

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

Case No. 1541

TRANSCRIPT OF HEARING

November 6, 1958

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BEFORE THE
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IN THE MATTER OF: :

Application of Continental Oil Company for a :
320-acre non-standard gas proration unit. :
Applicant, in the above-styled cause, seeks :
an order establishing a 320-acre non-stand- :
ard gas proration unit in the Jalmat Gas :
Pool consisting of the S/2 of Section 33, :Case 1541
Township 22 South, Range 36 East, Lea :
County, New Mexico, said unit to be dedi- :
cated to the applicant's Meyer B-33 No. 1 :
Well, located 660 feet from the South and :
West lines of said Section 33. :
-----:

Mabry Hall
Santa Fe, New Mexico

BEFORE:

Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: We will take the next case, 1541.

MR. PAYNE: Case 1541, "Application of Continental Oil
Company for a 320-acre non-standard gas proration unit."

MR. KELLAHIN: Jason Kellahin, Kellahin and Fox, Santa Fe,
New Mexico, appearing on behalf of the applicant. We will have
one witness, Mr. V. T. Lyon.

(Witness sworn in).

(Whereupon, the documents were marked as Exhibits 1 through
4 for identification).

VICTOR T. LYON

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A Victor T. Lyon.

Q By whom are you employed?

A Continental Oil Company.

Q In what position?

A District Engineer, Eunice District, located in Eunice, New Mexico.

Q Mr. Lyon, have you previously testified before this Commission as an expert petroleum engineer and have your qualifications been accepted?

A I have.

MR. KELLAHIN: Are the qualifications of the witness acceptable?

MR. NUTTER: Yes, sir. Please proceed.

Q (By Mr. Kellahin) Mr. Lyon, are you familiar with the application in Case 1541?

A Yes, sir.

Q Briefly, what does that propose?

A This is Continental Oil Company's application for the enlargement of the present 160-acre gas proration unit consisting

of the southwest quarter of Section 33, Township 22 South, Range 36 East, to a 320-acre non-standard unit consisting of the south half of the said Section 33.

Q Referring to what has been marked as Exhibit Number One, would you state what it shows?

A Exhibit Number One is a location and ownership plat showing the Meyer B-33 lease and the surrounding area. The Meyer B-33 lease is outlined in red and the one to which the unit is proposed to be allocated is circled in red. It also shows the surrounding non-standard units which are assigned to the wells within the unit. These units are outlined in green and the wells to which they are assigned are circled in green. Only the immediately surrounding units have been shown, we have not shown all of the units that acutally exist in this area.

Q Now, the proposed unit of 320 acres, is that one basic lease?

A Yes, sir.

Q Referring to what has been marked as Exhibit Number Two, would you state what that shows?

A Exhibit Number Two is a structure map showing the structural contours of the top of the Yates in essentially the same area shown on Exhibit Number One. Again, the lease and the proposed unit is outlined in red and the unit wells circled in red and producing Jalmat gas wells are shown circled in green.

Q According to Exhibit Number Two, the proposed unit is

completely surrounded by gas producing--Jalmat Gas Pool, is that correct?

A Yes sir, it is.

Q Mr. Lyon, what's the status of your Well Number Two on the Meyer lease?

A Number Two is a Jalmat oil well.

Q And with that in mind, is there anything that would make you think that the entire area proposed to be dedicated to the Meyer B-22 Number One Well--B-33 Number One Well is gas productive?

A The fact that the Number Two Well is an oil well does not lead me to think that the east half is not productive. As a matter of fact, the fact that the lease and the proposed unit is surrounded by gas units, also the comparative locations on the structure map, or the structure as shown on Exhibit Two, indicates that the entire lease is productive. I would like to point out, for example, the Albert Jackel Esmond Number Two, which is a gas well which has the northeast quarter of Section 33 allocated to it. It is structurally about thirteen feet low to our Number Two. Also, a core analysis on our Number Three from the top of the Yates on through a portion of the Queen formation and --

MR. NUTTER: Core analysis on which Number Three?

