

CASE 3282: Appli. of CONTINENTAL
OIL CO. for assignment of a
special allowable.

CASE NO.

3282

Application,

TRANSCRIPTS,

SMALL Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
July 28, 1965

EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil Company
for a special allowable, Lea County,
New Mexico.

Case No. 3282

BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

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MR. NUTTER: The next case will be Case 3282.

MR. DURRETT: Application of Continental Oil Company for a special allowable, Lea County, New Mexico.

MR. KELLAHIN: Jason Kellahin of Kellahin and Fox, representing the Applicant. We have one witness I would like to have sworn. C. T. Lyon.

(Witness sworn.)

C. T. LYON, called as a witness, having been first duly sworn on oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A C. T. Lyon.

Q By whom are you employed and in what position?

A I am employed by Continental Oil Company as a supervising engineer in the Hobbs District Office, Hobbs, New Mexico.

Q Mr. Lyon, have you testified before the Oil Conservation Commission and made your qualifications a matter of record?

A Yes.

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

A Yes, they are.

Q Mr. Lyon, are you familiar with the application of

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Continental Oil Company in Case 3282?

A Yes, sir, I am.

Q Would you state briefly what they propose in this case?

A Case Number 3282 is the application of Continental Oil Company for approval of a special allowable for their Eaves "B" Lease, or in the alternative, for the creation of a new pool consisting of acreage formation in the general area of Applicant's lease and for the granting of a special allowable to the new pool.

(Whereupon, Applicant's Exhibit No. 1 marked for identification.)

Q Now, referring to what has been marked as Exhibit Number 1, would you identify that exhibit and discuss the information shown on it?

A Yes, sir. Exhibit 1 is a location and ownership plat showing the Applicant's Eaves "B" Lease and the immediate surrounding area. The Eaves "B" Lease consists of land in Township 26 South, Range 37 East, in Section 30, the south half and the south half of the north half, and in Section 31, the northwest quarter, northeast quarter; the northeast quarter, northwest quarter, and Lots 1, 2 and 3, as shown.

The southern boundary of this lease coincides with the New Mexico-Texas State line. The wells which are producing north

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of the State line are classified as producing from the Jalmat Pool. The wells south of that line are producing from what is designated as the Scarborough Pool in Winkler County, Texas. The Jalmat Pool, as the Commission knows, consists of the Tansil, Yates and Seven Rivers down to a point 100 feet above the top of the Queen.

Q Is the Tansil formation productive in this area?

A No, sir, it is not.

Q What is the producing formation on the Texas side in the Scarborough Pool?

A The well in the Scarborough Pool produces from the Yates and Seven Rivers.

(Whereupon, Applicant's Exhibit 2 marked for identification.)

Q Now, referring to what has been marked as Exhibit Number 2, would you identify that exhibit and discuss it?

A Yes, sir. Exhibit Number 2 is a structural map contoured on the top of the Yates formation, and essentially the same area is shown as was shown on Exhibit Number 1.

Q Would you give us some description of the history of that pool, Mr. Lyon?

A Yes, sir. This pool in this particular part of the Yates and Scarborough Pool has been under development for approximately 36 months, and has been developed in several stages. The initial development in New Mexico was conducted

around the center in the west half of Section 19, and some areas to the north and extending down into Section 30.

Recently there has been some additional drilling and additional development down structure. There has been a surveying error. For some reason over a number of years the boundary between Texas and New Mexico has not been definitely established as the relationship east and west, and one of our geologists went down and tied in the location of a well in New Mexico and a well in Texas, and found that there had been a surveying error in the map that we were using, which indicated that the wells were actually located considerably east of where our maps had shown them to be.

This threw additional light on the structural configuration, and so it has only been fairly recently that the structural configuration, as shown on Exhibit 2 has come to light, and as a result of this, the change in the plotted location of the wells.

We drilled our Eaves "B" Number 9 at a location 330 feet from the south line and 180 feet from the west line of Section 31. It was completed December 22, 1964, for an initial potential of 60 barrels of oil and 65 barrels of water per day.

(Whereupon, Applicant's Exhibit 3 marked for identification.)

Q Now, referring to what has been marked as Exhibit Number 3, would you identify that exhibit and discuss it?

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A Exhibit Number 3 is a cross-section constructed from the radio-active or sonic log on the Pip Petroleum Edwards Number 5 and 3, the General American Edwards "A" Number 7. All three of these wells would be located in the Scarborough Pool immediately south of the state boundary through the Eaves "B" 1 Number 9 and then back across the boundary tying into the General American "A" Number 3, as shown on this map, by the producing intervals. All of these wells are producing from the Yates formation.

(Whereupon, Applicant's Exhibit 4a & 4b marked for identification.)

Q Now, referring to what has been marked as Exhibits 4a and 4b, would you discuss the information shown on those exhibits?

A Exhibit Number 4a is a copy of the Form 1 and plat which relates generally to New Mexico's Form C101 and Form C126. I believe it's an allocation plat which shows the application to drill the Pip Petroleum Edwards Number 5. This was actually drilled by Robert M. Taubman and Associates who were the predecessor operators of this lease. On the second sheet on the map it shows the location of the wells and the dimension of the acreage allocated to each well.

Exhibit Number 4b is the same form which was filed on General American Oil Company of Texas, Edwards "A" Number 8, and the second sheet is the plat which was submitted on the plat attached to Exhibits 4a and 4b. You can see that the

operators have allocated twenty acres for the wells located on their lease.

Q Is that informative with the Texas Rules in the Scarborough Field?

A Yes, sir. The field rules for the Scarborough Pool call for 20-acre spacing.

(Whereupon, Applicant's Exhibit 5 marked for identification.)

Q Now, referring to what has been marked as Exhibit Number 5, would you identify that exhibit and discuss it?

A Exhibit Number 5 are reproductions of the Texas EB Ledger Sheet. The EB report is similar to New Mexico's Form Cl15, and shows the allowable and production for each of the leases. In placing the exhibit in the binder, I have obscured the heading at the top of this form. I would like to clarify that for the Examiner. The wide column at the left shows the operator and defines each lease. The second column shows the month and month it's dedicated by January, January being Number 1, through December, December being designated as Number 12.

The next column are the numbers of flowing wells; and the next column the number of other wells; and then the next column, moving to the right a little bit, wider than the others, is the allowable; and in the next column to the right is the production; and the remainder of the form shows the disposition, gathering,

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and other things which are not particularly pertinent to this proceeding.

As you can see, on Pages 1 and 2 is shown the production from General American's Edward "A" Lease, and on Page 3 of this exhibit, production from the Pip Petroleum Edwards Lease.

Now, operators in Texas are not required to allocate their production among wells. This lease production, as you can see on the Pip Petroleum Edward's Lease, it has five wells as was shown by their Form 1 and the allowable allocated to this lease amounts to 320 barrels of oil per day during the year 1964.

Q Now, what is the allowable based on in Texas?

A The allowable in the Scarborough Pool is based on the 1947 yardstick for wells at the depth which is 3,000 and 4,000 feet on 20-acre spacing. This means that each well is assigned an allowable of 64 barrels per day and this allowable is not subject to Texas marketing demand factor; consequently each well is given a calendar date allowable of 64 barrels of oil per day on 20-acre spacing, which amounts to 3.2 barrels per acre.

Q How does that compare with the allowables in New Mexico?

A Well, in July, 1965 allowables, there's 37 barrels per day, which amounts to 0.925 barrels per acre. Since it is

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Based on a normal unit allowable well on 40 acres.

Q Now, in your opinion, are the wells in Texas producing from the same reservoir as those in New Mexico?

A Unquestionably.

Q Do you base this on your contour map and your cross-section?

A Yes, sir. We found no evidence of any separation of any kind by the State line.

Q Now, you present a comparison of allowable across the State line. Then, is there a difference of withdrawal across the State line?

A Yes, sir, there is. Exhibit Number 6 summarizes this situation. Since the Eaves "B" Number 9 was completed during December, 1964, I have first tabulated the production from Section 31 without giving effect to the Eaves "B" Number 9 production. So, leave out that part of its production during December, which was the only part of the year that it produced. This section produced 24,935 barrels. This is a partial section containing actually less than a half of a normal section.

MR. NUTTER: How many wells are producing? These weren't just Continental wells; this included the field well and General American wells?

A Yes, sir. This amounted to 67.5 barrels per day, that were 146.57 acres allocated to wells producing within that

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section, which made a daily average production, per daily allocated acre production of 0.457 barrels per day in that section. There are 294.78 acres so that the daily average production per gross acre in the section amount to .231 barrels per day.

Now, just for comparative purposes, I have assumed that the EAVes "B" Number 9 would produce at top allowable during 1964 and the same statistics shows that the section would have produced 38,842 barrels or an average of 106.1 barrels per day. The number of acres allocated would have increased to 179.99 acres, so that the daily average production per allocated acre would be 0.589 barrels. The gross acreage does not change but the daily average production per gross acre would be increased to 0.360.

Q Now, do you have similar information on the acreage in Texas?

A Yes, sir. For the two leases which I mentioned, the General American Edwards "A" and the Pip Petroleum Edwards, which comprises approximately the north half of Section 6, these two leases produced 136,747 barrels, or an average of 373.6 barrels per day. There are 180 acres allocated to the producing wells, so that the average production from allocated acres is 2.08 barrels per day. There are 283.47 gross acres in these two leases so that the daily average

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production per gross acre was 1.32 barrels per day.

Q Now, this production on the Texas side amounts to 2.08 barrels per day per acre as compared to 0.589 barrels per day per acre in New Mexico, is that correct?

A That is correct.

Q Now, Mr. Lyon, isn't it true that the majority of production in Section 6, that you have just discussed, is coming from the Pip Petroleum Edwards Lease?

