

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
May 28, 1957

IN THE MATTER OF:

CASE 1259

TRANSCRIPT OF PROCEEDINGS

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico

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IN THE MATTER OF:

The application of Continental Oil Company for a
320-acre non-standard gas proration unit in the
Eumont Gas Pool in exception to Rule 5 (a) of the
Special Rules and Regulations for said pool.
Applicant, in the above-styled cause, seeks an
order authorizing a 320-acre non-standard gas
proration unit in the Eumont Gas Pool consisting
of the W/2 of Section 20, Township 21 South,
Range 36 East, Lea County, New Mexico, said unit
to be dedicated to the applicant's State "C-20"
Well No. 5 located 660 feet from the South and
West lines of said Section 20.

CASE NO. 1259

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BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

EXAMINER NUTTER: The next case on the docket will be Case
1259.

MR. COOLEY: Case No. 1259, application of Continental Oil
Company for a 320-acre non-standard gas proration unit in the Eumont
Gas Pool, in exception to Rule 5 (a) of the Special Rules and Regulations
for said pool.

MR. LYON: V. T. Lyon, representing Continental Oil Company-----

MR. NUTTER: Would you speak up Mr. Lyon?

MR. LYON: V. T. Lyon, representing applicant Continental
Oil Company. I have one witness, Mr. E. R. Anderson, I would like to have
sworn.

THE WITNESS HAVING FIRST BEEN DULY SWORN IN TESTIFIED AS FOLLOWS:

MR. LYON: This is the application of Continental Oil Company for the enlargement of the unit assigned to its State "C-20" Well No. 5, located in Section 20, Township 21 South, Range 36 East, from 160 acres to 320 acres. Would you state your name please?

MR. ANDERSON: Edward R. Anderson.

Q. By whom are you employed?

A. Continental Oil Company.

Q. In what capacity?

A. Petroleum Engineer.

Q. Have you previously testified before this Commission?

A. I have not.

Q. Would you briefly describe your education and experience that would qualify you for your position?

A. I enrolled in North Texas State College in 1946 and attended that college 3 years, I transferred to Texas A & M in 1949 and graduated in 1953 with a Bachelor of Science degree in Petroleum Engineering and a Bachelor of Science degree in geological engineering. I was employed by Continental Oil Company in July of 1953 and have been with that company ever since except for two years I served in the Air Force. Upon completion of the engineering training program, I was assigned to the Hobbs District in January of 1957 and served as a Petroleum Engineer since that date.

Q. Are the witness's qualifications satisfactory?

MR. NUTTER: They are.

MR. LYON: As Petroleum Engineer in the Hobbs District Office, are you familiar with the State "C-20" Lease?

MR. ANDERSON: I am.

Q. Are you also familiar with the application which has been filed in this matter?

A. Yes sir.

Q. Mr. Anderson, would you please refer to what has been marked as Exhibit 1 and explain to the Commission the information shown on that exhibit?

A. Exhibit No. 1, is a plat showing the general area surrounding State "C-20" Lease which consists of the W/2 of Section 20, in Township 21 South, Range 36 East, of the NMPM located in Lea County, New Mexico. Well No. 5 is circled in red on the plat and as shown thereon is located 660 feet from the south line and 660 feet from the west line of Section 20. The present unit as outlined by a dashed red line and as shown on the plat consists of SW/4 of Section 20, containing 160 acres. The proposed unit as outlined by solid red line and is shown to consist of the W/2 of Section 20 contains 320 acres. Exhibit 1 also shows circled in green the gas wells on offsetting leases with the units allocated to them outlined in green. The proposed enlargement is accomplished by adding to the present unit, the NW/4 of Section 20 which is a part of the same lease as the present unit. This portion of the lease has no producing gas wells to which its acreage can be assigned for allowable purposes. Exhibit No. 1 also shows structural contours on top of the Yates, from these contours it may be seen that the acreage of the proposed enlargement consisting of the NW/4 of Section 20 is comparable structurally to the Continental Oil Company's Lockhart "A-18" Well No. 1, --- located in the SE/4 SE/4 of Section 18

adjoining the State "C" Lease. The Lockhart "A-18" Well No. 1 was connected for sale of gas on October 3, 1956, produces gas in the Eumont pay and has a calculated open flow potential of 10,500 MCF gas per day and a deliverability against 600 pounds per square inch of 7,600 MCF per day. It is therefore reasonable to assume that the entire proposed enlargement is productive of gas.

Q. Mr. Anderson, in your statement that the entire acreage which is supposed to be allocated to this well is productive of gas is based on the fact that the well is surrounded by gas wells as well as a structural position with relation to these wells?

