

to produce all wells presently drilled, or
hereafter completed in Warren-McKee pool,
Southeast Monument Unit, into common tank
battery in SW/4 20-20S-38E.

Case No.

1288

Application, Transcript,
Small Exhibits, Etc.

BEFORE THE
OIL CONSERVATION COMMISSION
HOBBS, NEW MEXICO

IN THE MATTER OF:

Case 1288 .

TRANSCRIPT OF PROCEEDINGS

August 7, 1957

DEARNLEY - MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
3-6691 5-9546

BEFORE THE
OIL CONSERVATION COMMISSION
HOBBS, NEW MEXICO
August 7, 1957

IN THE MATTER OF:

CASE 1288: Application of Continental Oil Company for an order authorizing the production of more than eight oil wells into a common tank battery in the Southeast Monument Unit, Warren-McKee Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing it to produce all wells presently drilled, or hereafter completed, in the Warren-McKee Pool within the boundaries of the Southeast Monument Unit into a common tank battery located in the SW/4 of Section 20, Township 20 South, Range 38 East, Lea County, New Mexico. The said Southeast Monument Unit covers lands located in Sections 13, 14, 15, 22, 23, 24, 25, 26, and 27, Township 20 South, Range 37 East, and Sections 19, 20, 29, and 30, Township 20 South, Range 38 East, Lea County, New Mexico.

Oil Conservation Commission
Office
1000 West Broadway
Hobbs, New Mexico

BEFORE:

WARREN W. MANKIN, Examiner

TRANSCRIPT OF HEARING

MR. MANKIN: The hearing will come to order. The next case on the docket is Case 1288.

MR. COOLEY: Case 1288. Application of Continental Oil Company for an order authorizing the production of more than eight

permitted to produce from a common tank battery. All wells to be produced into a common tank battery will be producing from the same formation of the same participating area of the southeastern Monument Unit, which is a portion of the New Mexico Federal Unit.

Q Where is that pool located?

A It is located in the Western Basin Pool.

Q How many wells are presently operating in unit A?

A At the time of the application, there were eight wells producing from the pool into a common tank battery, and there has been a ninth well produced, which is presently being proposed to be put into a common tank battery, and also there are two additional wells in the process of being completed, which brings it to a total of eleven wells.

Q Is another well contemplated?

A At the present time, no, there is not. The eleven wells anticipated allowable will be approximately eleven hundred and eighty-seven barrels per day. The existing tank battery will consist of twelve four hundred barrel storage tanks, and will provide in excess of three days storage.

Q Referring to what has been marked as Exhibit No. 1, will you state what that is?

A I would like to offer Exhibits 1 and 2 as evidence in this case, 1288, please. Exhibit 1 is an ownership plat showing Continental's

acreage, cross-hatched in yellow. That portion of the southeastern Monument Unit, which includes the McKee participating area has been outlined with a dash line that appears on the exhibit. The McKee participating area has been outlined in red, and consists of approximately five hundred and twenty acres, more or less.

Q That is one basic lease?

A Yes, sir, it certainly is.

Q All the oil produced is assigned to common beneficiaries?

A Yes, sir, it is.

Q Is the royalty ownership common? A Yes, sir.

Q This Exhibit No. 1 shows the location of the tank battery?

A Yes, sir, it does, as it exists at the present time, it shows flow-lines. Since that time, 59, directly west of the battery is now connected up to the battery, which is located in the southwest quarter of the southwest quarter of Section 20, Township 20 South, Range 38 East.

Q Where is that tank battery located?

A I just gave that.

Q Would you repeat that.

A The tank battery as it exists is in the extreme flank of the southwest quarter of the southwest quarter of Section 20, Township 20 South, Range 38 East.

Q Referring to what has been marked as Exhibit No. 2, would you state what that is?

