

CASE 2282: Appli. of CONTINENTAL
for an amendment of Order R-1602.

Case No.

2282

Application, Transcript,
Small Exhibits, Etc.

Casa No.

2282

Application, Transcript,
Small Exhibits, Etc.

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. 2282
Order No. R-1602-A

APPLICATION OF CONTINENTAL OIL
COMPANY FOR AN AMENDMENT OF
ORDER NO. R-1602.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 24, 1961, at Santa Fe, New Mexico, before Elvis A. Utz, 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 8th day of June, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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 an amendment of Order No. R-1602, changing the effective date thereof and making the provisions of said order effective as of March 1, 1960.

(3) That the change of effective date of said order is necessitated to prevent undue hardship on the operator and on other interested parties.

IT IS THEREFORE ORDERED:

That Paragraph 3 of the order provisions of Order No. R-1602 is hereby amended to provide in its entirety as follows:

(3) That this order shall become effective on March 1, 1960.

-2-
CASE No. 2282
Order No. R-1602-A

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



E. L. McChes

EDWIN L. MCCHES, Chairman

E. C. Walker

E. C. WALKER, Member

A. L. Porter, Jr.

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

END/

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER

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

P. O. BOX 671
SANTA FE

June 8, 1961

Mr. Jason Kallahan
Kallahan & Fox
Box 1713
Santa Fe, New Mexico

Re: CASE NO. 2280 & 2282 ✓
ORDER NO. B-1890 and B-1602-A
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

ir/

Carbon copy of order also sent to:

Hobbs OCC X
Artesia OCC
Aztec OCC

OTHER

Case 2282

Heard 5-24-61

5-26-61

1. Grant Continental request for
an amendment to R-1602 paragraph
(3) making ~~this order~~ the allowable
change on this well effective March
1, 1966.

Elmer G. [Signature]

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. 1875
Order No. R-1602

APPLICATION OF CONTINENTAL OIL
COMPANY FOR A 160-ACRE NON-
STANDARD GAS PRORATION UNIT IN
THE BLINEBRY GAS POOL, LEA
COUNTY, NEW MEXICO, AND FOR AN
ORDER FORCE-POOLING THE INTERESTS
OF THOSE IN SAID UNIT WHO HAVE
GAS RIGHTS WITHIN THE VERTICAL
LIMITS OF THE BLINEBRY GAS POOL

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 27, 1960, at Santa Fe, New Mexico, before Elvis A. Utz, 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 8th day of February, 1960, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That by Order No. R-920, a 120-acre non-standard gas proration unit in the Blinebry Gas Pool was established, consisting of lots 6, 10, and 11 of Section 3, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant proposes the establishment of a 160-acre non-standard gas proration unit in the Blinebry Gas Pool consisting of the above-described 120 acres plus lot 12 of said Section 3, which 160-acre unit would be dedicated to Shell Oil Company's Taylor-Glenn Well No. 1, located 3226 feet from the North line and 1980 feet from the West line of said Section 3.

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Case No. 1875

Order No. R-1602

(4) That the applicant further seeks an order force-pooling the interests of those in the above-described 160 acres who have gas rights within the vertical limits of the Blinebry Gas Pool.

(5) That all parties owning working interests in the above-described acreage have agreed to communitization.

(6) That the applicant has made diligent efforts to communitize all royalty interests in the above-described 160-acre unit, but has been unable to secure the consent of all royalty owners.

(7) That all known parties owning an interest in the above-described acreage were given actual notice of the hearing in this case and the Commission received no objection to approval of the application.

(8) That denial of the application would tend to deprive those persons owning an interest in said lot 12 of the opportunity to recover their just and equitable share of the hydrocarbons, in the Blinebry Gas Pool, since all acreage surrounding said lot 12 which is productive from the Blinebry Gas Pool is dedicated to other Blinebry gas proration units.

IT IS THEREFORE ORDERED:

(1) That a 160-acre non-standard gas proration unit in the Blinebry Gas Pool consisting of lots 6, 10, 11, and 12 of Section 3, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, be and the same is hereby established. Said unit is to be dedicated to the Taylor-Glenn Well No. 1, located 3226 feet from the North line and 1980 feet from the West line of said Section 3.