A Yes, sir, that is true.

Q That isn't directly offset from you except in part?

A That is correct.

Q Now, what is the withdrawal rate from the General American Edward's Lease?

A The withdrawal rate from the Edward "A" Lease is 0.81 barrels per day per acre on gross basis for the lease as a whole. It amounts to 0.406 barrels per day per acre.

Q Now, isn't the Eaves "B" Number 9 offset by the General American Edwards "A" Lease rather than the Pip Petroleum Lease?

A Yes, sir, it is. However, we have an undrilled location in Lot 3 of Section 31, which is offset by Pip Petroleum, and we do feel that the Eaves "B" Number 9 is being affected by production from the Pip Petroleum Lease.

Q Now, you mentioned undeveloped acreage on your Eaves "B"

Lease. Do you have any plans of drilling this acreage?

A We are looking at development of the acreage. We are looking at additional development possibilities in this area. We presently have plans to do remedial work on the west flank of this pool. We also are planning to drill a well in the northeast quarter, northwest quarter of Section 31. With this information we feel that we can more accurately evaluate the possibility of drilling the well on Lot 3.

One of the things which make it difficult to develop this acreage is the small allowable which would be given to the well because this is an undersized lot. It contains approximately 34 acres and under our current allowable would receive an allowable of only 32 barrels per day, and in view of the fact that this is a rather high risk area, as shown by the high water cuts, and the production of these wells, we have held off further development until we can show a better economic picture for the well.

Q Have you had a great deal of trouble in the development of this pool?

A Yes, sir. This is quite a complex area. Most of the production in this area is from the Seven Rivers which has a strong water drive; the Yates has been considered more or less salvage. There are a number of individual porosity stringers in here, and we have been studying the area for a number of

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years, and each time we think that we have found why these things are acting the way they do and accordingly drill wells or perform remedial work in accordance with the study, we find that we haven't quite found the answer to these riddles. It is quite a complex area.

Q Also, finding a surveying error has been made changes the picture, too.

A This didn't help a bit.

Q Now, since these wells are producing from the same common source of supply on both sides of the State line, in your opinion, is drainage occurring across the State line?

A I think it very definitely is.

Q And this is caused by the disparity in allowables on the two sides, is this correct?

A Yes, sir, it is.

Q Now, under the current rules and regulations of the New Mexico Oil Commission and the policies used for the determining of the allowable in the Jalmat Pool, would it be possible for an operator to protect his correlative rights and those of his royalty owners by the drilling of additional wells or any other means?

A No, sir, not so long as he is producing top allowable. If his wells are not top allowable, he can drill another well and bring it up to the top allowable rate, the allowable being

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distributed between the two wells. However, if you have a top allowable well, the New Mexico system being what it is, there's nothing an operator can do to protect himself from drainage.

Q And if the wells are top allowable wells, drainage will occur?

A Yes, sir.

Q If you drill additional wells it will still occur?

A That is true.

Q In order to protect the correlative rights of leasehold interests within the State of New Mexico, what do you recommend?

A We believe that a special allowable should be assigned to the wells in Section 31 so that they would be permitted to withdraw oil at the same rate as those wells located in Texas, which is 3.2 barrels per day. In the alternative, and this is a legal matter, we would like to see a new pool established comprising the Yates Formation, with the same special allowable assigned so that the wells on the New Mexico side in this immediate area, anyway, would be permitted to withdraw an equivalent amount as the wells in Texas.

Q Now, the Jalmat Pool is a rather large pool at this time, isn't it?

A Yes, it is.

Q And you are not recommending a special allowable be granted to all wells in the entire Jalmat, are you?

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A No, I am not.

Q If the Commission saw fit to create a new pool here for the purpose of equalizing the across state line drainage, what acreage would you recommend to be included in that?

A We believe that it should be granted to those wells located in Section 31, Township 26 South, Range 37 East.

Q And that would be the pool you would recommend?

A Yes, sir.

Q But you are only asking for special consideration for those wells offsetting the state line, is that correct?

A That is correct.

Q Were Exhibits 1 through 6 prepared by you or under your supervision?

A Yes, sir.

MR. KELLAHIN: At this time, I would like to offer in evidence Exhibits 1 through 6.

MR. NUTTER: Applicant's Exhibits 1 through 6 will be admitted in evidence.

(Whereupon, Applicant's Exhibits 1 through 6 admitted in evidence.)

MR. KELLAHIN: That's all I have.

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

CROSS EXAMINATION

BY MR. DURRETT:

Q Mr. Lyon, do I understand you correctly, your alternative

proposal is that the Yates Formation in Section 31 would be designated by the Commission as a separate pool?

A Yes, sir.

Q Do you, in fact, believe it's a separate pool?

A I think actually the Jalmat Pool consists of a number of separate pools. For the purpose of regulation it has been convenient to treat it as one reservoir. As I mentioned, the production to the north is predominately from the Seven Rivers, and I think there is separation from the Yates production that we have in Section 31, with Yates production north of that. Whether or not they will be ultimately connected by remedial work remains to be seen.

Q What do you base your opinion on the separation on now?

A There just isn't any Yates production on it. I am not saying that the Yates is not productive, but most of the production, if not all of it, is coming from the Seven Rivers.

Q How far is it from the north line of Section 31 to the closest Yates production, approximately?

A Well, I have not determined which is the nearest Yates producer, and I would have to check my records to make certain of this, but I believe that any well which is open in the Yates north of here, is also open in the Seven Rivers.

Q Open in both formations, so to speak? Also they have been consolidated into one pool as a Jalmat.

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A Yes, sir.

Q Do you know if any of the wells that are directly north of the north line of Section 31 have tested the Yates and been found non-productive in the Yates?

A I do not believe that the Yates, in its entirety, has been tested in any well. In here, we have attempted recompletion in various zones of the Yates, and have had varying degrees of success, anywhere from no production at all, to rather marginal quantities of oil, to considerable quantities of water.

MR. KELLAHIN: Is that in Section 30 you are talking about?

A Yes, sir, Section 30 and 19 also. Well Number 10 up here in Section 19 in Unit B is completed -- No, it's completed at the very top of the Seven Rivers; Well Number 14 in Unit D of 30 I believe is completed as a producer in the base oil Yates.

What we are attempting to do is protect this area from drainage across the state line, doing as little violence to New Mexico's system and pool designation and so forth, as possible.

Q You do feel that the main thing that you establish or support your opinion on, in Section 31, the Yates formation could be a separate pool, could be the lack of good Yates

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production, at least to the north?

A Right. It's quite possible that additional Yates production will be found as this study goes on. In addition, remedial work is done; and I think it exceptional in the boundaries of the north of the pool, if the pool were established and were not changed from time to time as are the other pools in the State.

MR. DURRETT: Thank you, I believe that's all I have, Mr. Lyon. I would like at this time, request that if Mr. Kellahin is going to make a closing statement, that he make some comment to the Examiner concerning the legality of seeking a special allowable to a portion of a pool.

BY MR. NUTTER: Mr. Lyon, what does the overall picture here look like; where is the main body of the Jalmat Pool; isn't it over here to the right-hand side of your exhibit?

A Well, a few miles over here to the right is the road, storage area. I am not sure just how many miles, two or three miles, as I recall. There is a small bit of development over here just along the western or eastern boundary of the map, and to the best of my knowledge this is quite marginal in nature.

Q Well, there appears to be a non-productive draw coming down here from part of Section 20 and the east part of 29?

A Yes, sir.

Q Where there aren't any wells?

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A There are some gas wells in there.

Q Well, I see one in the northwest, northwest of 29 and down here in the southwest of the southeast of 29. I also see an apparent abandoned location up here in 20, two abandoned locations. If I recall the overall appearance of the pool, this is a little productive arm that sticks up here to the northwest and it ends right up here at the top of the map, doesn't it, maybe just a few more miles?

A I think it goes one more, further north here. The General American Farnsworth Lease in Section 18 produces from this same structure. There are areas of these things along the edge of the platform area. This is generally referred to as the reef and the majority of this production is coming from what is known as the Floor Reef, which is an area to the west of the crest of this structure.

Q The main structure?

A Right. Well, this is a little rocky on the extreme western edge of the platform, and it's just a reef built up. There is a trough over here to the east as you say, and then the platform builds up further, and the structure increases to the east.

Q Now, these wells on the east side of Section 20, there on your map, are they in the main part of the Jalmat Pool, being on the west edge of the main body?

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A I am not real familiar with that area. I think, as is shown here, these are little scattered accumulations of oil which are being developed in conjunction with, or is somehow associated with these overall completions of oil-gas combinations in these wells.

Q How many wells do you actually have at the present time that are making more than the regular allowable, that is, as you know, to the top allowable well?

A In the Yates?

Q In your Section 31, your Number 9 is the only --

A Number 9 is the only one.

Q General American's well is a low marginal well, isn't it?

A Yes, sir.

Q Now, this would be two field wells?

A Well Number 2 is marginal; Number 1 has been producing an allowable for a forty-acre tract, and in reviewing this area, I found that it does not have forty acres to allocate to it.

Q In other words, it should have an acreage factor applied there?

A Yes, sir.

Q Like your Number 9 has?

A Yes, sir, and it has an allowable, as I recall, near to top allowable, if not top allowable.

Q And it is capable of making it?

A It has been making it, yes, sir.

BY MR. PORTER:

Q Do you know when this well was drilled that you are talking about that should have an average factor?

A No, sir, but it has been quite awhile.

Q Was it before 1950?

A I don't know, I didn't start studying this field until 1957.

Q The reason I am asking --

A It was there then.

