

BEFORE THE
OIL CONSERVATION COMMISSION
JANUARY 22, 1959

IN THE MATTER OF APPLICATION OF CONTINENTAL OIL COMPANY,
CASE 1585

TRANSCRIPT OF HEARING

DEARNLEY - MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
3-6691 5-9546

OIL CONSERVATION COMMISSION

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Application of Continental Oil Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 120-acre non-standard gas proration unit in the Tubb Gas Pool consisting of the E/2 NE/4 and NE/4 SE/4 of Section 17, Township 21 South, Range 37 East, Lea County New Mexico, said unit to be dedicated to the applicant's Lockhart A-17 Well No. 4 located 660 feet from the North and East Lines of said Section 17.

Case 1585

BEFORE:

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Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: The next case will be Case 1585.

MR. PAYNE: Case 1585: Application of Continental Oil Company for a non-standard gas proration unit.

MR. KELLAHIN: Jason Kellahin, of Kellahin and Fox,
Santa Fe New Mexico, representing the Applicant, Continental
Oil Company. I have associated with me in this case Mr. Harry
Dippel, a member of the Texas Bar. I have one witness, Mr. V. T.
Lyon.

(Witness sworn.)

VICTOR T. LYON

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

follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q State your name please?

A Victor T. Lyon -- L-y-o-n.

Q By whom are you employed, in what position?

A By Continental Oil Company as District Engineer in Eunice, New Mexico.

Q Have you previously testified before the Commission as an expert petroleum engineer and had your qualifications accepted?

A Yes, sir, I have.

Q Are the witness' qualifications acceptable?

MR. NUTTER: Yes, sir; proceed.

Q (By Mr. Kellahin) Are you familiar with the application in Case 1585?

A Yes, sir.

Q Is the area involved in that application within the jurisdiction of your district?

A Yes, sir, it is.

Q Are you familiar with the acreage involved in that application?

A Yes, sir.

Q Briefly stated, what is the purpose of this application?

A This is the application of Continental Oil Company for approval of a non-standard gas proration unit consisting of 120 acres described as the east half of the northeast quarter and the northeast quarter southeast quarter of Section 17, Township 21 South, Range 37 East, the unit to be dedicated to its Lockhart A-17 Number Four Well, located 660 feet from the North and 660 feet from the East lines of Section 17 in that Township and Range.

(Marked Applicant's Exhibit One for identification.)

Q Referring to what has been marked as Exhibit One, state what that shows?

A Exhibit One is a location and ownership plat of the Lockhart A-17 Lease and the immediately surrounding area. The acreage operated by Continental Oil Company is shown cross hatched in yellow. The Lockhart A-17 Lease is outlined in red. As shown on the plat it is in two separate tracts, one consisting of the east half of the northeast quarter and the northeast quarter of the southeast quarter and the other consisting of the west half of the southwest quarter. The well to which we propose to allocate the 120 acres is circled in red, and the proposed and existing Tubb gas proration units in this area are shown outlined in green. The wells to which they are allocated are circled in green.

Q What is the status of the Lockhart A-17 Well Number Four?

A It is presently producing from the Drinkard Formation.

Q What is proposed to be done with it?

A We propose to dually complete this well and have submitted an application to the Commission for approval of this dual completion which has been approved and is covered under Order Number DC-723 for a dual completion in the Drinkard and Tubb Formations.

(Marked Applicant's Exhibit Two
for identification.)

Q Referring to what has been marked as Exhibit Two, will you state what that is?

A Exhibit Two is a structural contour map showing the structural configuration of the Tubb Formation. The contour interval is ten feet. The Lockhart A-17 Lease, or that portion of it which we propose to allocate in this non-standard gas production unit, is circled in red, which area is the east half of the northeast quarter and the northeast quarter of the southeast quarter of Section 17. Well Four is circled in red and producing Tubb gas wells are circled in green.

Q In your opinion, Mr. Lyon, is all the acreage which you propose to dedicate to Lockhart A-17 Well Number Four productive of gas from the Tubb zone?

A In my opinion it is. This is borne out, I believe, by the structural position of this lease in relation to producing Tubb gas wells. In addition, I have made a brief study of two of our wells which may provide further information on the produc-

tive character of this lease. And Number Five Well, located approximately 30 feet higher than Number Four -- excuse me -- our Hawk "B" Five Well, which is located approximately 30 feet higher than our Number Four Well has 108 gross, 108 feet of gross pay perforated right in it. Hawk "B" 9 Number 5 it is located in Unit "K" of Section 9.

Well Five Number Five, excuse me, Hawk "B" 9 Number Three is located in Unit "C" of Section 9 and is located approximately 10 feet lower than our Number Four, has 120 feet of gross pay perforated in it. Since there is an occurrence, at least an apparent occurrence, of porosity from the logs on Lockhart A-17 Number Four, we feel confident the Tubb Formation is productive of gas throughout this lease.

Q What is the status of Lockhart A-17 Well Three?

A This well was previously producing from the Drinkard, has been plugged back and is producing from the Blinebry Formation, and is an oil well in the Blinebry Pool.

Q Would it be practical to complete that well in the Tubb Formation and deplete the acreage of that well?

A No, sir, it would not.

Q Referring to what has been marked as Exhibit Three, state what that shows?

(Marked Applicant's Exhibit Three
for identification.)

A Exhibit Three is a copy of the radioactivity log on

our Lockhart A-17 Number Four. It shows the present perforations, the plugged back depth, the top of the Drinkard, the top of the Tubb, the proposed Tubb perforations, and the casing seat is indicated and the bottom of the log.

Q In your opinion, would it be possible to dedicate the acreage involved here to any other well; would it be practical to do so?

A No, sir, I don't believe it would.

Q In your opinion, will the Lockhart A-17 Well Number Four be capable of producing and allowable to be assigned to a 120-acre unit?

A I really can't say until we have completed the well and tested it.

Q Based upon the operation of other wells in the area, would it be?

A We have reason to believe it will carry the acreage allocated to it.

Q Would the approval of this application be in the interest of protecting correlative rights and prevention of waste?

A Yes, sir.

Q What do you base that on?

A The acreage we believe is productive of Tubb gas. Unless we are permitted to produce this gas, we will undoubtedly suffer drainage from offsetting wells.

Q Were Exhibits One through Three prepared by you or

under your direction and supervision?

A Yes, sir.

MR. KELLAHIN: At this time we would like to offer in evidence Exhibits One through Three.

MR. NUTTER: Without objection, Continental Exhibits One, Two and Three will be received into evidence in this case.

(Whereupon the documents heretofore identified as Applicant's Exhibits One, Two and Three were received in evidence.)

MR. KELLAHIN: That's all I have.

MR. NUTTER: Any questions of Mr. Lyon?

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Lyon, is the proposed perforated interval for the Tubb Formation outlined in red, the three within the vertical limits of the Tubb Gas Pool?

A Yes, sir.

MR. NUTTER: Any further questions? If not, he may be excused.

(Witness excused.)

MR. KELLAHIN: That's all we have.

MR. NUTTER: Anything further anyone wishes to offer in Case 1585? We will take the case under advisement.

STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, JOHN CALVIN BEVELL, 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; that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this 24th day of January, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

John Calvin Bevell
 NOTARY PUBLIC

My Commission Expires:
 January 24, 1962

ILLEGIBLE

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1585 heard by me on 1-22, 1959.

Amelia D. [Signature], Examiner
 New Mexico Oil Conservation Commission