(2) That the interests of all persons or firms having the right to drill for, produce, or share in the production of dry gas and associated liquid hydrocarbons from the Blinebry Gas Pool underlying lots 6, 10, 11, and 12 of Section 3, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, be and the same are hereby force-pooled.

(3) That this order shall become effective on March 1, 1960; provided, however, that if the said Taylor-Glenn Well No. 1 is not in balance on March 1, 1960, this order shall become effective on the first day of the month following the month in which the well has been brought to a balanced status. The applicant shall notify the proration manager, Hobbs, New Mexico, as soon as possible after the subject well is brought into balance. Order No. R-920 is hereby cancelled as of the effective date of this order.

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Case No. 1875
Order No. R-1602

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
JOHN BURROUGHS, Chairman

MURRAY E. MORGAN, Member

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

S E A L

ven/

DOCKET: EXAMINER HEARING - WEDNESDAY, MAY 24, 1961

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, examiner, or Daniel S. Nutter, as alternate examiner:

CASES 2291 through 2296 will not be heard before 1:30 p.m.

CASE 2280: Application of Continental Oil Company for a non-standard gas proration unit and for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 240-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the E/2 E/2, SW/4 SE/4 and the SE/4 SW/4 of Section 17, Township 21 South, Range 37 East, Lea County, New Mexico, to be dedicated to its Lockhart A-17 Well No. 2, at an unorthodox location 1980 feet from the South line and 660 feet from the East line of said Section 17.

CASE 2281: Application of Continental Oil Company for an exception to Rule 309 (a), Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle the Maljamar Pool production from all wells presently completed or hereafter drilled on its Taylor Lease, comprising the SW/4 of Section 14, Township 17 South, Range 32 East, Lea County, New Mexico, and on its Federal Miller BX Lease, comprising the E/2 of said Section 14, after separately metering the production from each lease.

CASE 2282: Application of Continental Oil Company for an amendment of Order No. R-1602. Applicant, in the above-styled cause, seeks an amendment of Order No. R-1602 changing the effective date thereof and making the provisions of said order effective as of March 1, 1960.

CASE 2283: Application of Skelly Oil Company for an exception to Rule 303 (a), Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle the Denton (Devonian) Pool production and the Denton-Wolfcamp Pool production on its Mexico "F" Lease comprising Lots 1, 2, 3, and 4, the SW/4 NE/4 and the SW/4 NW/4 of Section 2, Township 15 South, Range 37 East, Lea County, New Mexico, and to allocate the production to each well in each pool on the basis of periodic well tests.

CASE 2284:

Application of Skelly Oil Company for an exception to Rule 303 (a), Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle the oil production from the Hare and Drinkard Pools with the distillate production from the Blinebry and Tubb Gas Pools on its E. A. Sticher Lease, consisting of the N/2 SW/4 of Section 4, Township 22 South, Range 37 East, Lea County, New Mexico, and to allocate the production to each well in each pool on the basis of periodic well tests.

CASE 2285:

Application of Texaco Inc., for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location in the Tubb Gas Pool for its A. H. Blinebry NCT-1 Well No. 8, located 1980 feet from the North line and 330 feet from the West line of Section 33, Township 22 South, Range 38 East, Lea County, New Mexico.

CASE 2286:

Application of Aztec Oil & Gas Company for an exception to Rule 309 (a), San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle the Totah-Gallup Pool production from the following-described leases, all in Township 29 North, Range 13 West, San Juan County, New Mexico.

Federal Lease No. SF 079065 in Sections 19, 20 and 29.

State Lease B-11017-23 comprising in pertinent part the SW/4 NW/4 of Section 20.

State Lease B-11017-21 comprising in pertinent part the NW/4 NW/4 of Section 20.

Smith-Eaton Lease comprising in pertinent part the NE/4 SE/4, SE/4 NE/4 and the E/2 NW/4 of Section 20.

Applicant proposes to commingle said production in a common tank battery located on the SW/4 of said Section 20 after separately metering the production from the State and fee leases only.

CASE 2287:

Application of Aztec Oil & Gas Company for an exception to Rule 309 (a), San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle the Totah-Gallup Pool production from five separate fee leases, all located in Section 18, Township 29 North, Range 13 West, San Juan County, New Mexico.