Q The reason I am asking this is that the Rules and Regulations were reviewed as I recall, in 1950. At that time I, as proration manager in the Hobbs Office, was instructed to apply acreage factors to all wells completed from that date forward.

A I see.

Q Apparently it did not pertain to the older wells and that's why I wondered if that was why this factor hadn't been applied to this well.

A Well, when I became aware of this fact I called Mr. Ramey and called it to his attention. I haven't checked the proration schedule to see whether the acreage factor had been applied or not.

MR. PORTER: I have another question, Mr. Nutter.

MR. NUTTER: Go ahead.

Q (By Mr. Porter) Was this pool -- was this Area 1 part of the old Eaves Pool?

A Yes, sir.

Q And now, your Eaves 4 and 5, just immediately north there in Section 30 are both producing in the Seven Rivers?

A Yes, sir, I am almost positive that's true.

Q Are you positive that there is no Yates production on these two wells?

A No, I am not. I am not completely familiar with the completion in those wells, but I would be glad to check it and let you know.

MR. PORTER: That's all I have.

BY MR. NUTTER:

Q Now, Mr. Lyon, you have your Eaves Lease in Section 31 and also part of the B Lease in Section 30. Is the ownership identical through that lease?

A Yes, sir.

Q In 30 and 31 both?

A Yes, sir, this is one reason why we suggested to cut it off at the State line since there would be no question of correlative rights across that.

Q In other words, you were making your own lease there

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in Section 30, your Eaves "B" Lease, a buffer then between your special allowable and the allowable of the other leases to the north?

A That is correct.

Q And so your own leases, with identical ownership, would absorb the difference?

A Right.

Q Now, how about General American's Lease in Section 6, I guess that is the lease that is shown on the Texas production reports, that that W. P. Edward's Lease there, it apparently has only one well producing from it?

A I didn't follow you.

Q Well, on your Exhibit 5 of your Texas Production reports there is a General American Oil Company of Texas, Edward's Lease shown there?

A Right.

Q And it apparently has only one well. Would that be this, this lease here in Section 6, none of them producing but one?

A I believe that's the well that would be in the southeast quarter of Section 6.

Q How about your other lease north of that, what is that? Gulf something -- Do you have a production report on that, or know what that lease makes?

A Which map are you referring to?

Q Well, I am looking at any of your maps here. There is a General American --

A The General American Edward's "A" is that part of the lease which would be approximately the northeast quarter of Section 6. It is the lease that has, I believe, four wells shown on Page 1 of Exhibit Number 5 and continuing on over to Page 2 of Exhibit 5. The first column of those narrow columns is the month; the second one is the flowing wells; and the third column is the other wells or the artificially lifted wells. So there are four wells producing on that lease.

Q In other words, there were two wells drilled apparently during July, increased from two to four?

A No, in July it appeared that all four wells were artificially lifted. Did you follow me? The second column is the number of flowing wells; the third column is number of other wells artificially lifted.

Q I see. And which is the lease immediately above that on that production report, the W. P. Edward's Lease with one well?

A That is the well in the southeast quarter of Section 6.

Q That Number 7 down there?

A I am not sure which it is, I don't have all the data

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on that one, I am sorry.

Q At any rate, the General American Lease and Texas both of them appear to be marginal, and Pip Petroleum is the only one that has a top allowable lease in that quarter, is that right?

A I believe that is correct, and it is declining, but it's still producing considerably higher rates than are the wells in New Mexico.

Q Now, this exhibit of yours, Number 6, where you compare the withdrawal on an acre basis, this comparison would not be quite as disadvantageous than were these top allowable wells, would it, because you have included --

A In New Mexico, well --

Q You have included the marginal wells as well as the better wells?

A Yes, sir, on both sides.

Q Here on --

A Yes.

Q And what did you use as the north half of Section 6 for your Texas comparison, Mr. Lyon? Is it the Pip Lease and the one General American Lease?

A The General American Edward's A Lease. It is pretty hard to put that kind of description on these things because, like a large part of Texas, it appears that this area was laid out by a surveyor without a compass who had become disorientated.

Q We look at these maps and these Texas wells are off pattern here. They are catawampish, I notice on these maps they sent are straight in New Mexico and Texas is catawampish.

A Yes.

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

BY MR. PORTER:

Q Mr. Lyon, did you indicate what the allowable for a fourth quarter unit in New Mexico would be if we did grant either one of your alternatives?

A I had better figure it; 128 barrels per day.

BY MR. NUTTER:

Q One other question, Mr. Lyon, why isn't that prorated in Texas, or why isn't it subject to the market demand factor?

A They have some of the problems that we have in New Mexico in that many of the wells produce a high water cut, and this is one of the reasons that the Texas Railroad Commission will give special consideration to pools and exempt them from market demand factors.

Q Now, how long has this been exempt from the market demand factor?

A I am sorry I can't tell you. It was recently consolidated. This used to be three pools consisting of Eaves

Pool and the Scarborough Pool and another pool, I am not sure of the name of it, and I am not sure when it became exempt, but it was exempt all during 1964 and I think for some time before that.

Q It is a fairly recent action however?

A I don't think so. I think it has been of several years duration.

BY MR. PORTER:

Q Mr. Lyon, you indicated that Texas does sometimes exempt pools on account of the high water production. Do they ever do that for wells within a pool? I am just asking for information.

A I am not sure.

BY MR. DURRETT: Mr. Lyon, I have one other question. Has Continental considered going back to the Texas Railroad Commission and requesting that a special allowable that is less than the present allowable be assigned for the wells in Texas in order to prevent drainage across the line?

A Well, Mr. Durrett, we feel that we should ask for special consideration if necessary for our own wells, and we feel it would be a little out of place for us to go down there and ask that some action be taken to some other operator's property.

Q Mr. Lyon, you are taking a more positive approach?

A Right, we have found that if we will call the situation like this to their attention that they will give us some type relief, but this is where the two leases are both in Texas, and we feel like we have some standing to do this, but it didn't seem particularly appropriate to me for us operating in New Mexico to ask Texas people to change their rules for our relief.

Q Do you have any wells in this pool in New Mexico?

A No, sir.

BY MR. NUTTER: Mr. Lyon, I want to assure you that we will do all within our power to protect Texas from being drained by keeping allowables in New Mexico too high.

A I might mention that the latest test on our Eaves "B"1 Number 9 was taken June 5th, I believe it was June 3rd, and it produced 50 barrels of oil and 55 barrels of water.

Q That was your Number 9?

A Our Number 9, and this is considerably below the 128 barrels that this special allowable would give us, but it is more than the well is assigned now, and we can use the oil.

Q Now, you said that you have a perspective location immediately west?

A Yes, sir.

Q When would you be drilling that, do you know, or would that be contingent upon an allowable?

A It's contingent upon a number of things, it's contingent

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PAGE 29

upon our still gathering additional information that would be favorable for drilling a well there and the assigning of a larger allowable would certainly help in our evaluation.

BY MR. PORTER:

Q Now, Mr. Lyon, how long ago did you drill Number 9?

A It was completed in December of '64.

Q And at what potential, approximately?

A 90 barrels, I believe it was.

Q Was it down to 55?

A Yes, sir, we have done some remedial work on this.

Q Mr. Lyon, if we took this case under advisement for a couple of months, do you think it would resolve itself?

A I don't think you should do that.

Q Another 40 foot for the west, dedication of 40 to the west of this you will have a full 40 acres?

A We considered asking for this, but we felt that this was not protecting the State and us and our royalty owner, the Federal Government, because it would further discharge development on this open acreage and if it is productive, then we feel that it should be developed.

MR. NUTTER: If there are no further questions of the witness, he may be excused. Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: Some comments on legality. This case

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PAGE 30

poses some rather serious problems to the Commission that has been brought out during the discussion here, but in regard to the legality of assigning a special allowable to a portion of a pool; in the first instance, the obligation placed upon the Commission in prorating production, requires them to prorate for the prevention of waste, but this is something, too. They must consider the protection of correlative rights and correlative rights are certainly involved in this case. Now, to say whether you can prorate and assign a special allowable to only a part of a pool, raises a rather serious problem, admittedly; but the Commission can, in order to prevent embarrassment here, give a special consideration to a well and assign a special allowable to it.

This is one approach, I think, probably, the better approach would be to follow the suggestion for creation of a separate pool. Now, in doing so, as was brought out on cross examination of the witness, the same basic lease is involved in this area to the north which would then serve as a buffer between the areas with the special allowable. Then any other production, in the event the question of correlative rights came up, they are not involved. The protection of correlative rights by draining and granting an allowable to those wells in Section 31 is commensurate to the allowable across the State line, and this to me seems to be the logical solution. It's

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certainly within the power of the Commission, and I urge the Commission to take that into consideration.

MR. NUTTER: Thank you. Does anyone have anything they wish to offer in Case 3282? If not we will take the case under advisement.

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss.

I, Denny Watts, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission Examiner 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 deal this 26 day of Oct., 1965.

Denny Watts
Notary Public - Court Reporter

My Commission Expires:

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 3282 heard by me on 9/28, 1965.

[Signature] Examiner
New Mexico Oil Conservation Commission

-2-

CASE No. 3282
Order No. R-2947

from a common source of supply with wells that are completed in the Yates formation in the Scarborough Pool in Winkler County, Texas, and that said common source of supply is separate from the Jalmat Gas Pool in Lea County, New Mexico.

(5) That the wells completed in the Yates formation in the Scarborough Pool in Winkler County, Texas, receive a per-acre allowable greater than the wells completed in the Yates formation in Section 31, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico.

(6) That further studies should be conducted to define the horizontal limits of the Jalmat Gas Pool in Lea County, New Mexico, and the Scarborough Pool in Winkler County, Texas.