A Exhibit No. 2 is a schematic diagram of the existing tank

... of a manifold, two horizontal ... it is shown, there are ten tanks, or ten horizontal tanks. At the present time, there are two additional tanks being installed at the tank battery. The manifold arrangement is such that all production to the various wells will be directed into either the production separator, or individual wells will be directed into the test separator for testing purposes. This test separator is equipped with an oil volume meter to measure the amount of oil produced, thereby permitting all twelve tanks to be used for storage purposes. However, the flow-line and valve arrangement is such that individual wells must be produced into a tank engaged, by engaged lines to calibrate the metering vessel, or to verify the production of any wells.

Q Does that arrangement enable you to run a test on any individual well at any time? A That is correct.

Q And how often could you run a test on these wells?

A When all wells have been completed, and are producing into the tank battery, it would be possible to conduct a test on any individual well, or on each well every one-fifth day.

Q How many additional wells do you contemplate there will be?

A At the present time, we anticipate starting no other wells. Therefore, the total amount would be the eleven, all of which are located on Exhibit No. 1.

Q If I recall your testimony, the tank battery will provide

In excess of three hundred barrels, is it not correct?

Q If additional storage is required, will Continental supply that storage?

A Yes, sir, they will.

Q What arrangements have you for testing the water contents of the oil?

A On down, the extreme side of the oil meter there is a fluid sampler which takes a composite sample of fluid, dumps it into the vessel, and by grinding this sample out, it's possible to determine the percentage water cut to a maximum of fifty percent water cut.

Q Now, the application stated that two additional Warren McKee Pool Wells are currently being drilled. Is one of these being completed?

A No. As I stated, at the time of the application, there were eight wells completed; since that time, a ninth well, SEMU-McKee has been completed, and is producing into the tank battery; there are in addition **two** other wells, one which is being drilled, and another which has not been drilled, but is in the process of being drilled at this time.

Q The application states that the drilling of at least one additional well is being considered, is that one of the wells currently being drilled?

A That is correct.

MR. KELLAHIN: At this time we offer Exhibits 1 and 2 in evidence.

MR. MANKIN: The application in question was received in evidence in this case.

(No response.)

MR. MANKIN: If not, they will be so entered.

MR. KELLAHIN: Those are all the questions I have.

CROSS EXAMINATION

BY MR. COOLEY:

Q Mr. Francis, the application seeks a maximum of eleven wells to be produced in the central tank battery in the southwest quarter of the southwest quarter, shown on Exhibit 1.

A That is correct.

MR. KELLAHIN: The application doesn't seek that necessarily as a maximum; the application seeks approval of any additional wells which may be drilled. I don't know whether there will be additional wells or not.

MR. COOLEY: Likewise in the previous case, the application was opened and concerned that matter, and you stated that the Commission requested--if we could get a maximum limit, it would facilitate writing this order considerably.

MR. KELLAHIN: If it please the Commission, I'd like to call your attention to the order which was entered in the application of Magnolia. In the northwestern part of the State, which left this matter open in that regard, on that basis that these applications were amended.

MR. COOLEY: Well, the application states the southeast

Monument Unit to be now concerned. It is to be a participating area of the southeast Monument Unit.

A That is correct.

Q (By Mr. Cooley) And that is as appears on the outline in Exhibit 1, in red.

A That is correct.

Q How many possible undrilled locations are within the participating area?

A There will be, assuming the forty acres are participating, three locations after the completion of the wells presently being drilled.

Q Wells 62 and 60, as shown on that circle, on Exhibit 1, are presently being drilled?

A That is correct.

Q If every location in the participating area, shown on Exhibit 1 were drilled, approximately how often could each well be tested, from your present testing facilities?

A Let me think a minute here. We have anticipated that there would be just a little under three days' storage, in excess of three days' storage if we were to drill the other three locations.

Q I believe you misunderstood my question, Mr. Francis. How often would each well be **tested**?

A I am sorry. Well, in the event they were to complete the other three, the wells could be tested every fifteenth day.

MR. COOLEY: That is all.

