

Co CASE 5989: CONTINENTAL OIL COMPANY FOR  
AN UNORTHODOX OIL WELL LOCATION, LEA 7  
COUNTY, NEW MEXICO

Case Number

5989

Application

Transcripts.

Small Exhibits

ETC.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
20 July 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil Com- ) CASE  
pany for an unorthodox oil well ) 5989  
location, Lea County, New Mexico. )

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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

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

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

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

I N D E X

VICTOR T. LYON

Direct Examination by Mr. Kellahin	3
Cross Examination by Mr. Stamets	5

E X H I B I T S

Continental Exhibit One, Plat	5
-------------------------------	---

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

1 MR. STAMETS: Call Case 5989.

2 MS. TESCHENDORF: Case 5989. Application of Con-  
3 tinental Oil Company for an unorthodox oil well location,  
4 Lea County, New Mexico.

5 MR. KELLAHIN: Tom Kellahin of Kellahin & Fox,  
6 appearing on behalf of the applicant.

7 I'd like the record to reflect that Mr. Victor  
8 Lyon is my expert witness, that he has already been accepted  
9 as an expert, and I'd like to proceed accordingly.

10 MR. STAMETS: The record will so show.

11 MR. LYON: And I've been sworn, I think.

12 MR. KELLAHIN: Yes, and he has been sworn.

13 MR. STAMETS: That's correct.

14

15 VICTOR T. LYON

16 being called as a witness and having been duly sworn upon his  
17 oath, testified as follows, to-wit:

18

19 DIRECT EXAMINATION

20 BY MR. KELLAHIN:

21 Q Mr. Lyon, would you please refer to what has been  
22 marked as Exhibit Number One in this case, identify it, and  
23 tell me what Continental is seeking?

24 A Case Number 5989 is the application of Continental  
25 Oil Company for approval of a non-standard location for its

sid morrish reporting service

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

1 Marshall Well Number 8, to be located 2600 feet from the  
2 south line and 1230 feet from the west line of Section 19,  
3 Township 23 South, Range 33 East, in the Cruz-Delaware Pool  
4 in Lea County, New Mexico.

5 Exhibit Number One is a plat showing the Marshall  
6 lease, consisting of all of Section 19 of Township 23 South,  
7 Range 33 East, and the proposed well Number 8, is circled in  
8 red at the location I just described, 2600 feet from the  
9 south line and 1230 feet from the west line. This places it  
10 just inside Lot 3, which is unit letter "L".

11 The location is actually 21 feet from the western --  
12 I mean the eastern boundary of Lot 3, since Lot 3 only con-  
13 tains 37.90 acres. The well is being proposed as a replace-  
14 ment for Well Number 4, which has been lost for all practical  
15 purposes and will be plugged and abandoned in the very near  
16 future. It is unusable because of mechanical problems.

17 Our studies of this area indicate that the Delaware  
18 sand is in a northeast-southwest trend, and that the proposed  
19 location should be a location which would find most favorable  
20 sand development and it is a reasonable distance away from  
21 Number 4, so as to improve the drainage of the reservoir in  
22 this area.

23 Q In your opinion, Mr. Lyon, will the approval of the  
24 application be in the best interests of conservation, prevention  
25 of waste, and the protection of correlative rights?

**sid morriss reporting service**

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

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

1 A. Yes, sir, I do.

2 Q. Was Exhibit One prepared by you directly or under  
 3 your direction and supervision?

4 A. It was prepared by me.

5 MR. KELLAHIN: I move the introduction of Exhibit  
 6 Number One.

7 MR. STAMETS: Exhibit One will be admitted.

8 MR. KELLAHIN: That concludes our case.

9  
 10 CROSS EXAMINATION

11 BY MR. STAMETS:

12 Q. Mr. Lyon, what acreage would be dedicated to your  
 13 Well Number 8?

14 A. The Lot 3, which is 37.9 acres.

15 Q. And that's the acreage that would normally be  
 16 referred to as the southwest of the northwest quarter?

17 A. No, it's the northwest of the southwest.

18 Q. The northwest of the southwest?

19 A. Yes.

20 Q. Okay. Exhibit Number One seems to have the well  
 21 located in the north half.

22 A. It's pretty close, isn't it?

23 Q. Okay, the northwest of the southwest?

24 A. Yes, sir.

25 MR. STAMETS: Okay, any other questions of the

witness? He may be excused in the present case.

Take the case under advisement.

(Hearing concluded.)

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



REPORTER'S CERTIFICATE

I, Sally Walton Boyd, a Certified Shorthand Reporter,  
do hereby certify that the foregoing and attached Transcript  
of Hearing before the New Mexico Oil Conservation Commission  
was reported by me, and the same is a true and correct record  
of the said proceedings to the best of my knowledge, skill,  
and ability.

Sally Walton Boyd  
Sally Walton Boyd, C. S. R.