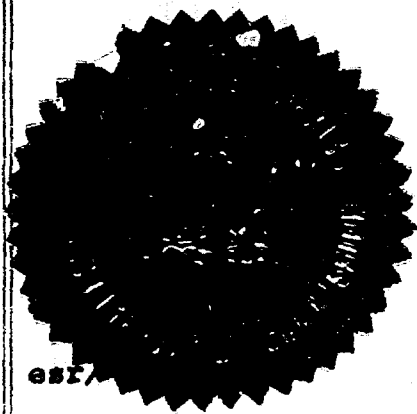
(7) That, in order to prevent drainage and otherwise prevent waste and protect correlative rights, pending a more definite determination of the horizontal limits of the Jalmat Gas Pool and the Scarborough Pool, each month wells completed in the Yates formation in Section 31, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico, should be assigned an allowable equal to the per-acre allowable assigned to wells in the Scarborough Pool in Winkler County, Texas.

IT IS THEREFORE ORDERED:

(1) That, pending a more definite determination of the horizontal limits of the Jalmat Gas Pool and the Scarborough Pool, the top allowable for wells completed in the Yates formation in Section 31, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico, shall be 128 barrels of oil per day.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Jack M. Campbell
JACK M. CAMPBELL, Chairman

Guyton B. Hays
GUYTON B. HAYS, Member

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

est/

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. 3282
Order No. R-2947

APPLICATION OF CONTINENTAL OIL
COMPANY FOR A SPECIAL ALLOWABLE,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on July 28, 1965, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

Now, on this 16th day of August, 1965, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Continental Oil Company, seeks the assignment of a special allowable to wells in the Jalmat Gas Pool in Section 31, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico, to permit equalized per-acre withdrawal rates with wells in the Scarborough Pool in Winkler County, Texas.

(3) That, in the alternative, the applicant seeks the designation of Section 31, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico, as a separate new pool for Yates production and the establishment of a procedure whereby special allowables would be assigned to effect such equalized per-acre withdrawals.

(4) That the applicant has established that the geological and engineering evidence presently available indicates that wells in Section 31, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico, that are completed in the Yates formation are producing

State of New Mexico
Oil Conservation Commission



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

3112
3282
&
3281

Re: Case No. _____
Order No. A-2824-A,
Applicant: A-2947 & A-2949

Continental & Samuel Dunn

OTHER _____



CONTINENTAL OIL COMPANY

P. O. BOX 460
HOBBS, NEW MEXICO

PRODUCTION DEPARTMENT
HOBBS DISTRICT
L. P. THOMPSON
DISTRICT MANAGER
G. C. JAMIESON
ASSISTANT DISTRICT MANAGER

June 18, 1965

1001 NORTH TURNER
TELEPHONE: EX 3-4141

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

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

Gentlemen:

Re: Application for Special
Allowable, Jalmat Pool,
Lea County, New Mexico

We forward herewith application, in triplicate,
for special allowable consideration for the Eaves "B"
Lease located in Section 31, Township 26S, Range 37E,
Lea County, New Mexico. We should appreciate your setting
this matter for hearing at the earliest convenient date.

Yours very truly,

GCJ-NKL
Enc.

cc: Pan American - Lubbock

Atlantic Refining Company - Roswell

Standard Oil Company of Texas - Midland

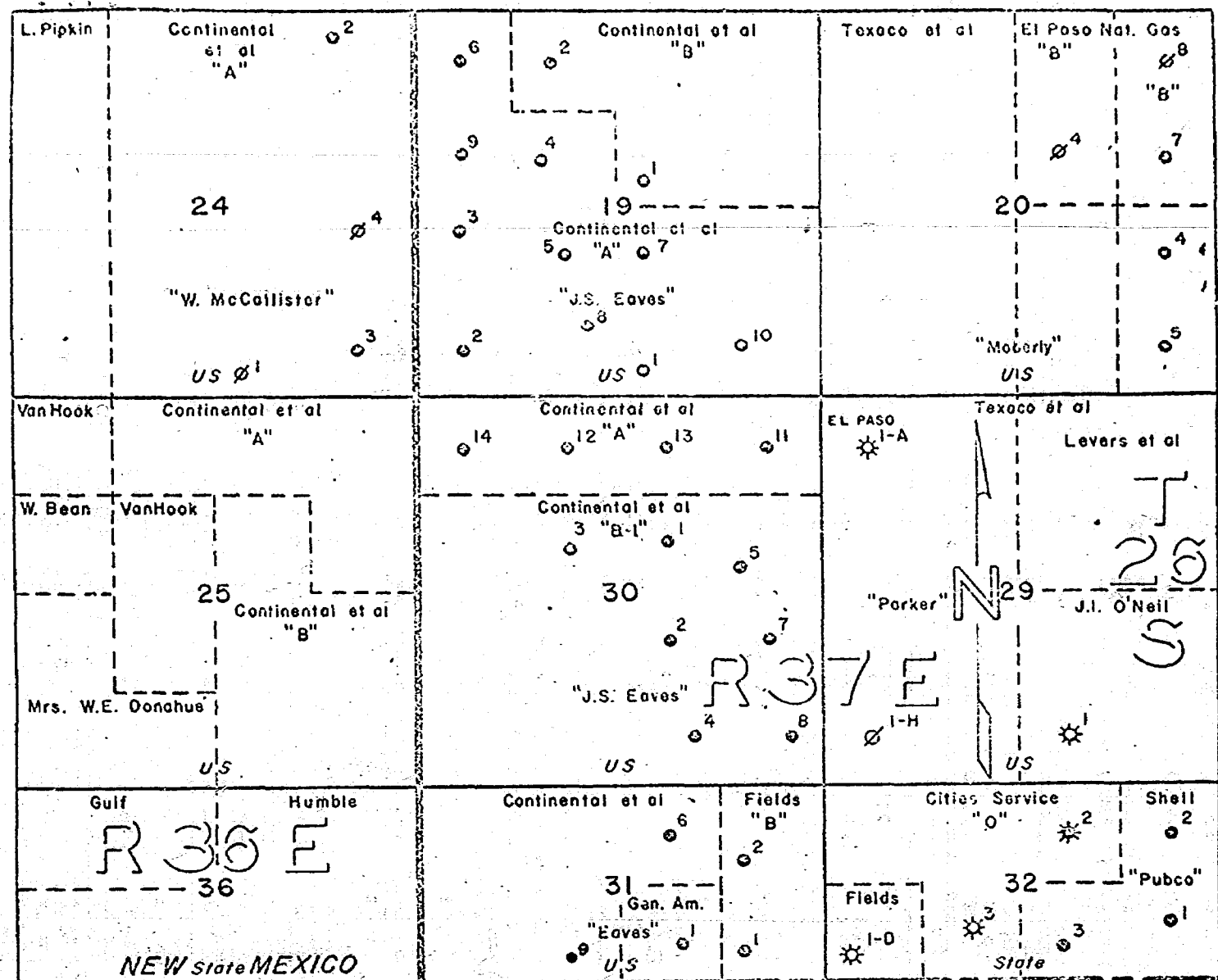
RGP GW JWK

DOCKET MAILED

Date

7-15-65

PIONEERING IN PETROLEUM PROGRESS SINCE 1875




Cad 3282

of 40 acres per well for an oil withdrawal rate of .95 barrels per acre, that the Yates wells on both sides of the state boundary are producing from a common reservoir, and that as a result of the difference in withdrawal rates, applicant is suffering uncompensated drainage across the state boundary.

7. That in order to protect correlative rights of applicant and its lessor, the United States of America, and the State of New Mexico, it is necessary to equalize withdrawal rates, either by the granting of a special allowable to applicant's Eaves "B" Lease, or by the creation of a new pool with such special allowable consideration.

WHEREFORE, applicant respectfully requests that this matter be set for hearing and that upon hearing an order be entered approving a special allowable for applicant's Eaves "B" Lease or for the creation of a new pool with special allowable which would equalize the withdrawal rates as described above.

Respectfully submitted,


G. C. JAMIESON
Assistant District
Manager of Production
Hobbs District

GCJ-DFW

BEFORE THE OIL CONSERVATION COMMISSION
OF THE
STATE OF NEW MEXICO

33 JUN 21 1965

Case 3282

IN THE MATTER OF THE APPLICATION OF
CONTINENTAL OIL COMPANY FOR A SPECIAL
ALLOWABLE TO BE ASSIGNED TO THE WELLS
ON ITS EAVES "B" LEASE IN SECTION 31,
T-26S, R-37E, LEA COUNTY, NEW MEXICO,
OR, IN THE ALTERNATIVE, FOR THE CREA-
TION OF A NEW POOL COMPRISED OF THE
YATES FORMATION IN SECTION 31, T-26S,
R-37E, LEA COUNTY, NEW MEXICO

A P P L I C A T I O N

Comes now applicant, Continental Oil Company, and respectfully requests the granting of a special allowable for the wells producing from the Yates formation on its Eaves "B" Lease in Section 31, T-26S, R-37E, or, in the alternative, the creation of a new pool consisting of the Yates formation in said Section 31, and in support thereof would show:

1. That applicant is operator and co-owner of the Eaves "B" Lease, consisting of, in addition to other lands, Lots 1, 2, and 3, the NE/4 NW/4 and NW/4 NE/4 Section 31, T-26S, R-37E, Lea County, New Mexico.
2. That the southern boundary of said lease coincides with the line dividing the states of Texas and New Mexico.
3. That the wells on said lease produce wholly, or in part, from the Yates formation and are a part of the presently designated Jalmat Pool.
4. That wells producing immediately across the state line produce wholly, or in part, from the Yates formation in the Scarborough Pool, Winkler County, Texas.
5. That the wells producing from said Scarborough Pool receive a daily allowable of 64 barrels of oil per day on a spacing pattern of 20 acres per well, which permits an oil withdrawal rate of 3.2 barrels per acre.
6. That the Jalmat Pool is permitted to produce during the month of May, 1965, 38 barrels per day on a spacing pattern

ATLANTIC

THE ATLANTIC REFINING COMPANY
INCORPORATED - 1970
PETROLEUM PRODUCTS

July 20, 1965

NORTH AMERICAN PRODUCING DEPARTMENT
NEW MEXICO - ARIZONA DISTRICT

S. L. SMITH, DISTRICT MANAGER
JACK BIARD, DISTRICT LANDMAN
E. R. DOUGLAS, DISTRICT GEOLOGIST
A. D. KLOXIN, DISTRICT DRLO. & PROD. SUP'T.
M. D. ROBERTS, DISTRICT GEOPHYSICIST
W. P. TOMLINSON, DISTRICT ENGINEER
B. R. WARE, DISTRICT ADMINISTRATIVE SUP'V.

