

CASE 2784: Application of CONTINENTAL

Continue this case to  
last examiner hearing in April -  
probably, etc.

Continental

CASE No.  
2284

Application,  
TRANSCRIPTS,  
SMALL Exhibits  
ETC.

DRAFT

JMD/esr  
April 30, 1963

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. 2784

Order No. R- 2476

APPLICATION OF CONTINENTAL OIL  
COMPANY FOR AUTHORITY TO CONDUCT  
INTERFERENCE TESTS, LEA COUNTY,  
NEW MEXICO.

  
  
ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 24, 1963, 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        day of May, 1963, 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 authority to shut in all wells in the Oil Center-Blinebry Pool, Lea County, New Mexico, for approximately seven days to achieve stabilization, to leave one well shut in for a period not to exceed 90 days to observe pressure behavior, and to transfer ~~the~~ allowables and make up underproduction from the shut-in wells.

(3) That approval of the subject application will afford <sup>operation in the ~~pool~~ pool</sup> the applicant an opportunity to gather valuable information concerning reservoir characteristics of the Oil Center-Blinebry Pool.

(4) That approval of the subject application will be in the interest of conservation and will neither cause waste nor impair correlative rights.

(1) That the <sup>operator in the Oil Center - Blinebry Pool</sup> ~~applicant, Continental Oil Company,~~ is hereby authorized to shut in all wells in the Oil Center-Blinebry Pool and the Continental Meyer B-4 Well No. 20 for approximately seven days until satisfactory stabilization is achieved.

(2) That upon achieving stabilization, the <sup>operator in the subject</sup> ~~applicant is~~ <sup>Meyer</sup> hereby authorized to leave the Continental B-4 Well No. 19 shut in for a period not to exceed 60 days in order to conduct interference tests in the Oil Center-Blinebry Pool.

(3) That the operators in the subject pool are hereby authorized to make up underproduction occurring during the stabilization shut-in period by transferring allowables from wells affected by the shut-in period to other wells on the same basic lease, and by producing the wells receiving the transferred allowable in excess of the <sup>125 percent</sup> ~~the gas-allowable notwithstanding~~ daily tolerance limitation, ~~as applied to~~ both gas and oil during the 60-day interference test period.

(4) That ~~during the interference test period~~ <sup>during the stabilization shut-in period</sup>, the applicant is hereby authorized to transfer the <sup>allowable</sup> ~~allowable~~ <sup>according to</sup> the Continental Meyer B-4 Well No. 19 ~~during the stabilization shut-in period~~ as well as during the 60-day ~~interference test period~~ to other wells on the same basic lease.

(5) That ~~the operator~~ <sup>each operator</sup> desiring to transfer allowables shall submit a schedule indicating the amount of allowable to be transferred to each well to the Commission's Hobbs District Office <sup>prior to transferring any of said allowable to any well.</sup> ~~not later than 15 days after stabilization is achieved.~~

(6) That for good cause shown, the Secretary-Director of the Commission is hereby authorized to extend the <sup>interference test period</sup> ~~test period~~ authorized by this order for an additional period not to exceed 30 days.

(7) 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.

That the Commission's Hobbs District Office shall be notified when the wells are shut in to achieve stabilization.

Case 2784 (Continued from April 10, 1963 Hearing  
Hearing)

Application of Continental Oil Company  
for authority to conduct interference  
tests, Lea County, New Mexico

Applicant, in the above-styled cause,  
seeks authority to shut in all wells  
in the Oil Center-Blinnery Pool, Lea County,  
New Mexico, for approximately 7 days to  
achieve stabilization, to leave one well  
shut in for a period not to exceed 90 days  
to observe pressure behavior, and to transfer  
the allowable and make up underproduction  
from the shut-in wells.

Referred  
to Mr. Mead

# Gulf Oil Corporation

ROSWELL PRODUCTION DISTRICT

W. B. Hopkins  
DISTRICT MANAGER  
M. J. Taylor  
DISTRICT PRODUCTION  
MANAGER  
F. O. Mortlock  
DISTRICT EXPLORATION  
MANAGER  
H. A. Rankin  
DISTRICT SERVICES MANAGER

April 22, 1963

P. O. Drawer 1938  
Roswell, New Mexico

Oil Conservation Commission  
State of New Mexico  
Post Office Box 871  
Santa Fe, New Mexico

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

Re: Case No. 2784 - Application of Continental Oil Company  
for Permission to Conduct Interference Tests, Oil Center  
Blinbry Pool, Lea County, New Mexico

Gentlemen:

Gulf Oil Corporation has been furnished a copy of Continental Oil Company's application in Case No. 2784, scheduled for Examiner Hearing on April 24, 1963. We desire to cooperate with Continental during the test period providing that our wells do not suffer any loss of allowable as a result of shutting in wells.

The following facts exist concerning Gulf's wells:

- (1) The Heasley State Well No. 8 located in Unit A of Section 5-21S-36E, is in the process of being completed and tested. It appears now that this well will be marginal and to shut in the well will result in loss of allowable which cannot be made up. If it is mandatory that all wells be shut in for the pressure build up period, then Gulf objects to this part of the application. In view of this well's location, we believe that to continue to produce it will not interfere with the test.
- (2) The Bell-Ramsay (NCT-A) Well No. 12 located in Unit E of Section 4-21S-36E, is a penalized well due to high gas-oil ratio. A new GOR test was submitted to the Commission in March, 1963, with a request for allowable increase. The well flowed 62 barrels of oil, 14 barrels of water and 227 MCF of gas for a GOR of 3,661. This would change the daily allowable from 40 barrels to 46 barrels. The May and June daily producing rate as shown on Exhibit 2, attached to Continental's application, will have to be revised. We believe that any order issued approving Continental's application should provide that a penalized well, in addition to top allowable wells, will be allowed to produce in excess of the 125 per cent maximum rate as specified by statewide rules.



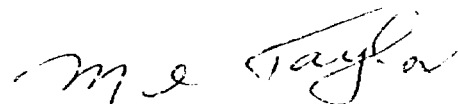
April 22, 1963

- (3) It is noted on Continental's Exhibit No. 2, attached to their application, that Gulf loses sixteen barrels of allowable as indicated in columns 10 and 11. This apparently is caused by dropping fractional barrels when calculating May and June daily allowables. It is recommended that any order written should provide each well will receive an allowable equal to its normal monthly allowable for the period of May and June so that the above loss will not occur.

Gulf Oil Corporation has no objections to the application of Continental Oil Company, provided marginal wells are not required to be shut in and also provided that no allowable is lost as a result of shutting in penalized and top allowable wells.

Yours very truly,

GULF OIL CORPORATION



M. I. Taylor

JHH:dch

cc: Continental Oil Company  
Post Office Box 1377  
Roswell, New Mexico

CLASS OF SERVICE  
This is a fast message  
unless its deferred char-  
acter is indicated by the  
proper symbol.

# WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

SYMBOLS  
DL=Day Letter  
NL=Night Letter  
LT=International  
Letter Telegram

1201 (1-60)

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination.

1933 APR 23 PM 1:43 DB218

1933 APR 23 PM 1 07

D MDA089 PD=MIDLAND TEX 23 151P CST=  
OIL CONSERVATION COMMISSION=  
SANTA FE NMEX=

ATTENTION ELVIS A UTZ, REGARDING CASE #2784 SINCLAIR  
HAS NO OBJECTION TO CONTINENTAL'S APPLICATION  
PROVIDED THE INTERFERENCE TESTS DO NOT INCLUDE  
SINCLAIR LEASES. SINCLAIR IS IN THE PROCESS OF  
COMPLETING ITS FIRST WELL IN THE POOL AS A PROBABLE  
MARGINAL PRODUCER=

JOE MEFFORD DIVISION PRODUCTION SUPT SINCLAIR  
OIL AND GAS CO=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

CLASS OF SERVICE  
This is a fast message  
unless its deferred char-  
acter is indicated by the  
proper symbol.

# WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

SYMBOLS  
DL=Day Letter  
NL=Night Letter  
LT=International  
Letter Telegram

1201 (4-60)

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination.

LA109 DC213

1933 APR 23 PM 3 24

D LUA310 PD=FAX LUBBOCK TEX 23 414P CST=  
NEW MEXICO OIL CONSERVATION COMMISSION=  
SANTA FE NMEX=

DEAR SIRs:

PAN AMERICAN SUPPORTS CONTINENTAL OIL COMPANY IN  
CASE NO. 2784 SCHEDULED FOR HEARING APRIL 24 IN THEIR  
APPLICATION FOR AUTHORITY TO CONDUCT INTERFERENCE TEST  
AND TRANSFER ALLOWABLES OF WELLS IN THE OIL  
CENTER=BLINEBRY POOL

NEIL S WHITMORE LUBBOCK=

=2784 24

WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE





THE ATLANTIC REFINING COMPANY

INCORPORATED - 1920

PETROLEUM PRODUCTS

1963 APR 18 PM 1:28

DOMESTIC PRODUCING DEPARTMENT  
NEW MEXICO DISTRICT

BOONE MACAULAY, DISTRICT MANAGER  
R. F. CHAMPION, DISTRICT LANDMAN  
W. T. EASTES, DISTRICT GEOPHYSICIST  
E. R. DOUGLAS, DISTRICT GEOLOGIST  
A. D. KLOXIN, DISTRICT DRUG. & PROD. SUP'T.  
W. P. TOMLINSON, DISTRICT ENGINEER  
B. R. WARE, ADMINISTRATIVE SUPERVISOR

MAILING ADDRESS  
P. O. BOX 1978  
ROSWELL, NEW MEXICO

April 18, 1963

710 2784

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

Re: Application of Continental  
Oil Company For Permission  
To Conduct Interference Tests  
In The Oil Center Blinbry  
Field, Lea County, New Mexico

Gentlemen:

Continental Oil Company has furnished us a copy of their application for permission to conduct interference tests and to transfer allowables on their Meyer B-4 Lease in the Oil Center Blinbry Pool. We are a part-interest owner in that lease. Atlantic is in full accord with Continental's proposal and urges that you give it approval. Such tests and transfer of allowables will not damage the reservoir and should yield information valuable for proration and engineering purposes.

Yours very truly,

W. P. Tomlinson

WPT:pam

cc: Mr. A. B. Slaybaugh  
Continental Oil Company  
Post Office Box 1377  
Roswell, New Mexico

Case 2787

Heard 4-24-63

Rec. 4-25-63

1. Grant Cont. permission to conduct an interference test on the Oil Center-Blinkey pool in accordance with the following procedure:

(a) All wells <sup>including the Meyer B-4 #20</sup> in the Oil Center-Blinkey pool shall be shut-in for 7 days or until satisfactory stabilization is attained. B.H.P.'s shall be taken ~~each~~ <sup>on</sup> ~~all~~ <sup>on</sup> ~~cont.~~ wells ~~on~~ <sup>on</sup> the Cont Meyer B-4 lease until such stabilization is attained.

(b) The #19 well shall remain shut-in for the period of the interference test. Periodic pressures (at least twice a week) shall be run on the #19 until the end of the test. ~~A drawdown of~~ A drawdown ~~of~~ at least 1 to 1.5% of the stabilized S.P. pressure should be attained to prove interference.

(c) Allowables for the shut-in period for all wells which are shut-in as well as the allowable for the #19 well ~~shall~~ may be transferred to other wells on the same basic lease.

(d) The allowable for the stabilization period which is lost by each well shut-in may be made up during the 60 day test period. The GOR penalty for any well so restricted may be waived until shut-in as the S.P. allowable is

made up.

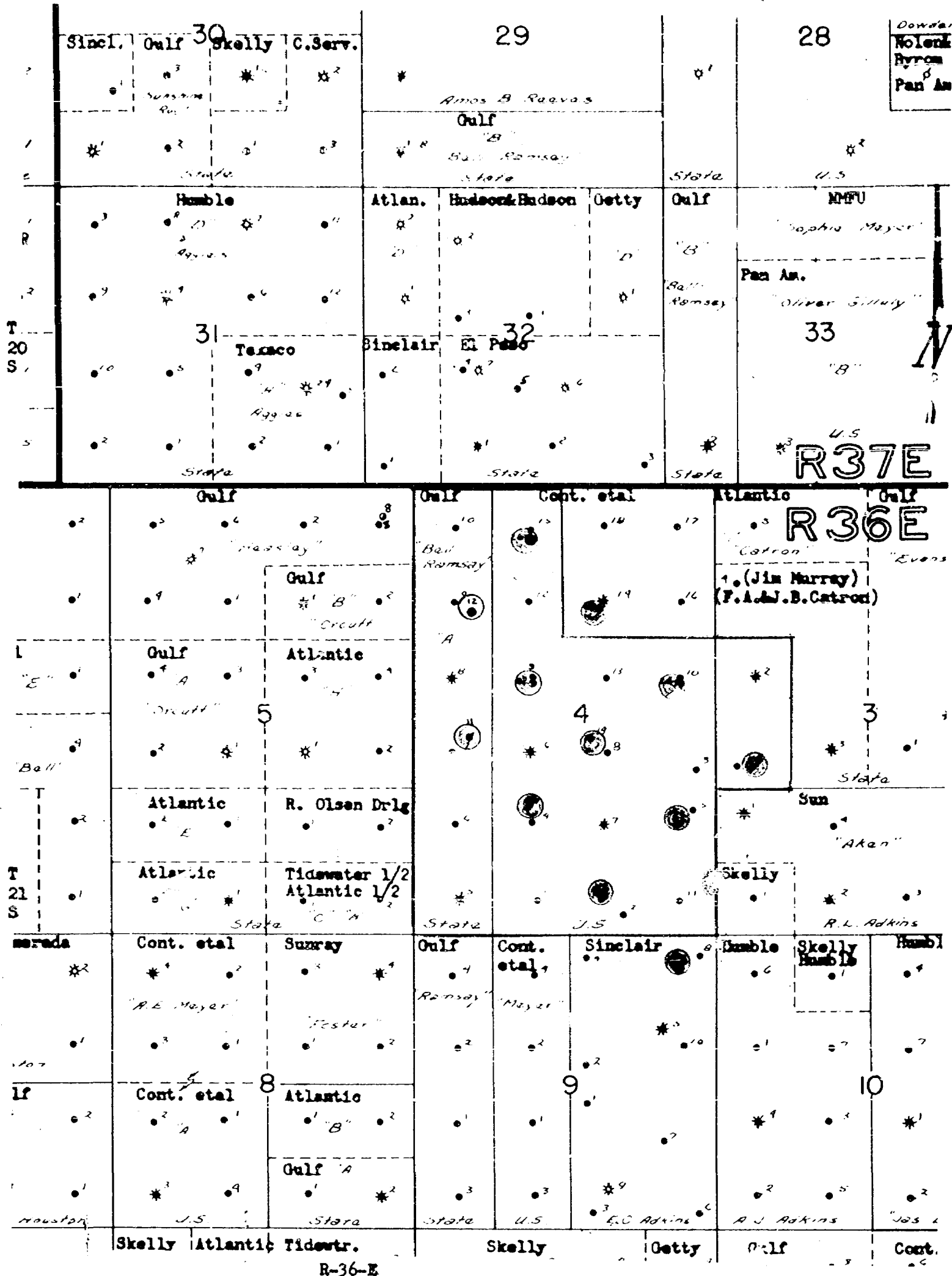
(d) The allowable for the #1 well may be transferred to other wells on the same basin lease (Ways B-4) in accordance with the wells Productivity Index.

(e) A schedule of such transfers of allowables <sup>(by each operator, pursuant)</sup> must be submitted to the Hobbs proration manager as soon as possible after the S.E. stat. period so that well allowables may be assigned.