CASE 2288:

Application of Southwest Production Company for two non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of two non-standard gas proration units in the Basin-Dakota Gas Pool, San Juan County, New Mexico, described as follows:

(1) W/2 of Section 7, Township 30 North, Range 11 West, except the 3.39-acre tract therein owned by Harold M. Brimhall and Maleta Y. Brimhall, comprising the sum total approximately 327.01 acres.

(2) E/2 of Section 7, Township 30 North, Range 11 West, except the S/2 SW/4 SE/4; comprising in sum total approximately 300 acres.

CASE 2289:

Application of Aspen Crude Purchasing Company for three non-standard oil proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of the following-described non-standard oil proration units in and adjacent to the Cha Cha-Gallup Oil Pool:

(1) Lot 1 and the S/2 SE/4 of Section 7, Township 28 North, Range 13 West;

(2) Lot 5 and the SE/4 SW/4 of said Section 7; and

(3) Lots 2, 3 and 4 of said Section 7, and 40.81 acres located between said Section 7 and Section 36, Township 29 North, Range 14 West;

all in San Juan County, New Mexico.

CASE 2290:

Application of Aspen Crude Purchasing Company for three non-standard oil proration units and for an unorthodox well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of the following-described non-standard oil proration units adjacent to the Totah-Gallup Oil Pool in Section 11, Township 28 North, Range 13 West, San Juan County, New Mexico:

(1) Lots 1 and 2 and the SE/4 SE/4, comprising 97.78 acres, to be dedicated to a well at a non-standard location 263 feet from the North line and 700 feet from the East line of said Section 11.

CASE 2290: (Cont.)

(2) Lots 3 and 4 and the SW/4 SW/4, comprising 97.58 acres.

(3) SW/4 SE/4 and the SE/4 SW/4, comprising 80 acres.

The following cases will not be heard before 1:30 p.m.

CASE 2291: Application of Pan American Petroleum Corporation for an exception to Rule 303 (a), Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle, prior to measurement, the Paddock, Brunson and Wantz-Abo pool production from all wells on its Hugh Corrigan Lease, comprising the NE/4 SE/4 of Section 33, Township 21 South, Range 37 East, Lea County, New Mexico, and to allocate production to each well in each pool on the basis of periodic well tests.

CASE 2292: Application of Humble Oil & Refining Company for permission to take interference tests and transfer allowables in the Cha Cha-Gallup Oil Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to take interference tests in the Cha Cha-Gallup Oil Pool, San Juan County, New Mexico, by shutting in its Navajo Tribe "L" Well No. 4, located in the SW/4 SE/4 of Section 26, Township 29 North, Range 14 West, and transferring its allowable to other wells on the same basic lease in such a manner that no well will produce more than 125% of its monthly allowable.

CASE 2293: Application of Great Western Drilling Company for approval of the Grain Queen Unit Agreement, for permission to institute a waterflood project therein, for special rules governing said waterflood project including a provision for special allowables, and for permission to commingle the production from all leases in said unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Grain Queen Unit Agreement, which unit embraces 200 acres of State and fee lands in Township 13 South, Range 32 East, Lea County, New Mexico, described as follows:

CASE 2293: (Cont.)

Section 5: SE/4 NW/4, NE/4 SW/4 and the S/2 SW/4
Section 8: NE/4 NW/4

Applicant further seeks permission to institute a waterflood project in said Grain Queen Unit Area and seeks the promulgation of special rules governing said project including a provision for special allowables. Applicant further seeks permission to commingle the unitized substances produced from all leases in said Grain Queen Unit Area without separate measurement in tanks on each individual lease.

CASE 2294:

Application of El Paso Natural Gas Company for authorization to conduct maximum pressure build-up tests. Applicant, in the above-styled cause, seeks authorization to conduct maximum pressure build-up tests in the Blanco-Mesaverde Gas Pool, the Aztec-Pictured Cliffs Gas Pool, the Ballard-Pictured Cliffs Gas Pool, the Fulcher Kutz-Pictured Cliffs Gas Pool, and the South Blanco-Pictured Cliffs Gas Pool, San Juan and Rio Arriba Counties, New Mexico. Applicant further seeks establishment of special rules governing said tests including a provision authorizing the non-cancellation and/or transfer of allowables from wells to be shut-in in each pool and including a provision allowing substitute tests by administrative approval.