**sid morrish reporting service**

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

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 5989.  
heard by me on 7-20-77, 1977.  
Richard R. Starnes, Examiner  
New Mexico Oil Conservation Commission



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. 5989  
Order No. R-5502

APPLICATION OF CONTINENTAL OIL  
COMPANY FOR AN UNORTHODOX OIL WELL  
LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 20, 1977,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 9th day of August, 1977, the Commission,  
a quorum being present, having considered the testimony, the  
record, and the recommendations of the Examiner, and being  
fully advised in the premises,

FINDS:

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

(2) That the applicant, Continental Oil Company, seeks  
approval of the unorthodox location of its Marshall Well  
No. 8 to be located 2600 feet from the South line and 1230  
feet from the West line of Section 19, Township 23 South,  
Range 33 East, NMPM, to test the Delaware formation, Cruz-  
Delaware Pool, Lea County, New Mexico.

(3) That Lot 3 of said Section 19 is to be dedicated  
to the well.

(4) That a well at said unorthodox location will better  
enable applicant to produce the oil underlying the proration  
unit.

(5) That no offset operator objected to the proposed  
unorthodox location.

-2-

Case No. 5989  
Order No. R-5502

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

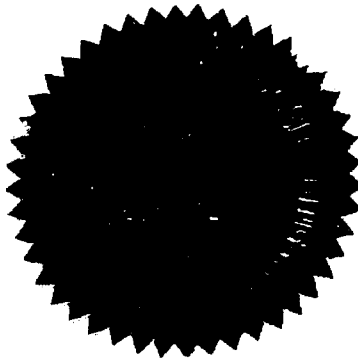
(1) That an unorthodox location for the Delaware formation is hereby approved for the Continental Oil Company Marshall Well No. 8 to be drilled at a point 2600 feet from the South line and 1230 feet from the West line of Section 19, Township 23 South, Range 33 East, NMPM, Cruz-Delaware Pool, Lea County, New Mexico.

(2) That Lot 3 of said Section 19 shall be dedicated to the above-described well.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



PHIL R. LUCERO, Chairman

*Emery C. Arnold*  
EMERY C. ARNOLD, Member

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

S E A L

dr/

- CASE 5989: Application of Continental Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Marshall Well No. 8 to be located 2600 feet from the South line and 1230 feet from the West line of Section 19, Township 23 South, Range 33 East, Cruz-Delaware Pool, Lea County, New Mexico.
- CASE 5990: Application of Continental Oil Company for an unorthodox location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its AXI Apache "D" Well No. 5 to be located 2310 feet from the North line and 990 feet from the West line of Section 19, Township 24 North, Range 4 West, Ballard-Pictured Cliffs Pool, Rio Arriba County, New Mexico.
- CASE 5991: Application of Continental Oil Company for capacity allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a capacity allowable for its Pearl "B" Well No. 4 located 330 feet from the South line and 2310 feet from the West line of Section 25, Township 17 South, Range 32 East, Maljagar Grayburg-San Andres Pool, Lea County, New Mexico.
- CASE 5992: Application of Burleson & Huff for compulsory pooling and a non-standard unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the SE/4 NW/4 of Section 14, Township 24 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to form a non-standard 40-acre gas proration unit to be dedicated to applicant's Cooper Well No. 1 located in Unit F of said Section 14, or in the alternative to drill another well at a standard location thereon. Also to be considered will be the cost of recompletion or of drilling and completing the unit well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in recompleting or drilling said well.
- CASE 5993: Application of Lively Exploration Company for an exception to the provisions of Order No. R-5459, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the provisions of Order No. R-5459 to exclude its Chacra Well No. 7Y in Unit E of Section 35, Township 30 North, Range 8 West, San Juan County, New Mexico, from the vertical limits of the Blanco-Mesaverde Pool as defined by said order.
- CASE 5994: Application of Tenneco Oil Company for an exception to the provisions of Order No. R-5459, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the provisions of Order No. R-5459 to exclude its Florance Well No. 29-A in Unit F of Section 25, and its Northeast Blanco Unit Well No. 64 in Unit P of Section 24, both in Township 30 North, Range 8 West, San Juan County, New Mexico, from the vertical limits of the Blanco-Mesaverde Pool.
- CASE 5995: Application of Tenneco Oil Company for dual completions and waterflood expansions, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its South Hospah-Upper Sand and -Lower Sand Waterflood Projects by dually completing its Hospah Unit Wells Nos. 58 and 59, located in Units F and G, respectively, of Section 12, Township 17 North, Range 9 West, McKinley County, New Mexico, in such a manner as to permit water injection into each of said zones thru parallel strings of tubing.
- CASE 5996: Application of Petroleum Corporation of Texas for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Abo formation through the perforated interval from 6852 feet to 6877 feet in its Dexter Federal Well No. 3 located in Unit I of Section 22, Township 17 South, Range 30 East, Jackson Abo Pool, Eddy County, New Mexico.
- CASE 5997: Application of Atlantic Richfield Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its East Drinkard Unit Area comprising 3080 acres, more or less, of Federal and fee lands in Sections 11, 12, 13, 14, 23 and 24, Township 21 South, Range 37 East, Lea County, New Mexico.
- CASE 5998: Application of Atlantic Richfield Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its East Drinkard Unit Area, Lea County, New Mexico, by the injection of water into the Drinkard formation through 30 wells.
- CASE 5999: Application of Atlantic Richfield Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its East Blinebry Unit Area comprising 3080 acres, more or less, of Federal and fee lands in Sections 11, 12, 13, 14, 23, and 24, Township 21 South, Range 37 East, Lea County, New Mexico.
- CASE 6000: Application of Atlantic Richfield Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its East Blinebry Unit Area, Lea County, New Mexico, by the injection of water into the Blinebry formation through 38 wells.