BY MR. MANKIN:

Q Mr. Francis, you have been referring to three undrilled

locations. However, your plot indicates that, on your Exhibit 1, that you are presently drilling two, No. 60, and 62, according to the way it is diagramed here, there would only be two undrilled locations, which would be, actually, in the southeast of the southeast quarter, and the northeast, and the northeast quarter of Section 30, is that correct?

A. Would you repeat that please. Let me follow--

Q. (Interrupting) The southeast of the southeast quarter of Section 19 is undrilled at the present time, according to this Exhibit 1, and the other is the northeast, northeast of Section 30.

A. You are correct, I would like to amend my testimony to state there will remain two undrilled locations.

Q. Which would, therefore, be a maximum of thirteen wells?

A. That is correct.

Q. However, at the present time, it is not anticipated to drill these two wells, but it might be sometime in the future?

A. As well as I know no other wells will be drilled, but, there is that possibility.

Q. In other words, when the eleven wells are drilled, or drilling is completed, that is your present plan, however, there may be two additional wells participating, which will make it a maximum of thirteen wells?

A. That is correct.

BY MR. COOLEY

Q. This application is limited to the participating area as it now exists, am I--

MR. LAW: HEN: (Interjecting) No, sir.

MR. COOPER: The application as stipulated, they are requesting permission to produce in excess of eight wells into a common tank battery, and all production is to be obtained from the McKee pay of the Simpson Formation, and it's all within the boundaries of the southeast Monument Unit.

BY MR. MANKIN:

Q Then, Mr. Francis, let's go a step further. As shown on Exhibit 1, there is a Warren McKee, which that pool is likewise also in the Warren McKee Pool, is that correct?

A You mean off-setting the southeastern Monument, to the southeast?

Q Yes, sir, is the Warren McKee in the SEMU Unit?

A The Warren McKee is in the New Mexico Federal Unit, it does not include the three southeastern Monument Unit.

Q Alright, sir, you then show some other acreage in Section 19, which is explicitly in the northwest quarter of the northeast quarter of Section 19, the Continental Burger B-19, west, that well is in the northern Warren McKee Pool? A That is correct.

Q Where as these other wells are in the Warren McKee Pool?

A Yes.

Q Since you are all talking about all wells in the SEMU Unit, it probably would be involved, even though you have two pools involved, you feel that the two wells could be put together, if you are going to develop this thing in the SEMU Unit?

A Let me state the question, you mean, what would be the complications including the Burger B-19?

Q Yes.

A I think principally the reason is that the royalty interest would not be common; as to the ninth well, we believe it includes the three Southeastern Monument Units.

Q Then the participating area that is shown here in red is separate and distinct, and different royalty interest from that corner, or the Continental Burger B-19 in the balance of the SEMU Unit, is that correct?

A No, the Burger B-1-S is not included in the Southeastern Monument Unit. If you will notice the dark line encloses that portion of the southeastern B-1-S -- or excuse me, the Burger B-19.

Q That would be outside of the SEMU Unit?

A That is correct.

BY MR. COOLEY:

Q You don't mean to imply the dashed red line impression forms the entire Southeastern Monument --

A (Interrupting) I mean to imply that the dashed red line, indicated, and encompasses that portion of the Southeastern Monument Unit which includes and adjoins the participating area presently designated the McKee Pool, or the SEMU-McKee. The Southeast Monument as it exists covers several sections, as you will note in Case 1288, it covers lands located in Sections 13, 14, 15, 22, 23, 24, 25, 26, and 27, of Township 20 South, Range 37 East, and Sections 19, 20, 29.

and 1, Township 30 North, Range 12 East.

BY MR. MANNIN:

Q Then, Mr. Francis, what is being proposed here together, by volume, is fifty or a hundred wells then?

A No, sir, I don't think so, because the limits of the Warren McKee Pool wouldn't permit that.