CASE 2295:

Application of Consolidated Oil & Gas, Inc. for a dual completion, a non-standard gas proration unit and for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 325.23-acre non-standard gas proration unit in the Basin-Dakota Gas Pool and in the Blanco-Mesaverde Gas Pool consisting of the S/2 of Section 34, Township 32 North, Range 13 West, San Juan County, New Mexico, said unit to be dedicated to its Robinson Brothers Well No. 1, proposed to be dually completed in said pools at an unorthodox gas well location for said pools at a point 1235 feet from the South line and 760 feet from the East line of said Section 34.

CASE 2296:

Application of Consolidated Oil & Gas Inc., for an order force-pooling a standard 320-acre proration unit in the Basin-Dakota Gas Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Basin-Dakota Gas Pool in the E/2 of Section 10, Township 31 North, Range 13 West, San Juan County, New Mexico, to form a standard 320-acre gas proration unit.



CONTINENTAL OIL COMPANY

825 PETROLEUM BUILDING
ROSWELL, NEW MEXICO

April 27, 1961

WM. A. MEAD
DIVISION SUPERINTENDENT
OF PRODUCTION
NEW MEXICO DIVISION

New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico

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

Gentlemen:

Re: CONTINENTAL OIL COMPANY'S
APPLICATION FOR AMENDMENT
TO THE PROVISIONS OF ORDER
NO. R-1602 CHANGING THE
EFFECTIVE DATE THEREOF

We are attaching three copies of Continental Oil
Company's Application as described above.

We respectfully request that this matter be set
for hearing at an early date.

Yours very truly,

W. A. Mead

WAM-sk
Attachment
cc: RGP HGD JRP JWK

*Replied
5-11-61
OK*

PIONEERING IN PETROLEUM

BEFORE THE OIL CONSERVATION COMMISSION
OF THE
STATE OF NEW MEXICO

MAR 1 1960
IN THE MATTER OF THE APPLICATION
OF CONTINENTAL OIL COMPANY FOR
AMENDMENT TO THE PROVISIONS OF
ORDER NO. R-1602 CHANGING THE
EFFECTIVE DATE THEREOF.

A P P L I C A T I O N

Comes now Continental Oil Company and applies to the Commission for an order amending the provisions of Order No. R-1602 changing the effective date thereof and making the provisions of said order effective as of March 1, 1960, and in support thereof would show the Commission:

1. That by its application in Case No. 1875, Continental Oil Company sought an order for approval of a 160-acre non-standard gas proration unit in the Blinebry Gas Pool and for an order force pooling the interests of those in said unit holding gas rights within the vertical limits of the Blinebry Gas Pool.

2. That the Commission by its Order No. R-1602, entered February 8, 1960, granted the relief sought and provided that the order establishing said non-standard unit and force pooling the interests therein should become effective on March 1, 1960; provided that if the Taylor-Glenn Well No. 1 to which said unit is dedicated was not in balance on that date the order would become effective on the first day of the month following the month in which the well was brought into a balanced status.

3. That said Taylor-Glenn Well No. 1 was not then and has not been since that date in balance although it has been produced since the entry of Order No. R-1602 due to the assignment of an allowable on April 1, 1960, for a 160-acre unit.

*Booklet
mailed*

5-11-61

7
4. That as a result of the assignment of allowable and production of said well, applicant has been deprived of an opportunity to produce or share in the production of the gas underlying its lands, dedicated to said Taylor-Glenn Well No. 1.

WHEREFORE, applicant prays that this matter be set for hearing before the Commission's duly appointed examiner, that after notice and hearing the relief prayed for herein be granted.

Respectfully submitted,

CONTINENTAL OIL COMPANY

W. A. Mead

Wm. A. MEAD
Division Superintendent
of Production
New Mexico Division

SHELL - TAYLOR - GLENN NO. 1
Blindery Pool

<u>Month</u>	<u>Current Allowable</u>	<u>Production</u>	<u>Status</u>	<u>Ac Factor</u>	<u>Adjustments</u>
February, 1960	13,209		PO 60,414 Ex ✓		
March	14,086	18,689	65,017 Ex	.75	
April	9,694	1,675	44,667 Ex	.75	+ 12,331
May	12,350	33,398	61,599 Ex	.75	+ 4,116
June	9,757	60,422	X 104,317 Ex	1.00	+ 7,947 Redist.
July	12,720	27,951	X 119,543 Ex	1.00	
August	12,335	-	X 107,213 Ex	1.00	
September	11,458	76	X 95,831 Ex	1.00	
October	15,552	1,206	81,485 Ex	1.00	
November	11,073	5,185	73,597 Ex	1.00	
December	15,026	-	56,099 Ex	1.00	+ 2,472 Redist.
January, 1961	15,677	-	40,422 Ex	1.00	
February	13,122	-	27,300 Ex	1.00	
March	9,109	678	18,869	1.00	
April	11,446				
May	<u>7,375</u>				
Total	193,789				
	48,447	Conoco Portion			