MAIN OFFICE

45 JUL 21 PM 1:00

SECURITY NATIONAL BANK BLDG.
MAILING ADDRESS
P. O. BOX 1978
ROSWELL, NEW MEXICO

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Attention: Mr. A. L. Porter

Re: Case No. 3282, Continental's
request for special allowable
to wells on its Eaves "B" lease
Jalmat Pool, Lea County, N. M.

Gentlemen:

The Atlantic Refining Company is a working interest owner in the Eaves "B" Lease. As an interested party we support Continental's request for higher allowables from this lease. A special allowable for the wells on the Eaves "B" lease would equalize the withdrawal rates from both sides of the state boundary and prevent the applicant suffering further uncompensated drainage.

Yours very truly,

W. P. Tomlinson

W. P. Tomlinson

WPT:JRA:jcb

-3-

CASE No. 3282

~~allowable assigned to wells in the Scarborough Pool in Winkler County, Texas, during the previous month.~~

(2) 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.

(4) That the applicant has established that the geological and engineering evidence presently available indicates ~~that~~ wells in Section 31, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico, ^{that are} completed in the Yates formation are producing from a common source of supply with wells ^{that are} completed in the Yates formation in the Scarborough Pool in Winkler County, Texas, and that said common source of supply is separate from the Jalmat Gas Pool in Lea County, New Mexico.

(5) That the wells completed in the Yates formation in the Scarborough Pool in Winkler County, Texas, receive a per-acre allowable greater than the wells completed in the Yates formation in Section 31, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico.

(6) That further studies should be conducted to define the horizontal limits of the Jalmat Gas Pool in Lea County, New Mexico, and the Scarborough Pool in Winkler County, Texas.

(7) That, in order to prevent drainage and otherwise prevent waste and protect correlative rights, pending a more definite determination of the horizontal limits of the Jalmat Gas Pool and the Scarborough Pool, each month wells completed in the Yates formation in Section 31, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico, should be assigned an allowable equal to the per-acre allowable assigned to wells in the Scarborough Pool in Winkler County, Texas, ~~during the previous month.~~

IT IS THEREFORE ORDERED:

(1) That, pending a more definite determination of the horizontal limits of the Jalmat Gas Pool and the Scarborough Pool, ^{the top allowable for} each month wells completed in the Yates formation in Section 31, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico, shall be ^{128 barrels of oil per day.} assigned an allowable equal to the per-acre

DRAFT

JMD/esr

August 11, 1965

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CF Subj. _____

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

CASE No. 3282

Order No. R-2947

APPLICATION OF CONTINENTAL OIL
COMPANY FOR A SPECIAL ALLOWABLE,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
July 28, 1965, at Santa Fe, New Mexico, before Examiner
Daniel S. Nutter.

NOW, on this _____ day of August, 1965, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

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

(2) That the applicant, Continental Oil Company, seeks the
assignment of a special allowable to wells in the Jalmat Gas Pool
in Section 31, Township 26 South, Range 37 East, NMPM, Lea County,
New Mexico, to permit equalized per-acre withdrawal rates with
wells in the Scarborough Pool in Winkler County, Texas.

(3) That, in the alternative, the applicant seeks the
designation of Section 31, Township 26 South, Range 37 East,
NMPM, Lea County, New Mexico, as a separate new pool for Yates
production and the establishment of a procedure whereby special
allowables would be assigned to effect such equalized per-acre
withdrawals.

COMPARISON OF WITHDRAWAL RATES
IN EAVES AREA

Sec. 31-T268-R37E Block C23 PSL Survey
Lea Co., New Mex. Winkler Co., Texas

1964 Production - Bbls.	24,935 (38,842)	136,747
1964 Daily Avg. Prod. - Bbls.	67.05* (106.1)	373.6
Acres Allocated	146.57* (179.99)	180
Daily Avg. Prod. per Allocated Acre - Bbls.	0.457* (0.589)	2.08
Gross Acres	294.78	283.47
Daily Avg. Prod. per Gross Acre - Bbls.	.231 (0.360)	1.32

*Production from Eaves "B" No. 9 not included since it produced only
part of December, 1964.

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
apts EXHIBIT NO. 6
CASE NO. 3282

N.M.O.C.C.
Case No. 3282
EXHIBIT NO. 6

	NO. WELLS	ALLOW.	PROD.	OIL PRODUCTION		DATE	E.O.M.	CUMUL.	MOV.
				P. LINE	OTHER				
SCARBOROUGH FIELD MCGRATH SMITH 15791 LECK ESTATE -C-	3	2	775	632	549		228		228
	4	2	750	630	734		124		124
	5	2	775	634		5512	207		207
	6	2	750	591	549		249		249
	7	2	775	621	722		148		148
	8	2	682	582	547		183		183
	9	2	660	600	553		230		230
	10	2	682	569	554		245		245
	11	2	660	639	552		332		332
	12	2	682	496	729		99		99
	1	5	9920	9113	9960		906	370	536
	2	5	9280	9221	9538		589	311	278
PIP PETROLEUM CORP. 16143 EDWARDS	3	5	9920	9918	10029		478	309	169
	4	5	9600	9600	9516		562	309	253
	5	5	9920	9908	9479		991	297	694
	6	5	9600	8969	8975		985		985
	7	5	9920	10138	10280		843	218	625
	8	5	9920	10048	9910		981	346	635
	9	5	9600	8901	9001		881		881
	10	5	9920	9126	9022		985		985
	11	5	9600	9288	9514		759		759
	12	5	9920	8785	8558		986		986
						SHELP			
RESCO CORPORATION THE 05332 SCARBOROUGH -A-	1	3	1240	488	420		226		226
	2	3	1160	395	414		207		207
	3	3	1240	408	425		190		190
	4	3	1200	358	432		116		116
	5	3	1240	623	411		328		328
	6	3	1200	276	425		179		179
	7	3	1240	434	416		197		197
	8	3	1240	428	350		275		275
	9	3	1200	409	415		269		269
	10	2	1240	416	423		262		262
	11	2	1200	398	415		245		245
	12	2	1240	339	363		221		221
05333 SCARBOROUGH -D-	1	3	1240	825	485		495		495
	2	3	1160	752	964		283		283
	3	3	1240	760	486		557		557
	4	3	1200	739	962		334		334
						MAG			

	NO. WELLS ALLOWED	OIL ALLOW.	PROD.	DISPOSITION F. LINE OTHER	GATH.	E.O.M. BAL.	CU OVL.	MOV. BAL.
SCARBOROUGH FIELD /CONTINUED/ GENERAL APER. OIL CO. OF TEXAS /CONTINUED/ 17413 EDWARDS, W. P. -A-								
GULF OIL CORP. 05334 DAUGHERTY, L.	9	4	3000	2341	2266		1058	1058
	10	4	3100	1713	2286		485	485
	11	4	3000	1900	1855		530	530
	12	4	3100	1691	1402	SHELP	819	819
	1	35	15779	8634	9619		163	163
	2	35	14761	8104	7530	883	649	649
	3	35	15779	8705	9051		303	303
	4	35	15270	8099	8109		293	293
	5	25	9300	8202	8300		195	195
	6	35	9000	8712	8339		568	568
	7	37	9300	8438	8602		404	404
	8	37	9300	8151	8252		303	303
05335 SCARBOROUGH, W. F.	9	37	9000	7757	7608		452	452
	10	37	9300	8085	8012		525	525
	11	37	9000	7624	7594		555	555
	12	37	9300	7716	7648	MAG	623	623
	1	7	7750	2091	2166		557	557
	2	7	7250	1897	1806		648	648
	3	7	7750	1704	1335		1017	1017
	4	7	7500	1489	1779		727	727
	5	7	2325	1432	1376		783	783
	6	7	2250	1237	1294		726	726
	7	7	2325	1296	1336		686	686
	8	7	2325	1185	1287		584	584
HUDSON, WILLIAM A. & EDWARD R. 05336 ABERNETHY-SCARBOROUGH	9	7	2250	1183	1267		500	500
	10	7	2325	1056	455		1101	1101
	11	7	2250	1130	1363		868	868
	12	7	2325	1086	1347	MAG	607	607
	1	2	2790	1417	1325		337	337
	2	2	2612	1256	1324		269	269
	3	2	2790	1211	1296		184	184
	4	2	2700	1137	879		442	442
	5	2	2790	1022	1272		192	192
	6	2	2700	857	697		352	352
	7	2	2790	949	863		438	438
	8	2	2790	876	857		457	457
9	2	2700	775	865		367	367	
10	2	2790	831	855		343	343	