A Our Meyer B-33 Number Three, which the analysis and the interpretation of the analysis indicated that there is free gas in the Yates in that well.

Q (By Mr. Kellahin) Mr. Lyon, do you know what the status of the Albert Jackel Well Number Three is?

A Yes sir, that well is a dual completion which is producing from the Jalmat and the South Eunice Fields.

Q Then you have a twin well situation there, a gas well and an oil well producing from the Jalmat, is that correct?

A Yes sir, that's true.

Q Now, referring to what has been marked as Exhibit Number Three, could you state what that is?

A Exhibit Number Three is a copy of the radio-activity log on our Meyer B-33 Number One and we have indicated in red the top of the Yates, the perforations from which the well is producing and the plug-back depth.

Q Referring to what has been marked as Exhibit Number Four, would you state what that is?

A Exhibit Number Four is a copy of the Form C-122-C which we initially filed on this well. When we were preparing the exhibit for this, we inadvertantly got this one wrong. There is a corrected C-122-C which has been filed. In this particular one, we forgot to calculate the friction, so that the correct C-122-C shows a deliverability of 1,023 rather than the 998 shown on this exhibit. If the Commission --

MR. KELLAHIN: If the Examiner please, we would request permission to file the corrected C-122-C as a late filed exhibit.

MR. NUTTER: We will come to that when you introduce them.

MR. KELLAHIN: All right.

Q (By Mr. Kellahin) Mr. Lyon, referring back to Exhibit Number Two, in your opinion, is the Meyer B lease subject to disproportionate withdrawals?

A Yes sir, I feel strongly that it is.

Q Would that be to the Albert Jackel Well?

A Well, several wells in the surrounding area.

Q In your opinion, is the approval of this application in the interests of the prevention of waste?

A Yes, sir.

Q And would it protect your correlative rights?

A Yes, sir.

Q Is there any other well in this acreage to which it could be dedicated at the present time?

A No, there is not.

MR. KELLAHIN: At this time, we would like to offer in evidence Exhibits One through Four inclusive and request permission to file the corrected Form C-122-C as a late filed exhibit.

MR. NUTTER: Is there objection to the introduction of Continental's Exhibits One through Four with the provision that Exhibit Number Four will be corrected and re-filed?

If not, the exhibits will be so admitted.

MR. KELLAHIN: That's all the questions we have.

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

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Lyon, I believe by observing the log of your Meyer B-33 Number One, that it would be safe to say that that well was completed in the upper Yates formation?

A No, I believe it is completed essentially through the Yates.

Q Do you have the top of the Seven Rivers picked on this log?

A I don't.

Q Can you indicate the top of the Seven Rivers on the log?

A Yes, sir.

Q Could you so indicate it on this exhibit, please?

A I have indicated the top of the Seven Rivers at approximately 3220.

Q Thank you. Then Mr. Lyon, it would probably be safe to say is completed throughout the Yates formation?

A Yes sir, except for the two basal members.

Q Now, could you tell me the formation that your Number Seven Well on this Meyer B-33 lease is completed?

A Number Seven is producing, I believe from the lower Seven Rivers.

Q What pool is it classified --

A South Eunice.

Q South Eunice?

A Yes, sir.

Q How about the Number Eight Well, what is it classified as?

A South Eunice.

Q How about the Number Five Well?

A It's South Eunice.

Q How about the Number Three Well?

A South Eunice.

Q The Number Four? A South Eunice.

Q The Number Six? A South Eunice.

Q And the Number Two? A Jalmat.

Q This is a Jalmat oil well. What formation is it completed in?

A In the Yates.

Q What portion of the Yates?

A It is completed open hole in the Yates and very top of the Seven Rivers and was shot in I would say the upper two-thirds of the Yates.

Q It is open hole from the top of the Yates --

A Yes, sir.

