

C CASE 5991: CONTINENTAL OIL COMPANY
FOR CAPACITY ALLOWABLE, LEA COUNTY,
NEW MEXICO

Case Number

5991

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)	CASE
Company for capacity allowable,)	5991
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	Lynn Teschendorf, Esq.
Conservation Commission:	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

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

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I N D E X

VICTOR T. LYON

Direct Examination by Mr. Kellahin	3
Cross Examination by Mr. Stamets	6

E X H I B I T S

Continental Exhibit One, Plat	6
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1 MR. STAMETS: Call the next case, 5991.

2 MS. TESCHENDORF: Case 5991. Application of Con-
3 tinental Oil Company for capacity allowable, Lea County, New
4 Mexico.

5 MR. KELLAHTN: Tom Kellahin of Kellahin and Fox,
6 Santa Fe, New Mexico, appearing on behalf of Continental Oil
7 and I have one witness, who has previously been sworn and
8 qualified.

9
10 VICTOR T. LYON

11 being called as a witness and being duly sworn upon his oath,
12 testified as follows, to-wit:

13
14 DIRECT EXAMINATION

15 BY MR. KELLAHIN:

16 Q Mr. Lyon, would you please refer to what has been
17 marked as Exhibit Number One, identify it, and tell us what
18 Continental is seeking?

19 A Case 5991 is the application of Continental for
20 capacity allowable for its Pearl "B" Well Number 4, located
21 in Section 25, Township 17 South, Range 32 East, Lea County,
22 New Mexico, in Maljamar-Grayburg-San Andres Pool.

23 Exhibit One is a plat showing the entire NCA Unit.
24 It does not show all of the cooperative area, but it does show
25 by the dotted line the participating area, which we refer to

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1 as the NCA Unit.

2 The Pearl "B" lease is outlined in red and con-
3 sists of the south half southwest quarter, the southwest
4 quarter of the southeast quarter of Section 25, 17, 32, and
5 the south half of the southwest quarter of Section 30 in 17
6 South 33 East.

7 Well Number 4 is shown circled in red at a location
8 330 feet from the south line and 2310 feet from the west line
9 of Section 25.

10 This well was drilled as a deep test by Amoco
11 Production Company to test the Abo. It was unsuccessful and
12 we purchased the well from them. It was plugged back and
13 perforated in the Maljamar-Grayburg-San Andres Pool and we
14 found that the zone had been stimulated to a considerable
15 degree. We measured about 1240 pounds bottom hole pressure
16 in there.

17 A short production test indicated that it had good
18 producing capacity and we proceeded to install a pumping unit,
19 which took some time. But the test that we have to date and
20 these are not real active as far as day-to-day production,
21 because we're testing into a frac tank; the battery has not
22 been installed. But it has indicated a producing capacity of
23 160 barrels of oil per day, or thereabout.

24 For the last ten days or so, we have throttled the
25 production down to about 120 barrels of oil per day.

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1 But, as you can see by the triangular symbols,
2 the area to the north and to the east, that this is on the
3 edge of the waterflood project for the NCA Unit, and this
4 Number 4 well encountered the Grayburg-San Andres quite a bit
5 higher than we had had it mapped, and therefore, it appears
6 that the pay does run through there and the oil has been
7 stimulated by the waterflood project, and if we don't produce
8 it as fast as we can, we feel that it will be swept on past
9 where it cannot be recovered.

10 Q What's the -- who's the operator of the acreage
11 to the south of you here?

12 A I believe that's Cities Service.

13 Q In your opinion, Mr. Lyon, will the approval of
14 this application be in the best interests of prevention of
15 waste?

16 A Yes, I certainly do.

17 Q Will oil be lost or otherwise not recovered if the
18 application is not granted?

19 A Yes, I feel certain that it would be.

20 Q Well, then your opinion approval of this appli-
21 cation is in the best interest of conservation?

22 A Yes.

23 Q Will the approval of this application infringe
24 upon anyone's correlative rights?

25 A I think no.

1 Q All right, sir. Was Exhibit One prepared by you?

2 A Yes, it was.

3 MR. KELLAHIN: We move the introduction of Exhibit
4 Number One.

5 MR. STAMETS: Exhibit Number One will be admitted.

6 MR. KELLAHIN: That concludes our case, Mr. Examiner.

7

8 CROSS EXAMINATION

9 BY MR. STAMETS:

10 Q Mr. Lyon, is this the southernmost well in the
11 Maljamar Pool?

12 A Yes, it is.

13 Q In your analysis of the situation, was there oil
14 the Maljamar Pool under this lease before you started your
15 waterflood, or did you push it over there?

16 A I think that probably, considering the structural
17 location as we now can map it, that there was oil there to
18 begin with. The participating area for this unit, by the
19 action of the working interest owners at the time it was
20 formed, limited its extent to developed acreage, and therefore
21 since there were no wells on this acreage, other than Well
22 Number 200 -- now, Well 200, which is the -- on the forty
23 section which divides these two tracts -- that was a part of
24 this lease and there was a well on that 40-acre tract, and
25 therefore, that tract went into the participating area, but

1 the rest of the tract was left out because there were no
2 wells on it.