Ex #1
3-82

PURCHASER

RUNS				CUMULATIVE RUNS		CUMULATIVE	CANCELLATIONS	
DATE	MONTH	YEARLY	DURING PRODUCTION	SINCE FIRST PRODUCTION	STATUS	MONTH	CUMULATIVE	
267			414305					
5600			440658		24174	24166		
6629			506104		6414			
679			524179		15013			
3198			521418		44667			
422			554166		61542			
851			620718		114114	-2		
-			64279		119141	7947		
-			64819		127213			
7664			648115		95831			
606			64951		81485			
125			652706		72177			
-			652700		42111		43240	
-			652700		422	2472		
-			652700		27300			
678			652704		18869			
-								

GAS PRODUCTION RECORD

ACREAGE ATTRIBUTABLE

PRODUCER.

WELL NAME

COUNTY.

POOL

WELL LOCATION: UNIT LETTER.

DATE CONNECTED

INITIAL DEL.

PURCHASER.[illegible]

Oil Conservation Commission

GAS PRODUCTION RECORD

ACREAGE ATTRIBUTABLE

120

COUNTY Lee

POOL 1-1-1

DATE CONNECTED 8/7/56

INITIAL DEL. 1/57

PRODUCER Lee

WELL NAME Taylor

WELL LOCATION: UNIT LETTER

PURCHASER J.P.

MONTH - YEAR	DELIVER ABILITY	PRESS	ACREAGE	ADJ DELIV	CURRENT ALLOWABLE	MONTH	RUNS	YEARLY	CUMULATIVE RUN
BROT FORWARD									
JAN. 1955									
FEBR.									
MAR.									
APRIL									
MAY									
JUNE									
JULY									
AUG.									
SEPT.									
OCT.									
NOV.									
DEC.									
JAN. 1956									
FEBR.									
MAR.									
APRIL									
MAY									
JUNE									
JULY									
AUG.									
SEPT.									
OCT.									
NOV.									
DEC.									
JAN. 1957					20,903	1,072			
FEBR.					13,775	3,472	2,844		34,240
MAR.					12,311	47,989	508		34,748
APRIL					12,823	61,714	11,402		46,150
MAY					5,462	67,294	48,315		94,465
JUNE					2,091	19,315	2,491		96,956
JULY					1,341	94,919	2,077		99,033
AUG.					16,304	91,223	9,457		108,490
SEPT.					13,699	164,727	3,395		111,885
OCT.					1,871	116,709	6,065		117,950
NOV.					14,342	137,135	18,765		136,715
DEC.					15,345	146,080	31,574		168,289
JAN. 1958					14,893	165,526	46,719		215,008
FEBR. NM					15,919	181,435	39,671		254,679
MAR.					25,471	206,906	4,939		259,618
APRIL					22,535	228,941	23,683		283,301
MAY					24,079	253,020	10,448		293,749
JUNE					15,065	268,085	1,912		295,661
JULY SE 325 STEEL-OP					2,936	271,021	908		296,569
AUG.					4,116	275,137	2		296,571
SEPT.					3,915	279,052	2		296,573
OCT.					3,187	282,239	2		296,575
NOV.					9,192	291,431	2		296,577
DEC.					10,613	302,044	2,653		299,230
JAN. 1959					12,441	314,485	2,653		301,883
FEBR.					12,760	327,245	2,653		304,536
MAR. NM					6,231	333,476	2,653		307,189
APRIL					4,085	337,561	2,653		309,842
MAY					3,075	340,636	2,653		312,495
JUNE					2,065	342,701	2,653		315,148
JULY					1,055	343,756	2,653		317,801
AUG.					9,055	352,811	2,653		320,454
SEPT.					11,055	363,866	2,653		323,107
OCT.					12,055	375,921	2,653		325,760
NOV.					13,055	387,976	2,653		328,413
DEC.					14,055	400,031	2,653		331,066