(f) The term of this order shall be, May 1, 1963 to ~~July 1, 1963~~ June 30, 1963.

A ~~30 day~~ extension to July 31, 1963 may be granted administratively if the test is not conclusive by June 30, 1963.

Musta W. F.



- High GOR Well
- Top Allowable Wells
- Marginal Wells
- Pool Limits

BEFORE EXAMINER UTZ  
IL CONSERVATION COMMISSION

EXHIBIT NO. 1  
FILE NO. 2784

EXHIBIT NO. I

Oil Center Blinbry  
Location & Ownership Plat  
Continental Oil Company

Scale: 1" = 2000'

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 24, 1963

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:

- CASE 2792: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Everett D. Burgett and all other interested parties to appear and show cause why the Meyers Union Well No. 1, located in Unit I of Section 11, Township 23 South, Range 27 East, and the Richardson-Bass State Well No. 1, located in Unit H of Section 5, Township 25 South, Range 28 East, both in Eddy County, New Mexico, should not be plugged in accordance with a Commission-approved plugging program.
- CASE 2793: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Everett D. Burgett and all other interested parties to appear and show cause why the Pure State Wells Nos. 1, 2, 3, and 7, located in Units J and O of Section 15, and the Magnolia State Well No. 1, located in Unit E of Section 14, all in Township 21 South, Range 27 East, Eddy County, New Mexico, should not be plugged in accordance with a Commission-approved plugging program.
- CASE 2794: Application of Ambassador Oil Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Grayburg-Jackson Unit Area comprising 1600 acres of Federal and State lands in Township 17 South, Range 30 East, Eddy County, New Mexico.
- CASE 2795: Application of Marathon Oil Company for a multiple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing the triple completion (conventional) of its State McCallister Well No. 5, located in Unit M of Section 25, Township 17 South, Range 34 East, Lea County, New Mexico, to produce oil from the North Vacuum Abo, the Vacuum-Wolfcamp, and the Vacuum-Devonian Pools through parallel strings of tubing.
- CASE 2796: Application of Texaco Inc. for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its L. R. Manning Federal "B" Well No. 4 at an unorthodox location 330 feet from the South line and 1491 feet from the East line of Section 28, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

- CASE 2797: Application of Texaco Inc. for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 360-acre non-standard gas proration unit comprising the SW/4, N/2 SE/4, and SE/4 SE/4 of Section 31, and the S/2 SW/4 of Section 32, Township 23 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to its E. E. Blinebry "A" Well No. 2, located in Unit I of said Section 31.
- CASE 2798: Application of Pan American Petroleum Corporation for a salt water disposal dual completion, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Navajo "C" Well No. 1, located in Unit D of Section 1, Township 29 North, Range 17 West, San Juan County, New Mexico, to produce hydrocarbons from the Pennsylvanian-Paradox formation and to dispose of produced salt water through the intermediate casing annulus into the open hole interval from 2300 feet to approximately 5000 feet.
- CASE 2794: (Continued from April 10, 1963 Examiner Hearing)  
Application of Continental Oil Company for authority to conduct interference tests, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to shut-in all wells in the Oil Center-Blinebry Pool, Lea County, New Mexico, for approximately 7 days to achieve stabilization, to leave one well shut-in for a period not to exceed 90 days to observe pressure behavior, and to transfer the allowables and make-up underproduction from the shut-in wells.
- CASE 2799: Application of Phillips Petroleum Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg-San Andres formations, Maljamar Pool, Lea County, New Mexico, through one well in Unit J, Section 2, Township 17 South, Range 32 East.
- CASE 2800: Application of Olen F. Featherstone for a special allowable, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing the assignment of a special allowable to his Valentine Well No. 1, located in Unit M of Section 27, Township 16 South, Range 31 East, Eddy County, New Mexico. Said well offsets and has received a response from Newmont's East Square Lake Waterflood Project.

-3-

Docket No. 13-63

CASE 2801:

Application of Socony Mobil Oil Company, Inc. for a multiple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the triple completion (conventional) of its State Bridges Well No. 96, located in Unit H of Section 26, Township 17 South, Range 34 East, Lea County, New Mexico, to produce oil from the Vacuum-Pennsylvanian, Vacuum-Wolfcamp, and North Vacuum-Abo Pools through parallel strings of tubing.

iqg/

PROPOSED ALLOWABLE DURING INTERFERENCE TEST

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Well No.	April Daily Allow.	April Monthly Allow.	May Daily Allow.	May Monthly Allow.	June Daily Allow.	June Monthly Allow.	May Prod. Rate	June Prod. Rate	Total Allow. During Test
<b>Conoco</b>									
Meyer B-4 #19	84	2,520	0	0	0	0	0	0	0
" #20	84	2,520	82	2,542	106	3,180	105.9	106	5,722
" #21	84	2,520	84	2,604	84	2,520	108.5	84	5,124
" #22	84	2,520	74	2,294	96	2,880	95.6	96	5,174
" #23	40	1,200	31	961	40	1,200	40	40	2,161
" #24	84	2,520	109	3,379	141	4,230	140.8	141	7,609
" #25									
" #26	82	2,460	104	3,224	135	4,050	134.3	135	7,274
<b>Total</b>	<b>542</b>	<b>16,260</b>	<b>484</b>	<b>15,004</b>	<b>602</b>	<b>18,060</b>	<b>625.1</b>	<b>602</b>	<b>33,064</b>
<b>Gulf</b>									
B. Ramsey #11	84	2,520	73	2,263	95	2,850	94.3	95	5,113
" #12	40	1,200	35	1,085	45	1,350	45.2	45	2,435
<b>Total</b>	<b>124</b>	<b>3,720</b>	<b>103</b>	<b>3,348</b>	<b>140</b>	<b>4,200</b>	<b>139.5</b>	<b>140</b>	<b>7,548</b>
<b>Metex</b>									
Wallace-State #5	84	2,520	73	2,263	95	2,850	94.3	95	5,113
<b>Pool Total</b>	<b>750</b>	<b>22,500</b>	<b>665</b>	<b>20,615</b>	<b>837</b>	<b>25,110</b>	<b>858.9</b>	<b>837</b>	<b>45,725</b>

BEFORE EXAMINER UTZ  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 2  
CASE NO. 2784

EXHIBIT NO. 2



PROPOSED ALLOWABLE DURING INTERFERENCE TEST

(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
April Daily Flow.	April Monthly Allow.	May Daily Allow.	May Monthly Allow.	June Daily Allow.	June Monthly Allow.	May Prod. Rate	June Prod. Rate	Total Allow. During Test	Total Allow. Normally
84	2,520	0	0	0	0	0	0	0	5,124
84	2,520	82	2,542	106	3,180	105.9	106	5,722	5,124
84	2,520	84	2,604	84	2,520	108.5	84	5,124	5,124
84	2,520	74	2,294	96	2,880	95.6	96	5,174	5,124
40	1,200	31	961	40	1,200	40	40	2,161	2,440
84	2,520	109	3,379	141	4,230	140.8	141	7,609	5,124
82	2,460	104	3,224	135	4,050	134.5	135	7,274	5,002
642	16,260	484	15,004	602	18,060	625.1	602	33,064	33,062
84	2,520	73	2,263	95	2,850	94.3	95	5,113	5,124
40	1,200	35	1,085	45	1,350	45.2	45	2,435	2,440
24	3,720	108	3,548	140	4,200	139.5	140	7,548	7,564
84	2,520	73	2,263	95	2,850	94.3	95	5,113	5,124
750	22,500	665	20,615	837	25,110	853.9	837	45,725	45,750

BEFORE EXAMINER UTZ  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 2  
CASE NO. 2784