Q Of course, it then gets into the north Warren McKee, which are the two pools adjacent, and possibly should be adjoined, but, they are not at the present time; in other words, this CENU Unit would involve a very large acreage from the McKee Pool; that is why we asked that the administrator's proposal be deleted, and was done so by counsel. Then, we cannot limit the eleven or thirteen wells according to the application here today.

A No, sir, that is not our application.

Q We don't know how many then, is that correct? That is your answer, we don't know how many wells will be involved here, as to whether the tankage is adequate, and--

A (Interrupting) As we interpret the producing formations at the present time, we are anticipating drilling on eleven wells; however, we point out, if at some future time we need additional tankage, whether it be from drilling additional wells or increasing the allowable of sections, we are prepared to install additional tankage.

Q Would it be any burden on Continental to have this particular order tied to the thirteen wells in the participating area?

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A No.

Q That is what I was trying to get around to, if this was limited to these thirteen wells, then, at some future date, which you don't anticipate developing, that would be handled at that time, rather than the administrative procedure--

MR. KELLAMIN: (Interrupting) If the Commission please, the administrative procedure was not completed, from the application, for purposes of requiring a hearing, but for the purpose of providing an order at this time, which would cover all the anticipated wells.

Q Thirteen were all in the anticipated area?

A Actually, it would amount to fifteen.

Q Would you please locate those.

MR. KELLAMIN: We will put another witness on if you want.

MR. COOLEY: I would like to know where the fifteen are. If you have another witness, please put him on.

MR. KELLAMIN: I'd like to finish with Mr. Francis.

REDIRECT EXAMINATION

BY MR. KELLAMIN:

Q Mr. Francis, in the event additional wells were drilled in the area, and it was found that additional tankage was needed, would Continental install that?

A They certainly would.

Q And in the event that additional wells were drilled, would you be willing to file with the Commission any necessary reports or information required by the Commission?

Yes, sir, we would.

MR. KELLAHIN: That is all I have.

MR. MANKIN: Any other questions of the witness? Mr. Fischer, do you have any?

BY MR. FISCHER:

Q I notice on the proration schedule, this is the JENU-McKee in Unit "N" of Section 29, 20, 18, was shut in?

A Well, that is now back on production.

MR. FISCHER: That is all I have at this time.

MR. MANKIN: Anything further of this witness?

(No response.)

MR. MANKIN: The witness may be excused.

(Witness excused.)

(Witness sworn.)

A. V. BOYINGTON

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q State your name, please.

A A. V. Boyington.

Q By whom are you employed?

A Continental Oil Company.

Q What is your position?

A As District Production Engineer.

Q Have you previously testified before this Commission as a District Production Engineer and had your qualifications accepted as an expert?

A I have.

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

MR. MANKIN: They are.

Q (By Mr. Kellahin) Mr. Boyington, in connection with Case No. 1288, are you familiar with the application?

A I am.

Q And how many wells are contemplated to be drilled by Continental Oil Company in connection with this common tank Battery?

A As stated by the previous witness, we contemplate now that only the wells presently drilling will be completed; however, that is because of structural interpretations on the western flank of the McKee structure. If you will notice, we have pulled number -- the locations of 51 and 57 in considerably to gain structural position. In the future, however, if it proved necessary from the standpoint of recovery, or if it is desireable for other reasons. There are two additional locations in Section 19 at the present participating area, and one is in Section 30. They are presently anticipating it could possibly be drilled, and these participating areas are very flexible; in other words, that could be enlarged by merely an application for enlargement, and it would be very possible that it would be desireable to drill the location south of our Burger B-19, 1-S, and include that forty acreage in the participating area; but, from the structural standpoint, and the interpretations of the

DEPT. OF COMMERCE
BUREAU OF MINES
WASHINGTON, D. C.
APR 10 1941

[illegible]

Could it in any way hinder you to put a limit on the number of wells, at the present time, to be produced in this common tank battery?

A. No, I don't think there would be any.

Q What limit would you suggest as being a proper one?

A I would suggest fifteen wells.

Q Where are those other additional wells aside from these in the participating area, possibly be located?