3 Q. Do you have plans for any more wells on this lease?

4 A. Yes, we do. As soon as we can get approval to
5 drill them.

6 MR. STAMETS: Any other questions of the witness?

7 He may be excused. Anything further in this case? We'll
8 take the case under advisement.

9 (Hearing concluded.)

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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.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5894
heard by me on 7-20 1977
Richard L. Starn Examiner
New Mexico Oil Conservation Commission

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Phone (505) 982-9212

Other _____

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. 5991
Order No. R-5504

APPLICATION OF CONTINENTAL OIL
COMPANY FOR CAPACITY ALLOWABLE,
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 for a capacity allowable for its Pearl "B" Well
No. 4 located in Unit N of Section 25, Township 17 South,
Range 32 East, NMPM, Maljamar Grayburg-San Andres Pool, Lea
County, New Mexico.

(3) That said Pearl "B" Well No. 4 immediately offsets
applicant's MCA Unit Waterflood Project in said Maljamar
Grayburg-San Andres Pool and has experienced a response to
water injection in such project.

(4) That if capacity allowable is not granted to said
Pearl "B" Well No. 4, oil will be swept past said well into
"dry" sands to the South.

(5) That such wetting of "dry" sands with oil will result
in waste.

-2-

Case No. 5991
Order No. R-5504

(6) That approval of the subject application will prevent waste and will not violate correlative rights.

(7) That the application for capacity allowable should be approved.

IT IS THEREFORE ORDERED:

(1) That the supervisor of the Commission's District office at Hobbs is hereby authorized to grant a capacity allowable to the Continental Oil Company Pearl "B" Well No. 4, located in Unit N of Section 25, Township 17 South, Range 32 East, NMPM, Maljamar Grayburg-San Andres Pool, Lea County, New Mexico.

(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

PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member


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, Maljarar 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, Jalrat 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 Tennessee 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 Florence 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 Tennessee 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.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
CONTINENTAL OIL COMPANY FOR CAPACITY
ALLOWABLE FOR ITS PEARL "B" WELL NO. 4
LOCATED 330' FSL AND 2310' FWL OF
SECTION 25, T-17-S, R-33-E, IN THE
MALJAMAR GRAYBURG-SAN ANDRES POOL,
LEA COUNTY, NEW MEXICO.

APPLICATION

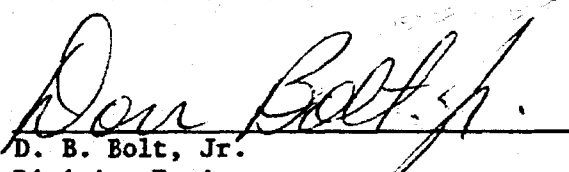
Applicant, CONTINENTAL OIL COMPANY, respectfully requests approval of capacity allowable for its Pearl "B" Well No. 4 located 330' FSL and 2310' FWL of Section 25, T-17-S, R-32-E, in the Maljamar Grayburg-San Andres Pool, Lea County, New Mexico, and in support thereof would show:

1. Applicant is the owner of the Pearl "B" Lease consisting of S/2 SW/4 and SW/4 SE/4 Section 25, T-17-S, R-32-E, and S/2 SW/4 Section 30, T-17-S, R-33-E, Lea County, New Mexico.
2. Applicant has recently acquired, re-entered and completed in the Maljamar Grayburg-San Andres Pool a well now designated Pearl "B" No. 4 at a location 330' FSL and 2310' FWL of said Section 25.
3. Said well is well within the Maljamar Cooperative Agreement but is outside the MCA Unit participating area.
4. A waterflood project has been in operation with the MCA participating area, and this well has evidently received stimulus from that waterflood project so that the well is capable of producing oil at rates above the normal unit allowable.
5. Failure to produce the well at capacity will result in loss of recoverable oil.
6. The granting of this application is in the interest of the prevention of waste and the protection of correlative rights.

WHEREFORE, applicant respectfully requests this matter be set for hearing before the Commission's duly appointed examiner and upon hearing an order be entered authorizing the capacity allowable as described above.

Respectfully submitted,

CONTINENTAL OIL COMPANY


D. B. Bolt, Jr.
Division Engineer

DRAFT

dr/

(2)

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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(3) That said Pearl "B" Well No. 4 immediately offsets applicant's MCA Unit Waterflood Project in said Maljamar~~W~~ Grayburg-San Andres Pool and has experienced a response to water injection in such project.

(4) That if capacity allowable is not granted to said Pearl "B" Well No. 4, oil will be swept past said well into "dry" sands to the South.

(5) That such wetting ~~of~~ "dry" sands with oil ^{will result in} ~~constitutes~~ waste.

(6) That approval of the subject application will prevent waste and will not violate correlative rights.

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