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
May 24, 1961

EXAMINER HEARING

IN THE MATTER OF:

CASE 2282

TRANSCRIPT OF HEARING

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
MAY 24, 1961

EXAMINER HEARING

IN THE MATTER OF: :
: :
: :

CASE 2282 Application of Continental Oil Company for an :
amendment of Order No. R-1602. Applicant, in :
the above-styled cause, seeks an amendment of :
Order No. R-1602 changing the effective date :
thereof and making the provisions of said order :
effective as of March 1, 1960. :
: :

BEFORE:

Elvis A. Utz, Examiner.

T R A N S C R I P T O F P R O C E E D I N G S

MR. KELLAHIN: We will use the same witness in Case 2282,
if you'd like to call that case next.

MR. UTZ: Case 2282.

MR. MORRIS: Application of Continental Oil Company for
an amendment of Order No. R-1602.

MR. UTZ: Let the record show the witness was sworn in
the previous case.

MR. KELLAHIN: The same appearances as in the preceeding
case. Kellahin & Fox, Santa Fe, representing the Applicant.

MR. UTZ: You may proceed.

MR. KELLAHIN: At this time, I would like to request that

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3 4591

ALBUQUERQUE, NEW MEXICO



the record in Case No. 1875 and the provisions of Order No. R-1602 be included in the record of this case.

MR. UTZ: Without objection, the request is so granted.

VICTOR T. LYON,

called as a witness, having been previously sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Mr. Lyon, you are the same Mr. Lyon who testified in Case No. 2280, are you not?

A Yes, sir.

Q Are you familiar with the application of Continental Oil Company in Case No. 2282?

A Yes, sir.

Q Would you state briefly what is proposed in this application?

A This is the application of Continental Oil Company for an amendment to the provisions of Order No. R-1602 changing the effective date thereof to March 1, 1961 in lieu of the existing provisions which established the effective date.

Q You prepared a tabulation of the performance of this well?

A Yes, sir. We'd like the effective date changed to March 1, 1960.

Q Referring to what has been marked Exhibit Number 1, would you discuss the information shown on that exhibit?

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A Exhibit Number 1 is a tabulation showing the production history of this well since the date of the prior hearing on the matter. It shows that the well in February -- at the end of February, 1960, was overproduced by 6,414 ncf. Under the terms of the order, this unit does not become effective until the well has become imbalanced. Exhibit Number 1 shows that due to the manner in which this well has produced, the well has never balanced and if the well is open to production again, it may never be in balance; and because of the provisions of the order and manner in which the well has been produced, Continental is prohibited from participating in the production from this well. The allowable assigned by the Commission is subject to Order No. R-1602.

Q Was an allowable assigned by the Commission to this well subsequent to the entry of Order No. 1602?

A The well continued to receive an allowable. The only difference as of February 1, 1960, was the proration unit was enlarged from one hundred twenty acres to one hundred sixty acres, the additional forty acres being the acreage which Continental Oil Company has contributed under this communitization agreement.

Q Has Continental Oil in any way shared in this production?

A Not one bit.

Q What has been the effect on Continental Oil Company's interest in this unit?

A I didn't understand you.

Q What has been the effect of this overproduction on Con-



Continental Oil Company?

A Well, the effect of the overproduction, of course, prevents us from participating from revenue from production of the well.

Q How much gas, in your opinion, should be allocated to Continental's portion of this unit?

A Well, Continental Oil Company's portion of the allowable since the unit was enlarged was 48,447 MCF.

Q Have you worked out any agreement with Shell Oil Company, to your knowledge, as to sharing in this production if this application is approved?

A It is my understanding that since Shell Oil Company has already paid their royalty owners on the basis of the well's production, that they have been reluctant to refund to us our share of that royalty payment and we have agreed to participate on the well and will pay our royalty owners of the remaining shares.

MR. KELLAHIN: If the Examiner please, we feel the facts in this case somewhat peculiar but they speak for themselves and the net result which has occurred clearly shows that the correlative rights of Continental Oil are being impaired and the only remedy is to amend the provisions of the order to permit Continental Oil to share in the production which has been taken from this well.

Q (By Mr. Kellahin) Was Exhibit 1 prepared by you?