A. That is correct.

Q. Mr. Anderson have you made an investigation of the ability of this well to produce an increased amount?

A. I have.

Q. Do you have a form showing the results of these tests to establish that fact?

A. That form is shown on Exhibit No. 2.

Q. What does Exhibit No. 2 show with regard to the wells capacity?

A. Exhibit No. 2 shows that the calculated open flow potential of State "C-20", Well No. 5 is 1,465 MCF gas per day and that the deliverability against 600 pounds per square inch is 1060 per day.

Q. Mr. Anderson, would you refer to what has been marked as Exhibit No. 3 and briefly describe to the Commission what that exhibit shows?

A. Exhibit No. 3 is a radioactivity well log of the State

"C-20" Well No. 5 showing the tops of formations, the present depth and producing intervals.

Q. Does that exhibit show that this well is producing from the Eumont Pool?

A. Yes that is correct.

Q. Mr. Anderson, who is the lessor under this lease?

A. The State of New Mexico.

Q. Who is the lessee?

A. Continental Oil Company.

Q. Is this proposed unit contained within a single governmental section?

A. That is correct.

Q. Is it composed of contiguous governmental quarter-quarter sections?

A. That is right.

Q. You have previously stated that it is reasonably presumed to be productive of gas in the entire acreage?

A. Yes sir, I have.

Q. Is it in excess of 5,280 feet in length or better?

A. No sir, it is not.

Q. Except for the fact this well is located 660 feet from the corner, the well could have been approved by administrative procedure, could it not?

A. That is correct.

Q. In your opinion, Mr. Anderson, will this well drain the NW/4 of Section 20?

A. The drainage from this well will not be confined to the specific boundaries of this unit but the well will drain an area equivalent to the acreage assigned to the enlarged unit and the drainage and counter drainage of the wells in this area will tend to equalize the gas withdrawals per acre.

Q. In your opinion is there a drainage now occurring from the lease from offset wells?

A. Yes sir, there are.

Q. Is it necessary to protect this lease from this drainage to enlarge the unit as proposed?

A. That is correct.

Q. Mr. Examiner, we respectfully request this application be granted for the purpose of prevention of waste and the protection of correlative rights. We offer Exhibits 1, 2 and 3 in evidence.

MR. NUTTER: Is there objection? Who were these exhibits prepared by, Mr. Anderson?

A. They were prepared by myself.

Q. By yourself?

A. Yes.

Q. Is there objection to the entry of Exhibit 1, 2 and 3 in Case 1259? If not, Continental's exhibits will be received. Does any one have any questions of the witness, Mr. Fischer?

MR. FISCHER: The Standard of Texas Well in Section 19-21-36-----

MR. NUTTER: Speak up Mr. Fischer.

Q. Standard of Texas Meredith No. 1 as shown on this map is a

gas well, this well is located in Section 19-21-36. I just want to ask, do you know if this well is still a gas well?

MR. ANDERSON: I believe that well is no longer a gas well, if it was, it is not shown on my plat.

MR. FISCHER: Do you know if it were a Eumont Gas Well or Jalmat or whatever kind of gas well it was?

A. No, I do not know that.

MR. NUTTER: Mr. Fischer, are you referring to the well in the SE/4 of the NE/4 of Section 19?

A. Yes.

MR. LYON: Which map is that shown on?

MR. NUTTER: It is marked as a gas well on this map.

MR. LYON: We've checked these wells against the proration schedule and the map and we have no knowledge of what condition the well is.

MR. NUTTER: You have no knowledge whether this well was previously a gas well and is now an oil well or not?

MR. LYON: I believe that some of our maps do indicate it to be a gas well but what pool it is producing from-----

MR. NUTTER: Nor why it was recompleted as an oil well?

MR. LYON: That's right.

MR. NUTTER: Do you have any further questions?

MR. LYON: No.

MR. NUTTER: Now Mr. Anderson, I wonder if you could tell me what formation the other wells which----- are completed on your proposed 320 acre unit, what formation those wells are completed on?

A. All but one are Eumont wells---Well No. 7 is a Monument--
in the Monument structure.

MR. NUTTER: All these others are Eumont Wells?

A. That is correct.

Q. And No. 7 is a Monument well?

A. Yes sir.

Q. What formation are these Eumont wells producing from?

A. They are from the Lower Queen. They are oil wells in the
Eumont Pool?

A. Yes sir.

Q. No. 7 is producing from the Grayburg in the Monument Pool?

A. Yes sir, that is right.

MR. NUTTER: Does anyone else have anymore questions to the
witness? If not, the witness may be excused. Does anyone else have
anything further on Case 1259? If not, we will take the case under
advisement.

STATE OF NEW MEXICO)

:

ss.

COUNTY OF SANTA FE)

I, Ola M. Garcia, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Commission Examiner at Hobbs, New Mexico, is a true and correct record, to the best of my knowledge, skill and ability.

Dated at Santa Fe, New Mexico this 3rd day of July, 1957.

Ola M. Garcia

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1259, heard by me on May 28, 1957.
Amelia A. Hume, Examiner
New Mexico Oil Conservation Commission