A Possible location is in the southwest quarter, or northeast quarter, in the northeast quarter of the southeast quarter, northwest quarter of the southeast quarter.

2. What section?

Section 10.

C. And is the royalty ownership and working ownership common in that area with the present participating area?

A When an additional well is drilled to the McKee Formation and the acreage is included in the participating area, then the royalty ownership will be common, yes, sir.

Q The participating area extends how far, it is separate?

A That is right.

MR. KELLAHIN: That is all.

CROSS EXAMINATION

BY MR. MANKIN:

Mr. Boyington, then the presently drilled or drilling wells will become a maximum of eleven wells in the participating area, is that correct? A That is correct.

Q There are presently two possible undrilled locations within the participating area, is that correct?

A Actually, yes, that is correct.

Q And there are also two possible undrilled wells to the west of the participating area, that is in Section 10, in the southwest and northeast quarter, and the northwest, and southeast quarter, is that correct? A Yes, sir.

Q So would the possible locations and the extent of the participating area, there would be a possibility of fifteen wells, is that correct? A Yes.

BY MR. COOLEY:

Q How often could each well be tested with fifteen wells producing, with the present testing facilities?

A Every sixteenth day, I believe.

BY MR. MANKIN:

Q Mr. Boyington, then to reiterate to what has been said, if those fifteen wells were drilled, Continental Oil would be agreeable to installing adequate tankage and testing facilities to handle whatever was necessary to take care of these fifteen wells?

A That is true.

Q I didn't get this from the previous witness, possibly you can tell me. Who is the pipe line taking the oil.

1. Shell.

MR. MANKIN: Any further questions of this witness? Mr. Fischer?

BY MR. FISCHER:

Q Maybe this should be directed to Mr. Francis, but you may be able to tell me this. In testing this battery, will it be by dump meter? In other words, would you need a separate tank for testing?

A Rolly valve meter installed there.

Q I don't know this type of producing mechanism in this field, could you tell me if that is a water **drive**?

A **Gas drive.**

Q **Any water drive?**

A We have produced with it, but we are trying to avoid it at the present time because we also get sand when we get water.

Q In the event that your water cutting would go above fifty percent of the volume of production, how would you determine that?

A We would expect to install a free-water knock out and a water meter.

Q That would be before it went to the volume check?

A Yes, that is true. We measure the water and oil for each individual well, separately.

MR. FISCHER: That is all I have.

BY MR. MANKIN:

Q I have just one other question. In this case, since we are

Q. Now, isn't that adjacent to the North Warren McKee Pool? Do you have any knowledge what that barrier is within the Warren McKee and the North Warren McKee Pools?

A. I think that is what we have set out to do, with this additional drilling, to properly connect these two pools, which I believe we have done.

Q. So, there is no reason why they couldn't be adjoined together?

A. No.

MR. MANKIN: Any further questions of this witness?

MR. KEELAHEN: In what has been developed, I believe there is some confusion in regard to our amendment. I'd like to make a brief statement if I may. At the time the application was filed, Continental was asking for an administrative approval for the inclusion of additional wells. Continental has no objections to such a procedure if the Commission sees fit to impose it. However, the amendment was made to conform with the policy which was set by the Commission in regard to the Magnolia Case, where they allowed the production of any wells drilled on one basic lease or any wells contemplated, or any further wells to be produced into a common tank battery. When we first offered the Commission the amendment, it was not made to cut out the procedure, necessarily, for the administrative approval. Now, if the Commission sees fit, I believe that this application is broad enough in providing information as to any restrictions they see fit on the inclusion of additional wells and also on the tank battery, they can limit the number of wells,

they can set up a procedure, or reports, or administrative approval, or deny that portion of the application. The advertising, I think, is sufficiently broad to put any one on notice, if you seeking the one thing, that is an overall order for the overall production of any wells, and the Commission, under that application, could then put any restrictions upon the producer, which would have to be followed, and Continental would have no quarrel with any reasonable restrictions in that regard.