A Yes it was.

MR. KELLAHIN: At this time I'd like to offer Exhibit 1

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in evidence.

MR. UTZ: Without objection, Exhibit Number 1 will be entered into the record of this case.

MR. UTZ: Mr. Lyon, there is no doubt in your mind as to what Order No. R-1602 meant, is there, in regard to the well coming into balance? That's quite clear in the order, was it not?

THE WITNESS: I was not certain what it meant. I assumed that it meant what it said about the well being balanced, that the unit would then become effective.

MR. UTZ: Therefore, the well was actually overproduced rather than shut in in violation of the order?

THE WITNESS: Well, I don't recall for sure, but I don't believe the order required the well to be shut in.

MR. UTZ: Does anyone have any further questions of the witness?

MR. MORRIS: Yes.

BY MR. MORRIS:

Q You don't feel that you are in violation of the order?

MR. KELLAHIN: Continental is not the operator of this well; Shell is, and they had nothing to do with the production that occurred here.

MR. MORRIS: Whoever the operator was was not in violation of any order. They were just not complying with it. A condition that would make the order effective?

THE WITNESS: That's true.

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MR. UTZ: The order does not say that the well should be shut in, but it does say the effective day is the date it comes of balance; therefore, the effective date as perscribed by the order would be May 1, 1961 as the well would come into balance on that date.

THE WITNESS: If there has been no production since March.

MR. UTZ: Our records show there has been no production.

THE WITNESS: Then it would be effective then.

MR. UTZ: Actually, the supplemental order, No. 583, issued by the Commission was issued in error, was it not, if it did not comply with the order?

THE WITNESS: I am not familiar with that supplement.

MR. UTZ: The supplement increased the acreage from a hundred twenty to a hundred sixty.

THE WITNESS: I believe that's true. As I understand it, the Commission granted this increased units for the purpose of accelerating the date at which time the unit would be effective by increasing the allowable enough to reduce overproduction.

MR. UTZ: I won't argue with the witness, but that was not the case.

THE WITNESS: I was not aware -- that was purely an assumption on my part.

MR. UTZ: Are there any further questions of the witness?

BY MR. MORRIS:

Q Mr. Lyon, in the event the Commission sees fit to grant



your application making the provisions of this order effective as of March 1, 1960, do you see any way that the correlative rights of any of the operators involved here would be impaired?

A I think their correlative rights would be better protected under the request.

Q Inasmuch as monies have been paid over in reliance upon the effectiveness of this order, you feel the correlative rights will be protected moneywise?

A Well, I'd have to answer as I said before: they would be better protected than they are now.

MR. KELLAHIN: May I interject, Mr. Morris? No money has been paid over in reliance on this order. The production has been made in reliance on the order, but all royalties have been paid to the royalty owners under the hundred twenty unit agreement. Under the one hundred sixty unit agreement, Continental has never received anything as of this date.

THE WITNESS: The reason why I answered as I did, as I understand it, Shell has paid their royalty owners for full production and they are unwilling to subtract from future payments the amount that they have paid which should have come to Continental. We would have to pay our royalty owners out of our share.

MR. MORRIS: Some royalty owners are going to get paid more than they are actually entitled to?

A That is correct.

MR. MORRIS: I have no further questions.

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MR. UTZ: Mr. Lyon, do you believe that the operators of this well made any attempt to get the well in balance?

A Well, Mr. Utz, looking at the production performance, I'd say if he did make an effort, he was not very successful.

MR. UTZ: And not very diligent, was he?

THE WITNESS: That's correct.

MR. UTZ: Are there any questions or any other statements in this case?

The witness may be excused. The case will be taken under advisement.

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STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, THOMAS F. HORNE, Court Reporter, in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in machine shorthand and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

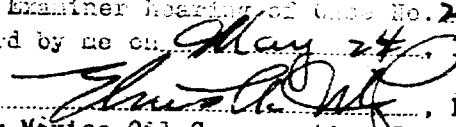
WITNESS my Hand and Seal this, the 12th day of June 1961, in the City of Albuquerque, County of Bernalillo, State of New Mexico.


 NOTARY PUBLIC

My Commission expires:

May 4, 1965

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2282, heard by me on May 24, 1961.


 Examiner
 New Mexico Oil Conservation Commission

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