EXHIBIT NO. 2

PROPOSED JULY ALLOWABLE DURING INTERFERENCE TEST

(1) Well No.	(2) April Daily Allow.	(3) April Monthly Allow.	(4) July Daily Allow.	(5) July Monthly Allow.
<b>Conoco</b>				
Meyer B-4 #19	84	2,520	0	0
" #20	84	2,520	97	3,007
" #21	84	2,520	84	2,604
" #22	84	2,520	91	2,821
" #23	40	1,200	40	1,240
" #24	84	2,520	118	3,658
" #25	-	-	-	-
" #26	82	2,460	112	3,472
<b>Total</b>	<b>542</b>	<b>16,260</b>	<b>542</b>	<b>16,802</b>
<b>Gulf</b>				
B. Ramsey #11	84	2,520	84	2,604
" #12	40	1,200	40	1,240
<b>Total</b>	<b>124</b>	<b>3,720</b>	<b>124</b>	<b>3,844</b>
<b>Metex</b>				
Wallace-State #5	84	2,520	84	2,604
<b>Pool Total</b>	<b>750</b>	<b>22,500</b>	<b>750</b>	<b>23,250</b>

BEFORE EXAMINER UTZ  
OIL CONSERVATION COMMISSION  
*Lyph* EXHIBIT NO. 3  
CASE NO. 2784

EXHIBIT NO. 3

1963 MAR 11 AM 11:11  
MAIN OFFICE OCC  
CONOCO  
CONTINENTAL OIL COMPANY

P. O. BOX 1377  
ROSWELL, NEW MEXICO

PRODUCTION DEPARTMENT  
NEW MEXICO DIVISION  
WM. A. MEAD  
DIVISION SUPERINTENDENT  
A. B. SLAYBAUGH  
ASSISTANT DIVISION SUPERINTENDENT

March 8, 1963

825 PETROLEUM BUILDING  
TELEPHONE: MAIN 2-4202

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

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

Re: Application for Permission  
to Conduct Interference  
Tests - Oil Center Blinbry  
Pool, Lea County, New Mexico.

Gentlemen:

We forward herewith application in triplicate  
for permission to conduct interference tests in the  
captioned pool. We should appreciate your setting the  
matter for hearing at the earliest examiner hearing.

Yours very truly,

*W. A. Mead*

VTL-pr  
cc: RGP GW JWK JRP

DOCKET MAILED

Date 4-11-63

DOCKET MAILED

Date 3/29/63

P I O N E E R I N G I N P E T R O L E U M P R O G R E S S S I N C E 1 8 7 5

RECEIVED  
FEB 11 1963  
11 AM 01 30

Jan 27<sup>th</sup>

1. That the applicant is operator and co-owner of the Meyer B-4 lease comprised of lots 1, 2, 3, 6, 7, 8, 9, 10, 11, 14, 15, and 16 and the SE/4 and the E/2 of the SW/4 of Sec. 4, T-21S and R-36E.

3. That applicant, in conformance with order no. R-2468, has completed seven wells in the Oil Center Blinbry Pool on this property, six of which are capable of top allowable production.

5. That, in order to maintain income and hasten occurrence of interference, withdrawals from the reservoir should be maintained at normal rates which would require transfer of allowables between wells.

Wherefore, applicant respectfully prays that this application be set for hearing before the Commission's duly appointed examiner and that upon hearing an order be entered granting applicant permission to conduct interference tests in the Oil Center Blinney Pool as described above.

*W. G. Meyer*

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE  
STATE OF NEW MEXICO

March 7, 1963

IN THE MATTER OF THE APPLICATION OF  
CONTINENTAL OIL COMPANY FOR  
PERMISSION TO CONDUCT INTERFERENCE  
TESTS IN THE OIL CENTER BLINEBRY  
POOL, LEA COUNTY, NEW MEXICO,  
INCLUDING THE TRANSFER OF  
ALLOWABLES BETWEEN WELLS DURING  
SUCH TEST

A P P L I C A T I O N

Comes now applicant, Continental Oil Company, and respectfully requests permission to conduct interference tests and to transfer allowables of wells in the Oil Center Blinebry Pool and in support thereof would show:

1. That the applicant is operator and co-owner of the Meyer B-4 Lease comprised of lots 1, 2, 3, 6, 7, 8, 9, 10, 11, 14, 15, and 16 and the SE/4 and the E/2 of the SW/4 of Sec. 4, T-21S and R-36E.
2. That the Commission, on January 16, 1963, entered order no. R-2408 establishing temporary 80-acre spacing units on an alternate 40-acre pattern for a period of one year.
3. That applicant, in conformance with order no. R-2408, has completed seven wells in the Oil Center Blinebry Pool on this property, six of which are capable of top allowable production.
4. That applicant desires to shut-in all wells in the pool for a period of approximately seven days to achieve reservoir equilibrium pressure and then, lease one of said wells shut-in for a period not to exceed an additional ninety days to observe pressure behavior.
5. That, in order to maintain income and hasten occurrence of interference, withdrawals from the reservoir should be maintained at normal rates which would require transfer of allowables between wells.
6. That the proposed procedure is in the interest of conservation and the prevention of waste.

Wherefore, applicant respectfully prays that this application be set for hearing before the Commission's duly appointed examiner and that upon hearing an order be entered granting applicant permission to conduct interference tests in the Oil Center Blinebry Pool as described above.

Respectfully submitted,  
*W. A. Mead*  
Wm. A. Mead  
Division Superintendent

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. 2784  
Order No. R-2476

APPLICATION OF CONTINENTAL OIL  
COMPANY FOR AUTHORITY TO CONDUCT  
INTERFERENCE TESTS, LEA COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 24, 1963, 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 3rd day of May, 1963, 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 authority to shut in all wells in the Oil Center-Blinbry Pool, Lea County, New Mexico, for approximately seven days to achieve stabilization, to leave one well shut in for a period not to exceed 90 days to observe pressure behavior, and to transfer allowables and make up underproduction from the shut-in wells.

(3) That approval of the subject application will afford the operators in the pool an opportunity to gather valuable information concerning reservoir characteristics of the Oil Center-Blinbry Pool.

(4) That approval of the subject application will be in the interest of conservation and will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That the operators in the Oil Center-Blinbry Pool are hereby authorized to shut in all wells in the Oil Center-Blinbry Pool and the Continental Meyer B-4 Well No. 20 for approximately seven days until satisfactory stabilization is achieved.

(2) That upon achieving stabilization, the operators in the subject pool are hereby authorized to leave the Continental Meyer B-4 Well No. 19 shut in for a period not to exceed 60 days in order to conduct interference tests in the Oil Center-Blinbry Pool.

(3) That the operators in the subject pool are hereby authorized to make up underproduction occurring during the stabilization shut-in period by transferring allowables from wells affected by the shut-in period to other wells on the same basic lease, and by producing the wells receiving the transferred allowable in excess of the 125 percent daily tolerance limitation, the gas-oil ratio notwithstanding, during the 60-day interference test period.

(4) That during the interference test period, the applicant is hereby authorized to transfer the allowable accruing to the Continental Meyer B-4 Well No. 19 during the stabilization shut-in period as well as during the 60-day interference test period to other wells on the same basic lease.

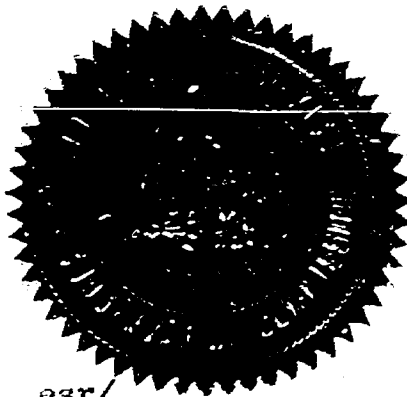
(5) That the Commission's Hobbs District Office shall be notified when the wells are shut in to achieve stabilization.

(6) That each operator desiring to transfer allowables shall submit a schedule indicating the amount of allowable to be transferred to each well to the Commission's Hobbs District Office prior to transferring any of said allowable to any well.