MR. COOLEY: Are we restricted to an area, or we attempting to put this case on substantially the same basis as the Magnolia Case, which you have just referred.

MR. KELLAHIN: I understand that.

MR. COOLEY: There we have it defined, on not too large an area, and if we are to define the probable locations that may be drilled, and with this in mind, with this area as outlined by Mr. Boyington, we will then proceed to consider this case, but to consider the entire southeast Monument Unit even though it is now underlined by the Warren McKee Pool, is somewhat appalling to us.

MR. KELLAHIN: I don't think Continental had any such thing in mind as that when we did put Mr. Boyington on the stand to show the possible--

MR. MANKIN: (interrupting) The comparison between the Magnolia Case and this case, it was gas development, which this is oil development, and that is why we have attempted to pin point this. Oil development, it's usually more restrictive than gas development.

and the witness was asked if he had any further questions of the witness.
is all development. Any further questions of the witness.

(No response.)

MR. MINKIN: The witness may be excused. Any statements
to be made in this case?

(No response.)

MR. MINKIN: If not, we will take the case under advisement.

(Witness excused.)

* * *

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO)

s

I, ROBERT V. MAES, Notary Public in and for the County of
Bernalillo, State of New Mexico, do hereby certify the foregoing
and attached Transcript of Proceedings before the Oil Conservation
Commission Examiner, for the State of New Mexico was reported by me
in stenotype and reduced to typewritten transcript by me, and that
same is a true and correct record to the best of my knowledge, skill
and ability.

WITNESS my Hand and Seal this 29th day of August, 1957.

Robert V. Maes
Notary Public - Court Reporter

My Commission Expires
February 7, 1961

I hereby certify that the foregoing is
a true and correct record of the proceedings
before the Oil Conservation Commission Examiner
for the State of New Mexico.
James M. Samuels Examiner
Oil Conservation Commission

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the State of New Mexico, this 1st day of January, 1938.

GOVERNOR
COMMISSIONER
OF LAND
STATE OF
NEW MEXICO

APPLICATION

Comes now CONTINENTAL OIL COMPANY, a Delaware corporation, hereinafter referred to as "Applicant," and would respectfully show unto the Commission as follows:

1.

That Applicant is the operator of the Southeast Monument Unit covering lands located in Sections 11, 14, 15, 22, 23, 24, 25, 26, and 27, T-20-S, R-37-E, and sections 18, 20, 29, and 30, T-20-S, R-38-E, N.M.P.M., Lea County, New Mexico.

2.

That up to the time of the filing of this application Applicant has drilled and completed within the boundaries of said Southeast Monument Unit a total of 2 wells which are producing from the Warren McKee pool, said wells being located in Sections 19, 20, and 29, T-20-S, R-38-E, all as shown on Exhibit "A" attached hereto.

3.

Two additional Warren McKee pool wells are currently being drilled within the boundaries of the Southeast Monument Unit, and the drilling of at least one additional well is being considered at this time.

4.

That the Applicant proposes to produce eleven wells producing from the Warren McKee pool, or as many as may hereafter be drilled and completed in the pool within the Southeast Monument

Unit 10, the said battery located in the southwest corner of Section 10, T-2N-R, R-10E is shown on the attached plat "A".

5.

That the production of said wells into common storage will result neither in waste nor the impairment of correlative rights.

6.

That the production of said wells into common storage will result neither in waste nor the impairment of correlative rights.

7.

That there is attached hereto and made a part hereof a plat, marked Exhibit "A", showing the easterly portion of the Southeast Monument Unit and the current boundary lines of the Warren McKee participating area; the location of the 11 wells currently producing or that will produce from the Warren McKee pool within the boundaries of said unit; the location of the proposed common tank battery; and the manner in which said wells are to be connected to tank battery.

8.

