. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well to be drilled 1780 feet from the South line and 660 feet from the West line of Section 11, Township 24 South, Range 28 East, Eddy County, New Mexico, the W/2 of said Section 11 to be dedicated to the well.

CASE 5652: Application of Continental Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Basin-Lakota gas and Otero-Gallup oil production in the wellbores of the following wells on its Northeast Haynes Lease in Township 24 North, Range 5 West, Rio Arriba County, New Mexico:

No. 1 in Unit L of Section 9
No. 2 in Unit D of Section 16
No. 3 in Unit P of Section 16
No. 4 in Unit E of Section 21
No. 5 in Unit E of Section 22
No. 6 in Unit D of Section 15
No. 7 in Unit L of Section 19
No. 8 in Unit P of Section 15

CASE 5653: Application of Mathis, Spencer & Hutson for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Permo-Penn production, Lea County, New Mexico, and the promulgation of special pool rules therefor, including a provision for 160-acre spacing and proration units.

CASE 5654: Application of Continental Oil Company for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 480-acre non-standard gas proration unit comprising the N/2 and SE/4 of Section 2, Township 22 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, said unit to be simultaneously dedicated to applicant's State J-2 Wells Nos. 9 and 12, located in Units G and D, respectively, of said Section 2.

CASE 5422: (Reopened)

In the matter of Case 5422 being reopened pursuant to the provisions of Order No. R-4931, which order established special rules and regulations for the EK-Bone Springs Pool, Lea County, New Mexico, including a provision for 80-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

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JR
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:

WPK
CASE NO. 5654
Order No. R-5190

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 17, 1976,
at Santa Fe, New Mexico, before Examiner, Daniel S. Nutter.

NOW, on this _____ day of March, 1976, 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, seeks
approval for a 480-acre non-standard gas proration unit comprising
the N/2 and SE/4 of Section 2, in Township 22 South, Range 36 East,
NMPM, Eumont Gas Pool, Lea County, New Mexico.

(3) That the applicant seeks to simultaneously dedicate
to said non-standard unit its State J-2 Wells Nos. 9 and 12,
located in Units G and D, respectively, of said Section 2, with
unit production to be taken from said wells in any proportion.

(4) That the proposed non-standard gas proration unit can
be efficiently and economically drained and developed by the
subject wells.

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

(6) That Administrative Order NSP-342, which originally
approved the above-described non-standard gas
proration unit, should be superseded.

-2-
Case No. 5654
Order No. R-

IT IS THEREFORE ORDERED:

(1) That effective at 7:00 a.m. on April 1, 1976, the applicant, Continental Oil Company, is hereby authorized to simultaneously dedicate its 480-acre non-standard gas proration unit comprising the N/2 and SE/4 of Section 2 in Township 22 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, to its State J-2 Wells Nos 9 and 12, located in Units G and D, respectively, of said Section 2, with unit production to be taken from said wells in any proportion.

(2) That the allowable assigned to the above-described gas proration unit shall be based upon the unit size of 480 acres and that the operator may produce the allowable assigned to the unit from the subject wells 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.

(3) That Administrative Order NSP-342 is hereby superseded.