(7) That for good cause shown, the Secretary-Director of the Commission is hereby authorized to extend the interference test period authorized by this order for an additional period not to exceed 30 days.

(8) 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.



esr/

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*Jack M. Campbell*  
JACK M. CAMPBELL, Chairman

*E. S. Walker*  
E. S. WALKER, Member

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

GOVERNOR  
JACK M. CAMPBELL  
CHAIRMAN

State of New Mexico  
**Oil Conservation Commission**



LAND COMMISSIONER  
E. S. JOHNNY WALKER  
MEMBER

P. O. BOX 871  
SANTA FE

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

May 3, 1963

Mr. Jason Kellahin  
Kellahin & Fox  
Attorneys at Law  
Box 1713  
Santa Fe, New Mexico

Re: Case No. 2784  
Order No. R-2476  
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.  
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC     X    

Artesia OCC           

Astec OCC           

OTHER            Mr. Randall F. Montgomery



OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

July 9, 1963

C  
O  
P  
Y  
  
Continental Oil Company  
P. O. Box 1377  
Roswell, New Mexico

Attention: Mr. A. B. Slaybaugh

Gentlemen:

Reference is made to your letter of June 26, 1963, wherein you request an extension to the interference test and allowable transfer provisions authorized for a 60-day period by Order No. R-2476, Oil Center-Blinbry Pool, Lea County, New Mexico.

The provisions of Order No. R-2476 insofar as they relate to the shut-in test period of the Continental Meyer B-4 Well No. 19 and the transfer of the allowable from said well to other wells on the same basic lease are hereby extended until August 10, 1963.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/DSM/ear

CC: Case No. 2784

Oil Conservation Commission - Hobbs



## CONTINENTAL OIL COMPANY

P. O. BOX 1377  
ROSWELL, NEW MEXICO

PRODUCTION DEPARTMENT  
NEW MEXICO DIVISION  
A. B. SLAYBAUGH  
DIVISION SUPERINTENDENT  
V. C. FISSLER  
ASSISTANT DIVISION SUPERINTENDENT

June 26, 1963

825 PETROLEUM BUILDING  
TELEPHONE: MAIN 2-4202

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

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

Gentlemen:

Continental Oil Company requests administrative approval to extend the interference test in the Oil Center Blinebry Pool, Lea County, New Mexico, for an additional 30 days, as provided by Order No. R-2476 dated May 3, 1963. This additional time will be required to complete the test. Our Eunice office is keeping close contact with your Mr. J. D. Ramey in Hobbs to establish coordination with the Commission and Continental doing the transfer of allowables.

Yours very truly,

RLF-pr

cc: J. D. Ramey, N.M.O.C.C., Hobbs, New Mexico

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ALBUQUERQUE, N. M.  
PHONE 243-6691

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
April 10, 1963

EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil Company for  
authority to conduct interference tests,  
Lea County, New Mexico. Applicant, in the  
above-styled cause, seeks authority to shut-  
in one Oil Center Blinbry well on its  
Meyer B-4 Lease, Section 4, Township 21  
South, Range 36 East, Lea County, New  
Mexico, to observe pressure behavior and to  
transfer said well's allowable to other  
wells on said lease for a period not to  
exceed 90 days.

Case 2784

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. DURRETT: Application of Continental Oil Company  
for authority to conduct interference tests, Lea County, New  
Mexico.

Mr. Examiner, we have received a letter requesting that  
this case be continued to the next Examiner Hearing in April.

MR. NUTTER: The case will be continued until the next  
Examiner Hearing in April, and readvertised.



STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) ss

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 22nd day of April, 1963.

*Ada Dearnley*  
Notary Public-Court Reporter

My commission expires:

June 19, 1963.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 27846 heard by me on 4/10, 1963.  
*Asen*, Examiner  
New Mexico Oil Conservation Commission

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BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
April 24, 1963

EXAMINER HEARING

IN THE MATTER OF:

(Continued from April 10, 1963 Examiner Hearing)  
Application of Continental Oil Company for authority to conduct interference tests, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to shut-in all wells in the Oil Center-Ellebry Pool, Lea County, New Mexico, for approximately 7 days to achieve stabilization, to leave one well shut-in for a period not to exceed 90 days to observe pressure behavior, and to transfer the allowables and make-up underproduction from the shut-in wells.

CASE 2784

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 2784.

MR. DURRETT: Application of Continental Oil Company for authority to conduct interference tests, Lea County, New Mexico. This case was continued from April 10, 1963, Examiner Hearing.

MR. KELLAHIN: Jason Kellahin, Kellahin and Fox, for the Applicant. We have one witness I would like to have sworn, please.

(Witness sworn.)

JACOB LAVINE  
called as a witness, having been first duly sworn on oath, testified as follows:



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DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A Jacob Lavine.

Q By whom are you employed and in what position?

A Senior Production Engineer, Continental Oil Company, Eunice, New Mexico.

Q Have you ever testified before the Oil Conservation Commission?

A Yes, sir.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. UTZ: Yes, sir.

Q (By Mr. Kellahin) Are you familiar with the application of Continental Oil Company in Case 2784, Mr. Lavine?

A Yes, sir.

Q Would you state briefly what's proposed?

A It is the application of Continental Oil Company for permission to conduct an interference test in the Oil Center-Blinbry Pool and to transfer the allowables for twenty wells during the test period.

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

Q Referring to what has been marked as Exhibit No. 1, would you identify that exhibit and discuss the information shown



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on it?

A Exhibit No. 1 is a location and ownership plat showing the Oil Center-Blinebry Pool in Lea County, New Mexico, Sections 3 and 4, and recently Section No. 9. The top allowable wells are shown circled in solid red. Wells which have a producing capacity below top allowable are shown in green, and one well with a penalized excess GOR is shown in the open green circle. The pool limits of the Oil Center-Blinebry Pool as currently defined are shown outlined in blue.

Q Did you say it also included a portion of Section 9 presently, is that correct?

A Yes, sir, Sinclair has completed a well in the Northeast Quarter of the Section.

Q Has that been included within the defined limits of the Oil Center-Blinebry Pool?

A No, sir.

Q But it is the Oil Center-Blinebry well, is that correct?

A Yes.

Q Are you familiar with the testimony and the exhibits that were presented in Case 2727 which resulted in Order No. R-2408?

A Yes, sir.

MR. KELLAHIN: At this time, if the Commission please, we would like to offer in evidence the record and exhibits offered in Case 2727 in the interest of saving time in this case.



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This is the case which resulted in a temporary 80-acre order for the Oil Center-Blinebry Pool. I believe that it will save time if we just incorporate it into the record.

MR. UTZ: That was the entire subject matter of this case, 80-acre spacing?

MR. KELLAHIN: It adopted field rules for the Oil Center-Blinebry Pool, but in the main it was 80-acre spacing, yes, sir.

MR. UTZ: The record will include as part of the record in this case the record in Case 2727.

Q (By Mr. Kellahin) Would you state briefly what was attempted to be shown in Case 2727?

A In this case it was attempted to show and prove by the cross sections across the pool that the producing zones in the main pay can be correlated from well to well, and it is indicated to be continuous over the entire pool area. It was also shown by pressure build-up curves that a well should drain in excess of 80 acres.

Q What was the outcome of that case?

A Order No. 2408 established 80-acre drilling and spacing units. The rules, however, were temporary and contemplated review of the case after a period of one year, or during January, 1964.

Q What is the purpose of your proposed interference test as suggested in this application?





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A The test is to be conducted for the purpose of further establishing that a well in the Oil Center-Blinebry Pool will effectively drain in excess of 80 acres.

Q How do you propose to do this?

A We propose to shut in all wells in the pool on a given date, hopefully May 1st, for a period of approximately seven days. The pressure buildup will be observed in the Continental Meyer B-4 Well No. 19 during the shut-in period. This shut-in period is for the purpose of achieving pressure stabilization in the reservoir, and we believe this should be accomplished in that time.