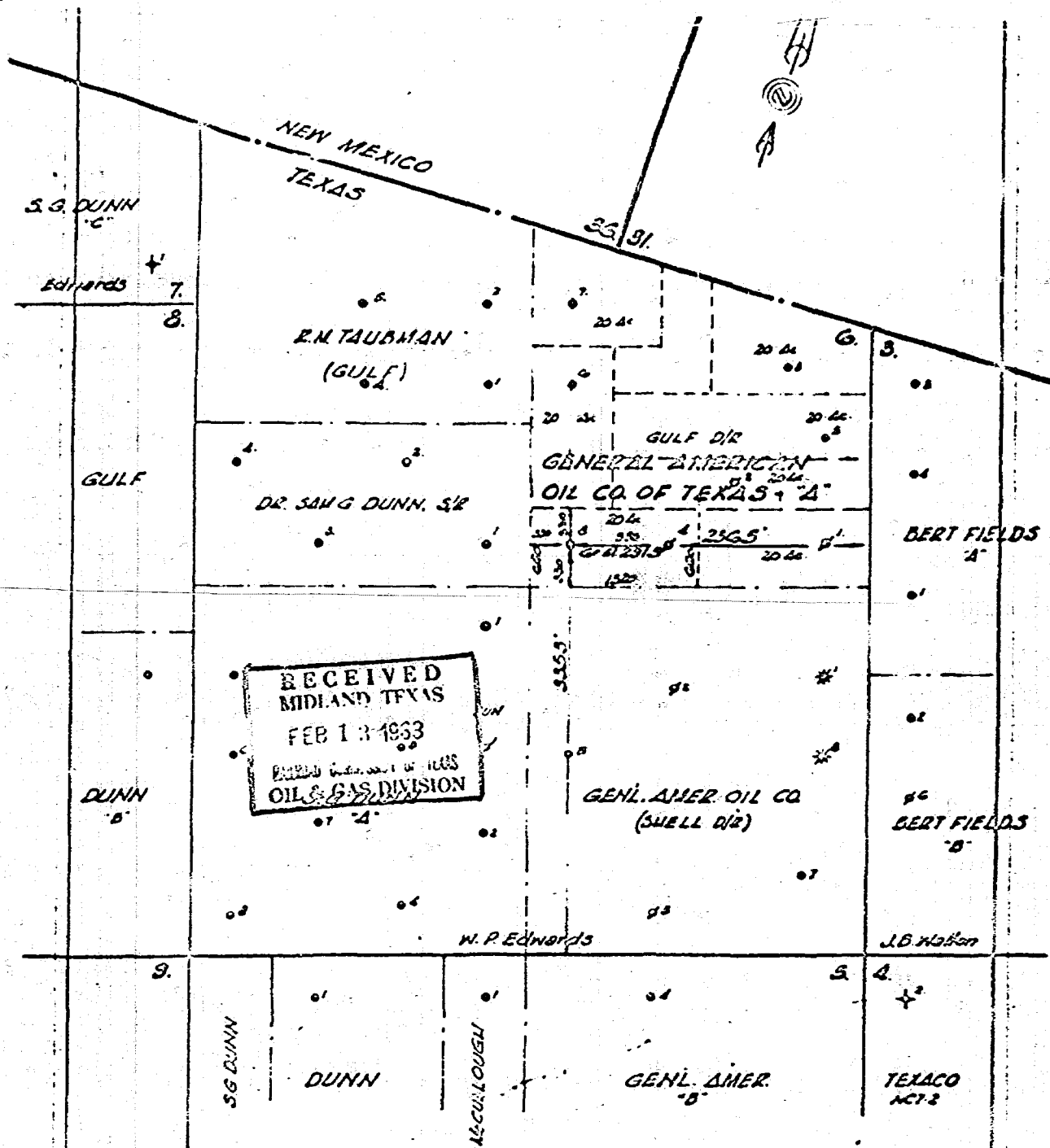
SCARBOROUGH FIELD DUNN, SAM G. & DR. ETAL 15773 SCARBOROUGH -B-									
NO.	WELLS IN FIELD	OIL ALLOW.	PROD.	DISPOSITIONS		GATH.	E. O. M. BAL.	CUMU. OVER	NOV. BAL.
				P. LINE	OTHER				
/CONTINUED/									
1	1	93					17	17	17
8	1	93	118				135	25	110
9	1	90	111				246	46	200
10	1	93	109	230			125	62	63
11	1	90	125				250	97	153
12	1	93	148	229		TEXNE	169	152	17
1	4	2511	1139	1150			128	128	128
2	4	2349	1204	877			455	455	455
3	4	2511	1230	1287			398	398	398
4	4	2430	1094	1299			193	193	193
5	4	2511	769	861			101	101	101
6	4	2430	919	887			133	133	133
7	4	2511	792	846			79	79	79
8	4	1364	1364	879			564	564	564
9	4	1320	1320	1735			149	149	149
10	4	1364	1364	1330			183	183	183
11	4	1320	1320	1322			181	181	181
12	4	1364	1289	894		SHELP	576	576	576
1	1	93	59	197			86	86	86
2	1	87	80				166	166	166
3	1	93	52	168			50	50	50
4	1	90	83				133	133	133
5	1	93	83				216	216	216
6	1	90	57	201			72	72	72
7	1	93	86				158	158	158
8	1	93	49				207	207	207
9	1	90	65	189			83	83	83
10	1	93	86				169	169	169
11	1	90	33	149			53	53	53
12	1	93	88			SHELP	141	141	141
1	2	5332	1831	2215			292	292	292
2	2	4988	1810	1835			267	267	267
3	2	2325	1867	1347			787	787	787
4	2	2250	1752	1376			1163	1163	1163
5	2	2325	2056	2705			514	514	514
6	2	2250	1854	1353			1015	1015	1015
7	4	2325	2272	2684			603	603	603
8	4	2325	2645	2265			983	320	663
GENERAL AMER. OIL CO. OF TEXAS 17412 EDWARDS, N. P.									
17413 EDWARDS, N. P. -A-									

PAGE 2987

1964
Operator & Lease
District
Adm. adl.
other
this
month

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 5
CASE NO. 3288

N.M.O.C.C.
Case No. 3282
Exhibit #5



I, Max A. Schumann, Jr., Registered Professional Engineer and Public Surveyor, State of Texas, hereby certify that this survey was made on the ground, under my supervision, according to law and that this plat is a true and correct representation thereof.

This 22nd day of January, 1953

Max A. Schumann, Jr.
Max A. Schumann, Jr.

SCHUMANN ENGINEERING COMPANY

SURVEY PLAT

GENERAL AMERICAN OIL COMPANY OF TEXAS

WELL NO. 8,
EDWARDS "A" IMAGE

2000 FT 20 CORREL, 2000 FT FT EAST LINE
SECTION 6, T12S R10E, FOL SURVEY

22835

Application to Drill,
Deepen or Plug Back.

RAILROAD COMMISSION OF TEXAS OIL AND GAS DIVISION

Form 1
Rev. 4-50

STATE WHETHER THIS IS AN APPLICATION TO DRILL, DEEPEN OR PLUG BACK Drill
SHALL BE FILED IN DUPLICATE (IN TRIPPLICATE IF RULE 37) WITH DEPUTY SUPERVISOR OF DISTRICT IN WHICH WELL IS LOCATED
DATA FURNISHED ON THIS FORM AND ANY ATTACHMENT HERETO MUST BE CLEARLY LEGIBLE,
ANY ILLEGIBLE FORM WILL BE RETURNED WITHOUT COMMISSION ACTION.
(Black Ink or Black Typewriter Ribbon Preferable)

READ CAREFULLY AND COMPLY FULLY

In order that it may be ascertained whether or not the proposed location covered by this notice conforms to the applicable spacing regulations set down by the Railroad Commission, there are two important footages that must be shown; that is, THE NEAREST DISTANCE OF PROPOSED LOCATION FROM LEASE OR PROPERTY LINE AND DISTANCE OF PROPOSED LOCATION FROM THE NEAREST WELL ON THE SAME LEASE. Do not begin drilling operations on any location prior to filing Form 1 and until permit granted by the Commission has been received and waiting clause period has terminated.

For the purpose of this determination draw on the back side hereof a neat, accurate sketch, made to scale, of this lease, block, or lot locating thereon the proposed site for this location with reference to the two nearest lease lines. Also show the nearest wells on all sides of this location and the distance from the proposed location to those wells. In addition to the foregoing, unit boundary designations must be shown for each producing well on the lease and shall include proposed unit boundaries for the location herein applied for showing the acreage to be assigned this well. Give names and addresses of adjoining lease or property owners, and designate all property by lease and company name. You may attach a true print showing this information if you so desire.

DO NOT CONFUSE SURVEY LINES WITH LEASE LINES. IF THE SKETCH OR BLUE PRINT SHOWS ONLY SECTION, BLOCK, OR LOT OUT OF YOUR LEASE, DESIGNATE SAME AS BEING ONLY THAT PART OF THE LEASE.

Where the size of the tract will permit, use scale of one inch equaling 1000 feet; if less than 2 acres use scale of one inch equaling 100 feet. DESIGNATE SCALE TO WHICH PLAT OR SKETCH IS DRAWN. ALSO DESIGNATE NORTHERLY DIRECTION ON THE SKETCH OR PLAT.

FILL IN BELOW IN THE SPACES RESERVED FOR THIS PURPOSE THE FOOTAGES ASKED FOR:

Nearest distance from proposed location to property or lease line 330 feet.

Distance from proposed location to nearest drilling, completed, or applied for well on same lease 1320 feet.