That in the event Applicant should drill and complete any additional well or wells in said Warren McKee pool within the boundaries of said Southeast Monument Unit, Applicant be authorized to produce such well or wells into the aforesaid common tank battery. ~~by administrative order of the Commission upon Applicant's filing with the Commission an application therefor accompanied by a plat showing the location of such additional well or wells.~~

9.

That Applicant desires a hearing before an examiner at the Commission's District Office in the City of Hobbs, New Mexico, at the earliest practical date.

10.

That the names and addresses of all interested parties known to Applicant are:

The Atlantic Refining Company
Attn: Mr. S. L. Smith
P. O. Box 871
Midland, Texas

Texaco American Petroleum Corporation
Attn: Mr. C. L. Kelley
P. O. Box 100
Roswell, New Mexico

Standard Oil Company of Texas
Attn: Mr. J. W. Mathers
P. O. Box 1249
Houston, Texas

WHEREFORE, Applicant prays that this application be set for hearing upon due notice and that upon hearing an order be entered granting Applicant an exception to Rule 309 (a) authorizing Applicant to produce into a common tank battery the 11 wells to produce from the Warren McKee pool within the boundaries of the Southeast Monument Unit, as aforesaid, and authorizing ~~administrative~~ approval of the production of any additional well or wells which may be drilled and completed in said pool in said unit by Applicant, ~~upon application by Applicant showing the location of such additional well or wells.~~

Respectfully submitted,

CONTINENTAL OIL COMPANY

By

R. L. Adams



CONTINENTAL OIL COMPANY

825 PETROLEUM BUILDING
ROSWELL, NEW MEXICO

R. L. ADAMS
DIVISION SUPERINTENDENT
OF PRODUCTION
NEW MEXICO DIVISION

July 10, 1957

New Mexico Oil Conservation Commission
P. O. Box 371
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.

Re: Continental Oil Company's
Application for exception
to Rule 300(a) for its
Southeast Monument Unit
(McKee production), T-20-S,
R-38-S, Lea County, New
Mexico

Gentlemen:

We forward herewith application in triplicate for
exception to Rule 300(a) of the rules and regulations of the
New Mexico Oil Conservation Commission for our Southeast
Monument Unit (McKee production) in Sections 19, 20, and 29,
T-20-S, R-38-S, Lea County, New Mexico.

Please set this matter for hearing by an examiner in
Hobbs, New Mexico, at the earliest convenient date.

Yours very truly,

R. L. Adams

RLA-EC

Enc

cc: J.R., J.R., PEE

No 23-57

DOCKET: EXAMINER HEARING AUGUST 7, 1957

NEW MEXICO OIL CONSERVATION COMMISSION 9:00 a.m., HOBBS, NEW MEXICO
Oil Conservation Commission Office, 1000 W. Broadway, Hobbs, New Mexico

The following cases will be heard before Warren W. Mankin, Examiner:

CASE 1286: Application of Slick Oil Corporation for approval of the Slick Unit Agreement embracing 1,596 acres, more or less, in Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Slick Unit Agreement embracing 1,596 acres, more or less, of State of New Mexico Lands described as:

Township 12 South, Range 34 East
Section 36: All

Township 13 South, Range 34 East
Section 1: Lots 1, 2, 3, & 4,
S/2 N/2, S/2
Section 2: Lots 1 & 2, S/2 NE/4,
SE/4

all in Lea County, New Mexico.

CASE 1287: Application of Continental Oil Company for an order authorizing the production of more than eight oil wells into a common tank battery on its Reed "A-3" Lease in the Eumont Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing it to produce all oil wells presently drilled, or hereafter completed, in the Eumont Gas Pool within the boundaries of its Reed "A-3" Lease into a common tank battery located in the NW/4 of Section 3, Township 20 South, Range 36 East, Lea County, New Mexico. The said Reed "A-3" Lease consists of the S/2, NW/4, S/2 NE/4, and NE/4 NE/4 of said Section 3.