At the end of the shut-in period, the bottom-hole pressure will be measured in each Continental well capable of flowing, and this will be noted by a bottom-hole pressure bomb. Upon completion of the bottom-hole pressure measurement, each well in turn will be placed on production at the assigned allowable. Well No. 19 is proposed to be left shut in and its allowable transferred to other wells on the lease. The static bottom-hole pressure in this well will be observed frequently during the producing test period in order that the readings can be recorded.

Q How long do you propose to continue the test?

A Our calculations indicate that the drawdown in Meyer No. 4-19 should be observed within sixty days after production is resumed. This is based on limited reservoir data and could



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possibly be in error. We propose that if the pressure decline has not been observed at the end of sixty days, we ask that it be continued for another thirty days to find a measurable pressure drop.

Q What do you mean by a measurable pressure drop?

A I mean a decline of sufficient magnitude that there is no question of bomb accuracy. A minimum of one percent, and preferably one and a half percent should be observed to be certain of our results. Since the reservoir pressure is in the vicinity of approximately 2200 psi, we hope to observe the decrease in excess of 35 psi.

Q Will it require this period of 45 to 60 days for the pressure to be affected by production from offset wells?

A We hope that, or our calculations indicate that a measurable pressure drop will be observed somewhere in the vicinity of ten to fifteen days after the production is resumed.

Q In addition to the transfer of allowable from the shut-in well, you indicated that you want to transfer allowables between wells. Why do you want to do that?

A We like to do this so that the test can be conducted without loss of current revenue due to temporary loss of allowable from the observation well. Also, because the higher withdrawal rates will hasten the reduction of pressure in the observation well.

Q How do you propose to allocate the production among



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the wells?

A We propose to withdraw the same amount of oil from the lease as if the interference test were not to be conducted. This involves transferring the allowable of the observation well and the allowable for the marginal well, No. 23, during the seven-day shut down period. It may be necessary for other operators to transfer allowables, and if they desire to do so in order to avoid loss of current revenue, we urge the Commission to grant their request.

Q Referring to what has been marked as Exhibit No. 2, will you identify that exhibit and discuss the information shown on it?

A Exhibit No. 2 is a tabulation of the wells in the Oil Center- Blinebry Pool showing the April allowable, daily and monthly; the proposed May and June daily and monthly allowables; the proposed withdrawal rates for the producing days of the months of May and June, and the allowable for the two-month period compared to the normal allowable for that period.

Q Now the allowables here appear to be pretty uniform, is that correct, for the month of April?

A Yes, sir.

Q Are these proposed allowables as you would change them for the subsequent months non-uniform? Referring back to the exhibit, if you'll notice that the April allowables are pretty uniform, aren't they?



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A Yes, they are, all the wells having 84 bopd allowable except Meyer B-4, the Meyer B-4 No. 23.

Q Are you transferring your allowables in the same fashion?

A No, sir, we are not. No. 23 is a marginal well and not capable of making up its allowable during the period of seven days. Well No. 21 is completed in the lower Blinbry, some 200 feet below the main producing zone from which all other wells in the pool produce. This well is not in pressure communication with the main reservoir. For these reasons, no allowable is being transferred from the observation well to either of these wells.

The allowables from No. 19, plus 9 bopd in May from Well No. 23, have been pooled and then re-allocated to the remaining wells in proportion to each well's measured Productivity Index. This distribution is shown in Column 4 for May and Column 6 for June.

Q What do you mean by the Productivity Index?

A Productivity Index is the number of barrels of oil per day which can be produced per pound drop in bottom hole pressure under stabilized flow conditions, barrels per day per psi pressure drop.

Q Is this measured by a bottom hole pressure bomb?

A Well, it's a production test with a bottom hole pressure bomb in the hole, which gives static conditions and a drawdown



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during flowing period.

Q Why do you propose to allocate the allowable in proportion to this Productivity Index?

A First, it provides more nearly a common flowing bottom hole pressure which will provide a uniform pressure distribution in the reservoir during the test period. Secondly, it will hasten the occurrence of a measurable decrease in bottom hole pressure in the observation well.

Q What's the significance of Columns 8 and 9 on your Exhibit No. 2?

A Column 8 shows the producing rate in barrels per day that will be required to produce the assigned allowables during the 24 producing days in May remaining after the seven-day shut-in period. Column 9 shows the producing rate in June which is the same as the assigned daily allowable.

Q Then there would be a substantial difference in producing rates between May and June if this schedule were not followed?

A That is correct. It would also be necessary to produce the wells at a rate greater than 125 percent of the allowable during May.

Q The daily average allowable in May, spread over 31 days, is considerably less than the daily allowable in June, is that right?

A Yes, sir. This would, in effect, be carrying over to



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June that portion of the allowable not produced in May because of the seven-day shut-in period. This is more favorable than merely reallocating each month's allowable between wells in that a constant producing rate is achieved throughout the test period. It does involve, in effect, a make-up-allowable effect. A constant producing rate during the test is very desirable.

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

A Exhibit No. 3 is a tabulation supplemental to Exhibit No. 2 in the event it's necessary to continue the test during July or the additional thirty days. The first three columns are identical to those in Exhibit No. 2. The remaining columns show the proposed July allowable if the test is continued to that month.

Q Then Exhibit 3 is merely showing the allocation to the individual wells as you did on Exhibit No. 2?

A Yes, sir, with the additional thirty days.

Q What is the distance from the proposed observation well to the nearest producing well?

A The nearest well is about 1700 foot, but it is a low P.I. well. The nearest high P.I. well is approximately 2,000 feet.

Q What is the radius of an 80-acre circle?

A 1,054 feet.

Q What's the distance from the center to the corner of an



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80-acre square?

A 1320 feet.

Q If you can detect a significant pressure drop in the observation well, you will have proven that a well will drain considerably more than 80-acres in this reservoir, is that correct?

A Yes, sir. As a matter of fact, it would indicate a drainage area of 208 acres.

Q Do you feel that a failure to note a pressure drop in the shut-in observation well will indicate that one well will not drain 80 acres in the Oil Center-Blinebry Pool?

A No, it would mean that in a drainage area of 208 acres the observation time was insufficient to detect a measurable pressure drop. We are confident that a pressure drop would be observed in time and we expect to observe one during this test.

Q Have you already observed any decline in initial pressures in successive completions?

A Yes, sir. We had a recent completion, Mever B-4, 25, and on the 13th of this month the pressure was calculated to be 2124 psi subsea depth at minus 2300, which is some 125 pounds less than the original pressure of the reservoir.

Q Then in your opinion will this interference test merely add additional evidence that one well will drain 80 acres in this reservoir?

A Yes, sir, that is correct.

Q Are the other companies operating in the reservoir



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cooperating with you in carrying on this test?

A We find in Sinclair's recent completion, the Adkins No. 11, it is producing only at a rate of 10 barrels per day of oil and approximately 25 barrels of water, and it's some 3,000 feet southeast of the observation well; and if they do not wish to shut their well in because of inability to make up the allowable, then we will have no objection to this whatsoever, or if the company's offset operators do not wish to comply with this interference test, they would not be under any obligation to do so.

Q You mean the shut-in period to comply with the interference test, the seven-day shut-in period?

A Yes.

Q If, for example, Gulf failed to shut their well in, would that in your opinion interfere with the interference test?

A Well, it would create a pressure drawdown in the reservoir. However, if the production rate in their well was kept constant, then it would be a constant decline in pressure or a static decline in pressure and it would have the same effect as if the well were shut in.

Q So long as they keep it on a constant production rate?

A Yes.

Q Do you anticipate they will cooperate with you to that extent?

A Yes, they have notified us they will.





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

A Yes, sir.

MR. KELLAHIN: At this time I would like to offer in evidence Exhibits 1, 2, and 3.

MR. UTZ: Without objection, Exhibits 1, 2, and 3 will be entered into the record in this case.