Q Down into the Seven Rivers?

A Yes, sir.

Q And how much of the Seven Rivers is open in that well?

A Approximately fifty feet.

Q And the hole was shot from the TD up to where?

A Well, perhaps I'd better check the record. This log

indicates that it was shot from approximately 3210 to 3340. Let me check and see. 3210 to 3340.

Q Where is that in relation to the top of the Yates and the top of the Seven Rivers?

A That would be to the Yates--top of the Yates to a point approximately sixty feet above the top of the Seven Rivers.

Q What is the production rate on that well at the present time, Mr. Lyon?

A Our latest test was taken April 27 of this year and it tested ten barrels of oil, no water, and 133 MCF of gas for a gas-oil ratio of 13,300.

Q Ten barrels of oil, no water, 133 MCF and the GOR was 13,300?

A Correct.

Q Do you have any idea what the producing formation of the gas wells is, which are producing, these wells being the ones that are dedicated to the units immediately offsetting the acreage in question today?

A I don't believe I have the information on all of them. The only one that I have that I am sure of is the Albert Jackel Number Two Esmond.

Q Where is it producing?

A It is producing from the Yates through perforations at 3230 to 40 and open hole from 3249 to 3360.

Q Do you know the top of the Yates in that well?

A The top of the Yates, top of the Yates sand, let me give you that point, is 3200.

Q That is the same point that --

A That I have given you as the top of the Yates.

Q That you have given on your exhibits at 3052 or something like that?

A Correct, those are the tops that I have been referring to as the top of the Yates. That actually is the top of the first Yates sand.

Q Mr. Lyon, could you determine, after you have returned to your office, the interval from which the Atlantic and Olson Selby Number One are producing, also the Jackel Sinclair Number Three, Western Gas Jones Number One in Section 34, T and P Coal and Oil Company's Number 23-A, and this well which is in the northwest of the northwest quarter of Section 3 southeast of your lease?

A Jackle Sinclair State Number Three?

Q Yes, I guess that's what it says. The well is in the Jalmat Gas Pool.

A I understand that that well alternates between oil and gas.

Q On account of the GOR of the well?

A Yes, sir.

Q Could you determine the producing intervals for those various wells and submit that to the Commission?

A Yes, sir.

Q We would appreciate it, Mr. Lyon.

A All right.

Q Mr. Lyon, what reason do you have to believe that the southeast quarter of Section 33 is productive of gas from the Yates formation?

A Well, the fact that it is higher structurally than the Albert Jackle Esmond Number Two, which is a gas well producing from the Yates, and the fact that our core analysis on our Meyer B-33 Number Three indicated a free gas zone.

Q What is your explanation for the fact that your Number Two Well is completed throughout the Yates formation and is productive of oil and classified as an oil well and yet is located almost in the center of the southeast quarter of Section 33?

A Well, that is what we engineers sometimes refer to as an anomaly. I feel that there is a free gas zone throughout the Yates but through some quirk of circumstances, that zone is stimulated in that well.

Q Has any actual test been made of the Yates formation in any of the other wells in the southeast quarter of Section 33?

A No, there have been no tests of the Yates in that section other than the Number Two.

Q Do you believe personally, Mr. Lyon, that if the Number Five Well were opened to the Yates, that it would be an oil well or a gas well?

A I think it depends on where you open it.

Q In the Yates.

A I believe that any well in that quarter section could be opened selectively and made a gas well.

Q Including your Number Two Well? A Yes, sir.

MR. NUTTER: Any further questions of Mr. Lyon?

If not, he may be excused.

(Witness excused).

MR. NUTTER: Does anyone have anything further they wish to offer in Case 1541?

We will take the case under advisement.

STATE OF NEW MEXICO)
: ss
COUNTY OF BERNALILLO)

I, JERRY MARTINEZ, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript by me, and that the same is a true and correct record, to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this 8th day of November, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.


Notary Public

My Commission Expires:
January 24, 1962