CASE 1288: Application of Continental Oil Company for an order authorizing the production of more than eight oil wells into a common tank battery in the Southeast Monument Unit, Warren-McKee Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing it to produce all wells presently drilled, or hereafter completed, in the Warren-McKee Pool within the boundaries of the Southeast Monument Unit into a common tank battery located in the SW/4 of Section 20, Township 20 South, Range 38 East, Lea County, New Mexico. The said Southeast Monument Unit covers lands located in Sections 13, 14, 15, 22, 23, 24, 25, 26, and 27, Township 20 South, Range 37 East, and Sections 19, 20, 29, and 30, Township 20 South, Range 38 East, Lea County, New Mexico.

CASE 1289: Application of Shell Oil Company for the establishment of a 160-acre non-standard gas proration unit in the Tubb Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order establishing a 160-acre non-standard gas proration unit in the Tubb Gas Pool consisting of the S/2 SW/4, NE/4 SW/4, and the SW/4 SE/4 Section 3, Township 21 South, Range 37 East, said unit to be dedicated to the applicant's Livingston No. 2 Well located 660 feet from the South line and 1980 feet from the East line of said Section 3.

CASE 1290: Application of Shell Oil Company for the establishment of a 200-acre non-standard gas proration unit in the Eumont Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing a 200-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the NE/4 and the NE/4 SE/4 Section 24, Township 21 South, Range 35 East, Lea County, New Mexico, said unit to be dedicated to the applicant's State "C" No. 2 Well located 1650 feet from the North line and 330 feet from the East line of said Section 24.

ir/

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date

8/9/17

CASE

1288

Hearing Date

9 AM @ H&M on 8/9/17
before W.D.H.

My recommendations for an order in the above numbered cases are as follows:

OK to approve Exc. to Rule 309
for 15 wells

W. D. H.

Staff Member

Examiner

Memo

From

To

ORDER HANDLED TO JASON KELLIAHIN 8/22/97

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1288
Order No. R-1034

APPLICATION OF CONTINENTAL OIL
COMPANY FOR AN ORDER AUTHORIZING
THE PRODUCTION OF MORE THAN EIGHT
OIL WELLS INTO A COMMON TANK
BATTERY IN THE SOUTHEAST MONUMENT
UNIT, WARREN-McKEE POOL, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 7, 1957, at Hobbs, New Mexico, before Warren W. Mankin, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 20th day of August, 1957, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Warren W. Mankin, and being fully advised in the premises,

FINDS:

- (1) That due 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, proposes to produce into a common tank battery all wells presently drilled or hereafter completed in the Warren-McKee Pool underlying the S/2 NE/4, N/2 SE/4, and SE/4 SE/4 of Section 19, the SW/4 and SW/4 NW/4 of Section 20, the NW/4 of Section 29, and the NE/4 NE/4 Section 30, all in Township 20 South, Range 38 East, NMPM, Southeast Monument Unit, Lea County, New Mexico, but not to exceed a total of fifteen (15) wells in all.
- (3) That approval of the subject application will not cause waste nor impair correlative rights, provided adequate testing equipment and storage facilities are installed.
- (4) That approval of the subject application will result in considerable economic saving to the applicant.

-2-

Case No. 1288
Order No. R-1034

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, be and the same is hereby authorized to produce into a common tank battery all wells presently drilled or hereafter completed in the Warren-McKee Pool underlying the S/2 NE/4, N/2 SE/4, and SE/4 SE/4 of Section 19, the SW/4 and SW/4 NW 4 of Section 20, the NW/4 of Section 29, and the NE/4 NE/4 Section 30, all in Township 20 South, Range 38 East, NMPM, Southeast Monument Unit, Lea County, New Mexico, provided however, that said wells shall not exceed fifteen (15) in number in that pool.

PROVIDED HOWEVER, That the applicant shall install sufficient testing facilities to permit each well to be tested at least once each month.

PROVIDED FURTHER, That the applicant shall install sufficient storage tanks to prevent the over-flow and wasting of the oil produced into said common tank battery.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



MURRAY E. MORGAN, Member



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



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