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

MR. KELLAHIN: That's all the questions we have on direct, Mr. Utz.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Lavine, you intend to shut in your No. 23 Well?

A Yes.

Q For the seven days?

A Yes, sir.

Q That well has a producing ability of what, 40 barrels, about 40 barrels per day?

A Yes, sir.

Q And the No. 12 Well of Gulf's, their Bell Ramsey Well, has a producing ability of about 40 barrels per day?

A Yes, it's a penalized GOR well, yes.

Q It's a high GOR?

A Yes, sir.



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Q And the Sinclair Well which is about to be completed is around a 10-barrel a day well?

A Yes, sir. It will be noted that Well No. 20, Meyer B-4 No. 20 is outside the Pool limits, and this is an oversight on, oh, I don't know whose part it was, but it's been applied for to be included in the Pool. It's the second well drilled in the Pool, and we can't quite understand why it hasn't been included.

Q It's your desire to include that well in this interference test?

A Yes, sir. The application is made to extend the Pool limits to include this well.

Q All of your wells are on the same lease, is that true?

A Yes, sir.

Q Did Gulf concur with you in your request for 80-acre spacing?

A Yes, sir.

Q And did Sinclair?

A I believe so, yes, sir.

Q It would be unusual if they didn't?

A Yes, it would.

Q Now it's your desire to try to stabilize the field pressure-wise before you start conducting your interference test?

A Yes, sir.

Q How can you stabilize the pool unless all wells are



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shut in for a sufficient length of time?

A We do hope that everybody will cooperate and shut their wells in; however, the stabilization that we hope to have, the pressure in No. 19 will be stable if any wells are left producing and this producing rate is a constant rate. The pressure draw-down affected by the producing wells will be constant in No. 19.

Q Even though it might not be quite as high as equilibrium?

A Yes, that's true.

Q Do you know how easy it will be for Gulf to have a constant producing rate for a seven-day period?

A We have been notified by Gulf that they will shut their wells in if they will not be penalized or have a loss of production.

Q Yes, I know they have notified you of that, but I don't believe you answered my question. Do you think Gulf can stabilize their well on exactly 40 barrels a day or close to 40 barrels a day for a full seven-day period?

A No, I'm not sure that they can.

Q And if they don't, then it will affect your program somewhat?

A Yes, sir, it will.

Q On Exhibit 2 I notice that you have no allowable for your No. 25 well -- yes, I have found No. 25 now. Why is that?

A Well, it was reported on the 13th of April top allowable



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well of 84 barrels a day on recent test. I'm not sure that the well will make in excess of 84 barrels a day, and therefore we will probably request that the well be permitted to produce at 84 barrels a day throughout the test and possibly the loss of production from this well will be made up in the other wells during the seven-day shut-in period.

Q In other words, you are requesting about the same thing that Gulf did. If we require them to shut in their No. 12 Well they'll want the No. 11 to make up its production for the seven-day period?

MR. KELLAHIN: I think, if the Examiner please, what Gulf is proposing is that the higher GOR well be treated as a top allowable well so that the allowable can be made up from it without penalty.

MR. UTZ: In other words, to allow the No. 12 Well to produce, to make up its allowable?

A Yes, sir.

MR. KELLAHIN: That's right. I think that's what Gulf is proposing.

MR. UTZ: I see.

Q (By Mr. Utz) To be treated as a non-exempt well for a period of time long enough to make up its allowable?

MR. KELLAHIN: Yes.

Q (By Mr. Utz) The allowable lost, I presume, would be seven times 40, 280 barrels?



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A Yes.

MR. KELLAHIN: Yes.

Q (By Mr. Utz) Now in the matter of transfer of allowables, is that shown on your Exhibit No. 3?

A Transfer of allowables during the 30-day additional period in excess of 60 days. Exhibit No. 3 is the July allowable, in the event that the test should be continued in excess of 60 days.

Q Oh, your May and June are shown on Exhibit No. 2?

A That is correct.

Q Column 8 and 9 would be the proposed producing rates for each of your wells?

A That's correct, during May and June.

Q This volume, would that -- well, let's analyze it a little bit. 19 will be shut-in, 20, 21, 22 will produce allowable for other wells and the seven-day make-up, is that true?

A It will produce for the seven-day period plus the loss of allowable in No. 19.

Q And your 23 is your marginal well?

A Yes, sir.

Q 24 and 26 will also overproduce?

A Yes, sir.

Q And it's your proposal that Gulf will overproduce their No. 11 as well as their No. 12?

A That is correct.



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Q And the Metex No. 5 will also overproduce in order to make up the seven-day allowable?

A That's correct.

Q By the end of June you would have made up all this back allowable, wouldn't you?

A Yes, sir, except for the loss in the event it has to be carried over into July, naturally the loss in production from No. 19 will still have to be made up in the other wells.

Q Yes, I understand that, providing your interference test would go through?

A Yes, sir.

Q In your opinion, do you think you can complete this interference test in 60 days?

A In my opinion, I feel certain that we can. However, this is, like I said before, based on the best available data and which is sometimes inaccurate, and we hope, we feel that it will be effective in 60 days.

Q Would it be your recommendation that the order include some administrative approval for an additional 30 days if necessary?

A Yes, sir.

Q What means do you propose to use for measuring your bottom hole pressure on your No. 19?

A We plan to run a bottom hole pressure bomb as often as possible, as often as the equipment is available, which will be



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approximately, no less than twice per week.

Q And how long will you leave the bomb in the hole?

A Only long enough to take static bottom hole pressure.

Q Under the assumption that the pressure is stabilized?

A No, sir, under the assumption that just to measure a pressure to see if it has drawn down. We will probably, in the length of time that we leave the bomb in the hole, we'll probably get no drawdown in that short a period of time. However, during a week's time we'll probably show some effects of draw-down.

Q In your opinion will this pool stabilize in seven days?

A In my opinion, yes, sir.

Q And just prior to putting all your wells back on production, you will take a bottom hole pressure in No. 19?

A Yes, sir.

Q Is that the only well you intend to take pressures on?

A No, sir. We plan to take pressures on all the wells that will be shut-in except for No. 3, which has a pumping unit on it and rods in the hole. All of the Continental wells, I might mention.

Q Gulf or Metex has no -- don't propose to take bottom hole pressures, then?

A We haven't requested that they do, no.

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

MR. KELLAHIN: I would like to bring out one thing, if



I may.

REDIRECT EXAMINATION

BY MR. KELLAHIN:

Q Mr. Lavine, you say in your opinion the pool will stabilize in seven days. Will you continue to keep it shut in until it has stabilized?

A We would like to keep it shut in until the pressure has stabilized.

Q In other words, then, you would say it might be more or less than seven days?

A Yes.

Q The chances are that you would go the full seven days, would you not?

A Yes, sir.

Q In the event you had to keep it shut in longer than seven days, that would affect your proposed allocation of allowable shown on Exhibits 2 and 3?

A Yes, sir.

Q In other words, that is an example of how you propose to make the allocation, and not necessarily the allocation that you might make, is that correct?

A Yes, sir, that's correct.

MR. KELLAHIN: That's all I have.

RECROSS EXAMINATION

BY MR. UTZ:

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Q How will you determine that your 19 or other wells are built up and have reached stabilization?

A When we have no increase in pressure, which probably we will have to determine that with two to three different measurements to be certain that the pressure is stabilized, and if the pressure remains constant over these two or three days, then we'll assume that the pressure is stabilized.

Q You don't intend to take pressures every day?

A Yes, sir, on the shut-in pressures, yes, we do.

Q You do.

A When I mentioned before about twice a week, I meant during the interference test or the shut-in period of 19, rather than the total shut-in period.

Q My understanding is correct, is it not, that you intend, even during the interference period, that you intend to transfer the allowables to wells around No. 19 in order to have a faster reaction?

A Yes, sir. If you'll notice on Exhibit 2 that No. 26, we propose to allocate most of the production, or a greater proportion of the production of 26 to No. 24 based on the P.I., to effect a greater drawdown in a shorter length of time.