IS THE ACREAGE ON WHICH THIS WELL IS TO BE LOCATED, PRESENTLY ASSIGNED TO ANOTHER WELL IN ANY RESERVOIR FOR WHICH THIS PERMIT IS REQUESTED? no

Date February 12, 1963

Name of company or operator

Name General American Oil Co. of Texas

Address P. O. Box 3306

City Odessa, Texas

Description of farm or lease:

Name of J. D. Edwards "A" (17413)

Number of Acres 16.0 Well No. 8

Number of wells on lease 4

Elevation 2915 Gr. Section No. 6 Block No. C-23
(ft. above sea level)

Survey PSL

Zone or Reservoir Yates-Seven Rivers

To be Located in Scarborough Field

(If Wildcat state above, also state Distance and Direction from nearest Survey Lines.)

12 Miles W direction from Kermit nearest post office or town.

Rotary or Cable Tools Rotary

Date work will start drilling On Receipt of Permit

Depth to which you propose to drill 3300 feet.

Date work will start deepening

IF LEASE PURCHASED WITH ONE OR MORE WELLS DRILLED, FROM WHOM PURCHASED?

Name G. E. Hall

Address Dallas, Texas

NOTICE: Before sending in this form be sure that you have given all information requested. Most correspondence will thus be avoided.

DRAW SKETCH AND MAKE AFFIDAVIT ON REVERSE SIDE

RECEIVED
MIDLAND, TEXAS

FEB 13 1963

RECEIVED
OIL & GAS DIVISION

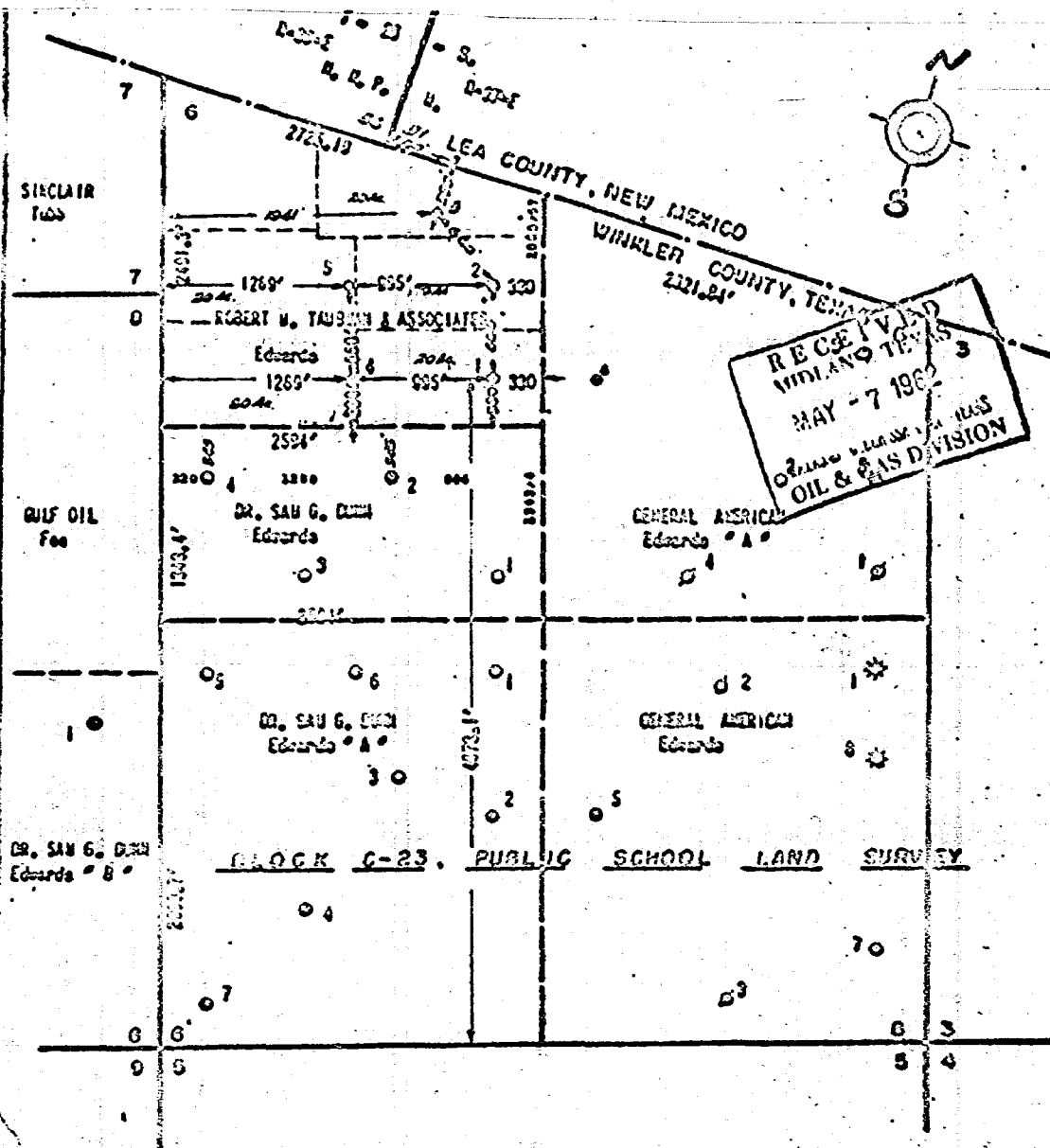
BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

apth EXHIBIT NO. 4B

CASE NO. 3282

N.M.O.C.C.
Case No. 3282
Exhibit #4b



RECEIVED
MIDLAND TEXAS
MAY - 7 1962
OIL & GAS DIVISION

ROBERT M. TAUBMAN & ASSOCIATES		Edwards Leases	123.67 Acres
Well No. 1, 1256' / 3. & 4723.1' / 3.	Line of Section	Ground Elevation	2010.0'
Well No. 2, 2286' / 3. & 5553.1' / 3.	Line of Section	Ground Elevation	2013.0'
Well No. 3, 1211' / 3. & 200' / 4.	Line of Section	Ground Elevation	2017.0'
Well No. 4, 1211' / 3. & 6773.1' / 3.	Line of Section	Ground Elevation	2033.0'
Well No. 5, 1259' / 3. & 5332.1' / 3.	Line of Section	Ground Elevation	2032.0'

STATE OF TEXAS
REGISTERED PUBLIC SURVEYOR,
ROBERT M. TAUBMAN & ASSOCIATES
12102 - 2nd St. 07, May 1962

CORRECTED
LOCATION PLAT
ROBERT M. TAUBMAN & ASSOCIATES

Application to Drill,
Deepen or Plug Back.

RAILROAD COMMISSION
OIL AND GAS

Form 11
Rev. 4/60

STATE WHETHER THIS IS AN APPLICATION TO DRILL, DEEPEN OR PLUG BACK Drill
SHALL BE FILED IN DUPLICATE (IN TRIPPLICATE IF RULE 37) WITH DEPUTY SUPERVISOR OF DISTRICT IN WHICH WELL IS LOCATED
DATA FURNISHED ON THIS FORM AND ANY ATTACHMENT HEREON MUST BE CLEARLY LEGIBLE,
ANY ILLEGIBLE FORM WILL BE RETURNED WITHOUT COMMISSION ACTION.
(Black Ink or Black Typewriter Ribbon Recommended)

READ CAREFULLY AND
COMPLY FULLY

In order that it may be ascertained whether or not the proposed location covered by this notice conforms to the applicable spacing regulations set down by the Railroad Commission, there are two important footages that must be shown; that is, THE NEAREST DISTANCE OF PROPOSED LOCATION FROM LEASE OR PROPERTY LINE AND DISTANCE OF PROPOSED LOCATION FROM THE NEAREST WELL ON THE SAME LEASE. Do not begin drilling operations on any location prior to filing Form 1 and until permit granted by the Commission has been received and waiting clause period has terminated.

For the purpose of this determination draw on the back side hereof a neat, accurate sketch, made to scale, of this lease, block, or lot locating thereon the proposed site for this location with reference to the two nearest lease lines. Also show the nearest wells on all sides of this location and the distance from the proposed location to those wells. In addition to the foregoing, unit boundary designations must be shown for each producing well on the lease and shall include proposed unit boundaries for the location herein applied for, showing the acreage to be assigned this well. Give names and addresses of adjoining lease or property owners, and designate property by lease and company name. You may attach a blue print showing this information if you so desire.

DO NOT CONFUSE SURVEY LINES WITH LEASE LINES. IF THE SKETCH OR BLUE PRINT SHOWS A SECTION, BLOCK, OR LOT OUT OF YOUR LEASE, IT IS THE SAME AS BEING ONLY THAT PART OF THE LEASE.

Where the size of a tract well with the acreage of one inch equaling 1000 feet, or a 2 inch scale of one inch equaling 100 feet, shall be used in the sketch or sketch is drawn and designated, NO OTHERS IN-RECTION ON THE SKETCH OR PLAT.

FILL IN BELOW IN THE SPACES RESERVED FOR THIS PURPOSE THE FOOTAGES ASKED FOR:

Nearest distance from proposed location to property or lease line 990' FSL feet.

Distance from proposed location to nearest drilling, completed, or applied for well on same lease 650 feet.

IS THE ACREAGE ON WHICH THIS WELL IS TO BE LOCATED, PRESENTLY ASSIGNED TO ANOTHER WELL IN ANY RESERVOIR FOR WHICH THIS PERMIT IS REQUESTED? No

Please wire approval of application to drill to Robert M. Taubman & Associates
314 Gulf Bldg., Midland, Texas

NOTICE: Before sending in this form be sure that you have given all information requested. Much unnecessary correspondence will thus be avoided.

DRAW SKETCH AND MAKE AFFIDAVIT ON REVERSE SIDE

Plat attached.