Case  
5989

Production Department  
Hobbs Division  
Western Hemisphere Petroleum Division

Continental Oil Company  
P.O. Box 460  
1001 North Turner  
Hobbs, New Mexico 88240  
(505) 393-4141

JUN 21 1977

June 20, 1977

New Mexico Oil Conservation Commission  
P.O. Box 2088  
Santa Fe, New Mexico 87501

Attention Mr. J. D. Ramey, Secretary-Director

Gentlemen:

Applications for Examiner Hearing July 6, 1977

Attached in triplicate are two (2) applications for hearing. Please place these matters on the docket for the examiner hearing to be held July 6, 1977.

Yours very truly,

D. B. Bolt, Jr.  
Division Engineer

VTL/jj

Enc

CC:

U.S. Geological Survey - Hobbs

C. F. Ellis - Houston

F. O. Hull - Houston

J. W. Kellahin - Santa Fe

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
CONTINENTAL OIL COMPANY FOR APPROVAL  
OF A NON-STANDARD LOCATION FOR ITS  
MARSHALL WELL NO. 8 TO BE LOCATED  
2600' FSL AND 1230' FWL OF SECTION 19,  
T-23-S, R-33-E, IN THE CRUZ-DELAWARE  
POOL, LEA COUNTY, NEW MEXICO.

APPLICATION

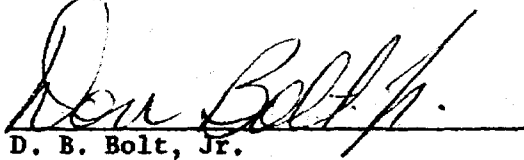
Applicant, CONTINENTAL OIL COMPANY, respectfully requests approval of a non-standard location for its Marshall Well No. 8 to be located 2600' FSL and 1230' FWL of Section 19, T-23-S, R-33-E, Lea County, New Mexico, in the Cruz-Delaware Pool of Lea County, New Mexico, and in support thereof would show:

1. Applicant is the owner of the I. J. Marshall Lease consisting of, in addition to other lands, Section 19, T-23-S, R-33-E, Lea County, New Mexico.
2. Applicant has heretofore drilled seven wells on said lease to the Cruz-Delaware Pool and completed six of said wells as producers.
3. Well No. 4 in Unit "L" of Section 19 has encountered mechanical difficulties and will be abandoned.
4. Applicant believes additional recoverable oil is available at the proposed non-standard location which would not be recovered by existing wells.
5. The proposed non-standard location represents a move toward the interior of the lease and should not impair correlative rights of any party.
6. Granting of this application will prevent waste and will not impair correlative rights.

WHEREFORE, applicant respectfully requests that this matter be set for hearing before the Commission's duly appointed examiner and upon hearing an order be entered approving the non-standard location described above.

Respectfully submitted,

CONTINENTAL OIL COMPANY

  
D. B. Bolt, Jr.  
Division Engineer



BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

dr/

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

CASE NO. 5989

Order No. R- 5502

APPLICATION OF CONTINENTAL OIL  
COMPANY FOR AN UNORTHODOX OIL WELL  
LOCATION, LEA COUNTY, NEW MEXICO

ORDER OF THE COMMISSIONBY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 20,  
19 77, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this        day of July, 19 77, the Commission,  
a quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

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

(2) That the applicant, Continental Oil Company, seeks  
approval of the unorthodox location of its Marshall Well No. 8 to  
be located 2600 feet from the South line and 1230 feet from the  
West line of Section 19, Township 23 South, Range 33 East, NMPM,  
to test the Delaware formation, Cruz-Delaware Pool, Lea County,  
New Mexico.

(3) That ~~the~~ lot 3 of said Section 19 is to be dedicated to the well.

(4) That a well at said unorthodox location will better enable applicant to produce the oil underlying the proration unit.

(5) That no offset operator objected to the proposed unorthodox location.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That an unorthodox location for the Delaware formation *for The Continental Oil Company* is hereby approved ~~for applicant's~~ Marshall Well No. 8 to be ~~located~~ *drilled* at a point 2600 feet from the South line and 1230 feet from the West line of Section 19, Township 23 South, Range 33 East, NMPM, Cruz-Delaware Pool, Lea County, New Mexico.

(2) That ~~the~~ lot 3 of said Section 19 shall be dedicated to the above-described well.

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

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