Q No. 26 is quite a ways away from your No. 19, isn't it?

A Yes, sir.

Q Where is your No. 24?

A Northeast of No. 19, the northeast location of 19.



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MR. UTZ: Any other questions of the witness?

MR. DURRETT: Yes, sir, I have a question or two.

MR. UTZ: Mr. Durrett.

BY MR. DURRETT:

Q I'm not sure just what wells are going to be affected and how. Now the Commission has received some communications from various offset operators, and I want to read portions of these communications to you and ask you if their wells are going to be affected. We will go through each one individually.

We have a telegram from Sinclair, and they state that they have no objection to your application provided the interference tests do not include Sinclair leases. Didn't you state that the Sinclair well in Section 9, in the northeast corner of Section 9, isn't that going to be part of it?

A No, sir, it will not be shut in.

Q Will not be shut in?

A No.

Q And you don't propose to make that part of the test?

A No, sir, we do not.

Q We also have a very long communication in the form of a letter from Gulf Oil Corporation, and I'll just briefly run through some of the points they raise and discuss those with you. They state, concerning their Easely State Well No. 8 located in Unit A of Section 5, 21 South, 36 East, "if it is mandatory that all wells be shut-in for the pressure build-up period, then Gulf



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objects to his part of the application." Now I think you stated it wasn't mandatory, didn't you?

A Yes, sir, we are not making it mandatory.

Q But you do propose that this Easely State Well No. 8 would be included?

A No, sir, the latest information I have on this well is that it is not completed and they are not real certain they can make a completion, and if it is a completion then it will be a marginal well; and it's a long distance from No. 19 and we will not even be concerned about it with the interference test.

Q Proceeding on with their communication here, they state: "We believe that any order issued approving Continental's application should provide that a penalized well in addition to top allowable wells will be allowed to produce in excess of the 125 percent maximum rate as specified by State-wide rules." Now I believe you testified concerning this high GOR well that you would be inclined to have it produce in excess, didn't you?

A Yes, sir.

Q And that should answer this objection?

A Yes, sir.

Q Their final statement here concerns your Exhibit No. 2. They state that they note "that Gulf loses 16 barrels of allowable, as indicated in Columns 10 and 11. This apparently is caused by dropping fractional barrels when calculating May and June daily allowables. It is recommended that any order written



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should provide each well will receive an allowable equal to its normal monthly allowable for the period of May and June so that the above loss will not occur." I'm not sure I understand that, so I wish you would comment on it.

A Well, I'm in complete agreement with them on that. I feel that this is a proposed schedule and the purpose of it is to produce only allowable production and not in excess of allowable, and any manner in which the offset operators or Continental should wish to produce this allowable so that it does not exceed 125 percent of production should be permitted to produce in that manner.

Q Well, I have the feeling that they are actually talking here about the mathematical computation.

A Yes, I think that is true, that is where these 16 barrels came from is from the fractional amount, rather than rounding off to .4, rounding off to .3.

Q But your application is that they be allowed to make their allowable up and not more than that?

A Yes, sir.

Q And not less than that?

A We don't intend to dictate their producing methods whatsoever, and at the Commission's discretion, they should so word it that the production should be made up in such a manner that will not exceed 125 percent of allowable, regardless of how they do it.



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MR. DURRETT: Thank you, Mr. Lavine. I think that will answer my questions.

BY MR. UTZ:

Q Well, it clearly isn't your proposal to allow any wells to produce more than 125 percent of their allowable?

A No, sir.

MR. KELLAHIN: If the Examiner please, I think there might be a little confusion here. We do propose --

MR. UTZ: Is this daily allowable or through the month?

MR. KELLAHIN: We are talking about the allowable per well and the allowable is going to be transferred to these wells, so the effect is going to be that an individual given well will be producing in excess of 125 percent but it will be producing an allowable that came from another well. There will also be production in excess of 125 percent per day under the proposal, as I understand it. Is that correct, Mr. Lavine?

A Yes, but through the lease or through the month, we will not have to produce over 125 percent allowables.

Q (By Mr. Utz) For the lease or for the well per month?

A Per well per day.

Q You will?

A Well, yes, sir.

Q But per month, no?

A No, sir.

Q Do you know what the drive mechanism is for this pool



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yes?

A No, sir, I think in the testimony presented in which 80-acre spacing was granted, it was determined that it was a depletion type drive, but we're not prepared to answer that question on the exact drive mechanism at all. A material balance will be run very shortly to determine whether the water drive is effective.

Q How high a rate do you intend to produce any one well on a daily basis?

A Let's see, the top well will be 141 barrels, 140.8, which is No. 24. That's almost 150 percent, I think.

Q It will be a little over 150 percent?

A Yes, sir, and the same applies to No. 26.

Q You think that rate of production will be injurious to the reservoir?

A No, sir. The P.I. was quite higher than that, or I.P., excuse me. We have no coning of water or excessive GOR.

MR. UTZ: Any other questions? If no other questions, the witness may be excused.

(Witness excused.)

MR. UTZ: Any other statements in this case?

MR. KELLAHIN: I don't want to make a statement, but I would suggest that as soon as the shut-in period has been determined and the amount of the allowable to be reallocated has been established, that Continental furnish the Commission with



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a new schedule patterned on their proposal in this case, which would be similar to our Exhibit No. 2 but based on the actual figures and on a monthly basis which would avoid this 16-barrel proposition. Continental at that time will be willing to do that, in the event the Commission sees fit to approve the allocation and the application proposed.

MR. DURRETT: For the record, if the Examiner please, I do want to state that the Commission has received a telegram from Pan American stating that they support the application in this case. That will be placed in the Commission files.

MR. UTZ: We have pretty well covered Gulf's and Sinclair's?

MR. DURRETT: Yes, sir. That was covered in Mr. Lavine's cross examination. They will also be in the file if anyone wants to see them in their entirety.

MR. MONTGOMERY: Randall Montgomery for Metex, and we support Continental's application in principle and are happy to cooperate in any manner that will assist in acquiring the test. However, as intimated in the testimony and by the questions of the Examiner, we say that this is only one tool and will not necessarily indicate that one well will not drain 80 acres regardless of what the information is, if the information is negative. That's all.

MR. UTZ: Are there any other statements? If I may ask Mr. Lavine one more question, these pool limits shown on your



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Exhibit No. 1 are the present pool limits?

MR. LAVINE: Yes, sir.

MR. UTZ: As of today?

MR. LAVINE: As of Friday.

MR. UTZ: I don't think we have extended anything since Friday.

MR. LAVINE: Well, it is possible that No. 20 will be extended by today. I talked to the Commission in Hobbs the other day and they said that they will get after that immediately because it was an oversight and the well has been classified in the Oil Center-Blinebry since completion.

MR. DURRETT: That wouldn't be official until we have a hearing on it as far as extending it.

MR. LAVINE: I see.

MR. UTZ: So then all the wells that you propose to put in this interference program would be all wells inside the present pool limits plus your No. 20?

MR. LAVINE: Yes, sir, that is true.

MR. UTZ: Any other questions? Any other statements?

MR. MONTGOMERY: Randall Montgomery. One point I failed to mention, Mr. Examiner, also in Continental's schedule it included Metex Supply would be shorted 11 barrels. We would appreciate your taking that under advisement also.

MR. UTZ: I have an idea that the Hobbs proration office will see that you get your 11 barrels. The case will be taken





under advisement.

\* \* \*

STATE OF NEW MEXICO )  
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I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and that the same is a true and correct record of the said proceedings to the best of my knowledge, skill, and ability.

WITNESS my Hand and Seal this 10th day of May, 1963.

*Ada Dearnley*  
NOTARY PUBLIC

My Commission Expires:  
June 19, 1963.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of case No. 2784 heard by me on Apr. 24, 1963.  
*James C. Wolf*, Examiner  
New Mexico Oil Conservation Commission

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