Location 369' FWL & 5333.1' FSL of Section 6, Blk. C-23, PSL Survey

Date May 4, 19 62

Name of company or operator

Name Robert M. Taubman & Associates

Address 314 Gulf Building

City Midland, Texas

Description of farm or lease:

Name of Lease Edwards

Number of Acres 123.57 Well No. 5

Number of wells on lease

Elevation 2907' Gr. Section No. 6 Block No. C-23
(If above sea level)

Survey PSL

Zone or Reservoir Seven Rivers

To be Located in Scarborough Field

(If Wildcat state above, also state Distance and Direction from nearest Survey Line.)

Winkler County 330

15 Miles NW direction from

Kearney nearest post office or town.

Rotary or Cable Tools Rotary

Date work will start drilling On approval

Depth to which you propose to drill 3600 feet.

Date work will start deepening

IF LEASE PURCHASED WITH ONE OR MORE WELLS DRILLED, FROM WHOM PURCHASED?

Name

Address

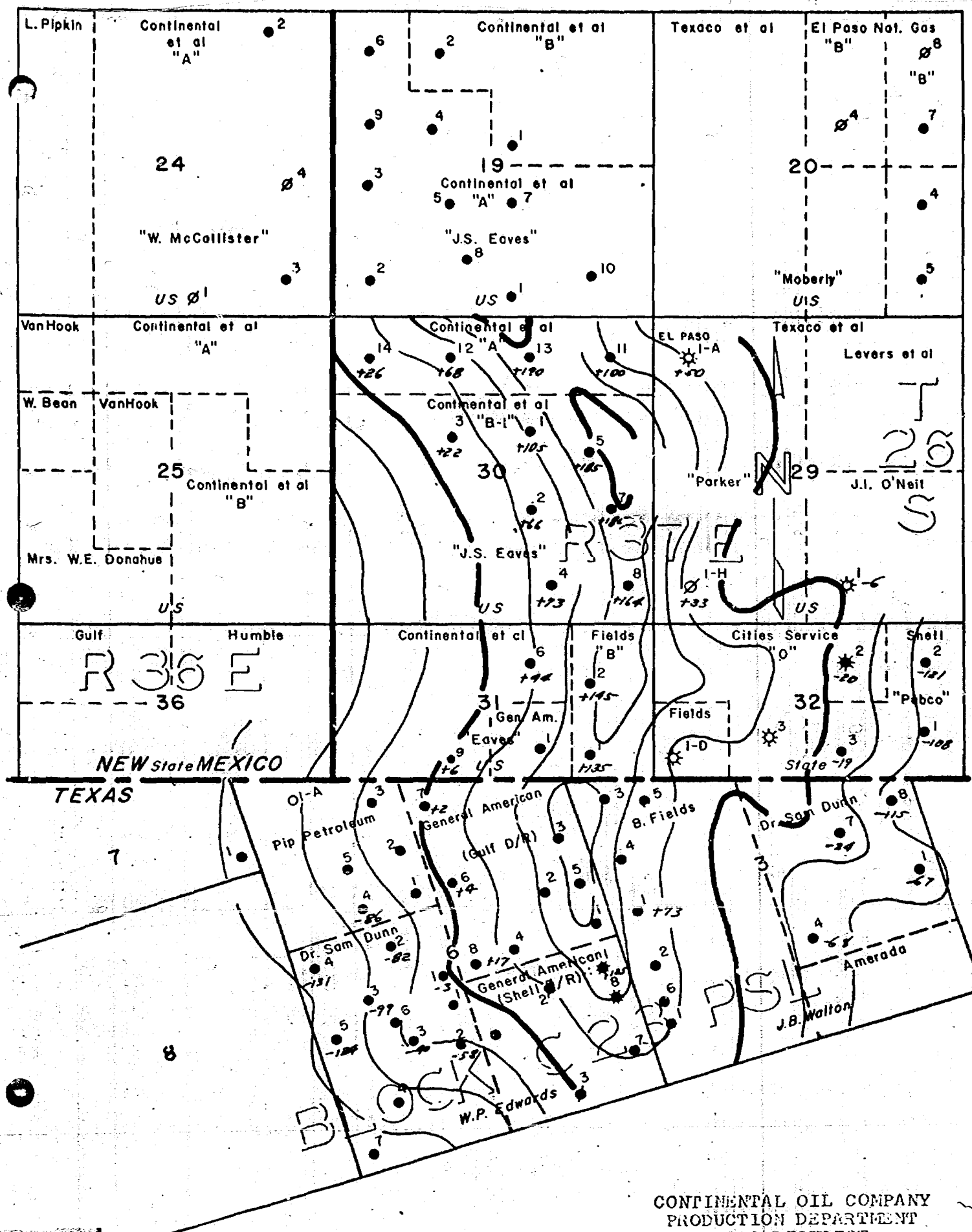
BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

apts EXHIBIT NO. 4A

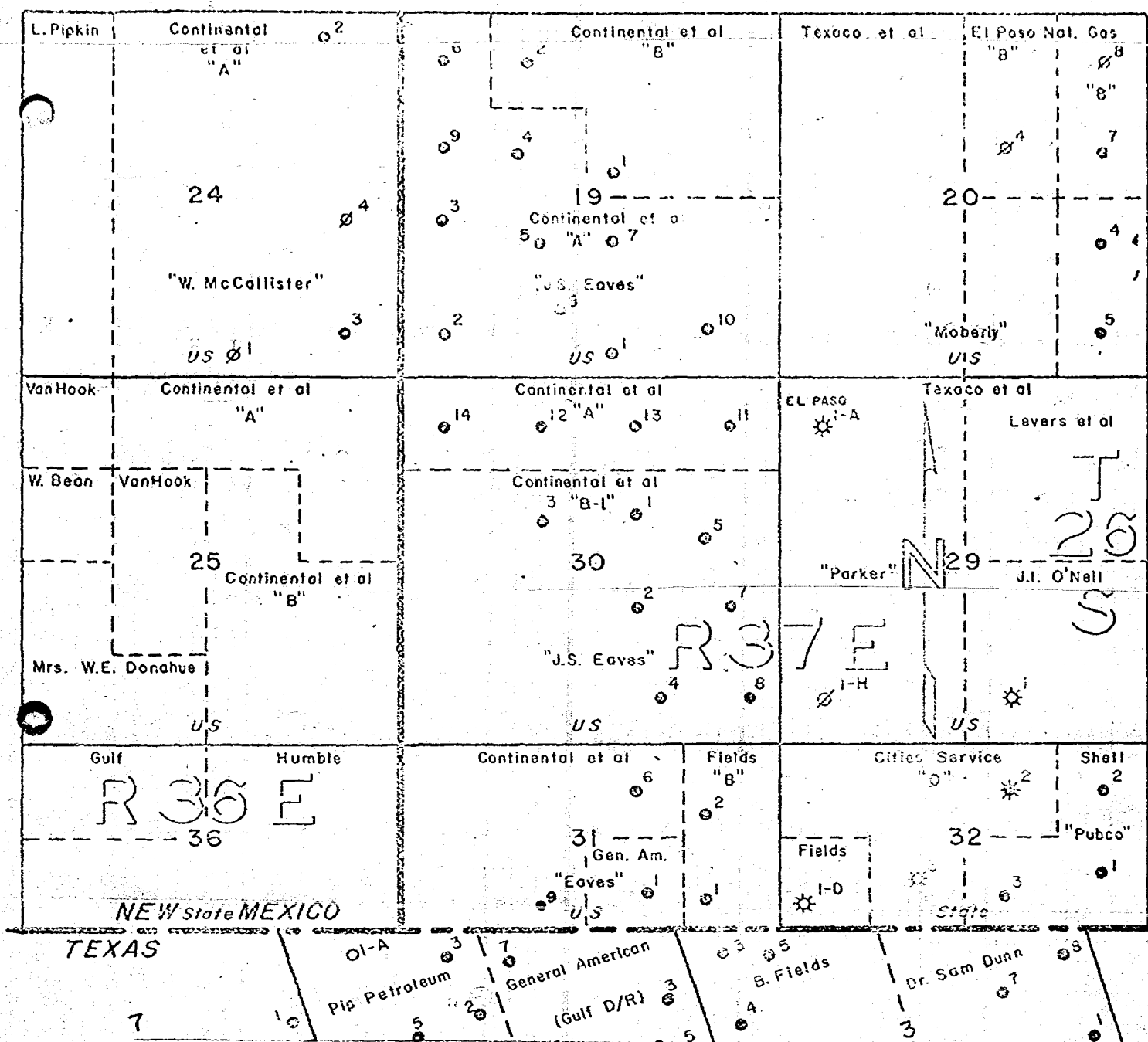
CASE NO. 3282

N.M.O.C.C.
Case No. 3282
Exhibit #4a



BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
aple EXHIBIT NO. 2
CASE NO. 3282

N.M.O.C.C.
Case No. 3282
Exhibit #2



BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
 EXHIBIT NO. 1
 CASE NO. 3282

N.M.O.C.C.
 Case No. 3282
 Exhibit #1

Case No. 3282

LIST OF EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
1	Location plat of Eaves "B" Lease and surrounding area.
2	Structure map of Eaves "B" Lease and surrounding area contoured on top of Yates
3	Cross-section showing continuity of zones across Texas-New Mexico State boundary
4a	Form I on Pip Petroleum Co. Edwards No. 5
4b	Form I on General American Edwards "A" No. 8
5	Copy of RRC/Texas EB ledger sheet showing allowables and production from offset leases
6	Comparative data showing rates of withdrawal on either side of State boundary

N.M.O.C.C.
Case No. 3282

Application of Continental Oil Co.
for special allowable for its Eaves
"B" Lease, Section 31 - T26S - R37E
Jalmat Pool, Lea County, New Mexico