

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 20, 1961

EXAMINER HEARING

CASE 2386

TRANSCRIPT OF HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691



BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 20, 1961

EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil Company for the establishment of two non-standard oil proration units in the Empire-Abo Pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of two non-standard oil proration units in the Empire-Abo Pool described as follows:

Case
2386

(1) Lot 2 and the Southernmost 12.06 acres in Lot 1, Section 30, Township 17 South, Range 29 East, Eddy County, New Mexico, comprising 40 acres. Applicant proposes to dedicate said unit to its State S-30 Well No. 1, 2310 feet from the North line and 330 feet from the West line of said Section 30.

(2) Lot 3 and the Northernmost 11.83 acres of Lot 4, all in said Section 30, comprising 40 acres. Applicant proposes to dedicate said unit to its State S-30 Well No. 3, to be drilled at a standard location in said unit.

BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: We will call now Case No. 2386.

MR. KELLAHIN: Jason Kellahin, Kellahin & Fox, representing the applicant. We will have one witness that we would like to have sworn.

(Witness sworn.)

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E. D. COLTHARP,

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please, sir?

A E. D. Coltharp.

Q By whom are you employed, and in what position?

A Continental Oil Company as District Engineer for the Artesia District.

Q Mr. Coltharp, have you testified before this Commission as an engineer and had your qualifications accepted?

A Yes, sir, I have.

MR. KELLAHIN: Are the witness's qualifications acceptable?

MR. NUTTER: Yes, sir, please proceed.

Q Are you familiar with the application of Continental Oil Company in Case 2386?

A Yes, sir, I am.

Q Will you state briefly what is proposed in this application?

A This is application of Continental Oil Company for a non-standard proration unit consisting of 12.06 acres of Lot 1 and all 27.94 acres of Lot 2, and all of Lot No. 3, consisting of 28.17 acres, and 11.83 acres of Lot 4 of Section 30, Township 17 South, Range 29 East in the Empire-Abo Pool, Eddy County, New Mexico. Lots 1 and 2 would be one forty-acre, non-standard unit, and Lot 3

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and 4 would be the second 40-acre non-standard unit.

Q Do you have a plat showing the area involved?

A Yes, sir, I do.

Q Mr. Coltharp, is there a well located on either one of these two proposed units?

A Yes, sir, on Lot No. 2 the Continental Oil Company State S-30 No. 1 well is located 2,310 from the north line and 330 from the west line of Section 30, falling in Lot No. 2.

Q Will you give us the production history of that well?

A State S-30 No. 1, completed January 21, 1961, for flowing I.P. of 215 barrels of 41.7 gravity oil and 40 barrels of water. Also, it made 253 MCF of gas on a 20/64 choke.

Q Is there another well located in the area?

A Yes, sir, two wells, of which one is the Continental Oil Company's State S-30 No. 2 well, completed July 25, 1961 for a flowing I.P. of 192 barrels of 38 degree gravity oil and 8 barrels of water, 243 MCF of gas on a 20/64 choke.

Q Did the drilling of that well give you any additional information on the area involved here?

A Yes, sir. It substantiated our structure map as shown here, Exhibit 1.

Q What are your plans as to a third well?

A Present plans call for a third well, State S-30 No. 3, to be drilled as a standard location on Lot No. 3, Section 30.

Q Referring to what has been marked as Exhibit No. 1, would

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you discuss the information shown on that exhibit?

A This is a structure map on top of the Empire-Abo reef, and it shows that, based upon the commercial production indicated from all wells above a minus 2600, and on the lower limits, and any well to the upper limit is possibly considered as commercial production.

Q In your opinion, is all the area you propose to dedicate to the two non-standard proration units productive of oil?

A From this it is reasonable to assume that all this acreage is productive.

Q Is the yellow acreage all held by Continental Oil Company?

A Yes, sir.

Q Are the leases common?

A According to our records, although Continental carries the State S-30 and State P-30 lease down here -- that these are all common school royalties, and under prior order we have been permitted to communitize these properties.

Q Has commingling of the production from the two separate leases been approved?

A Yes, sir.

Q How would you allocate the production from the two leases in the event this is approved?

A Allocation would be based upon acreage assigned and prorated back to each unit based upon well test and acreage assigned; that will be prorated directly on acreage.

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Q How will your well tests be handled?

A Well tests will be taken periodically on the well.

Q In your opinion, is the allocation of this acreage to the wells involved the most economical way of developing the acreage involved in this application?

A Yes, sir, it is.

Q Would approval of the application be in the interests of prevention of waste and the protection of correlative rights?

A Yes, sir.

Q Was Exhibit No. 1 prepared by you or under your direction and supervision?

A Yes, sir, it was.

MR. KELLAHIN: We would like to offer in evidence Exhibit No. 1.

MR. NUTTER: Applicant's Exhibit 1 will be admitted in evidence.

Q Do you have anything to add to your testimony, Mr. Coltharp?

A No, that is all at this time.

MR. NUTTER: Does anyone have any questions of the witness?

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Coltharp, you said you drilled a well on a standard location?

A Tentatively we got the location as being 1,980 from the



south line and 330 feet from the west line of Section 30.

Q Which would put the well approximately in the exact center of Lot 3, correct?

A Yes, sir.

MR. NUTTER: Any further questions of Mr. Coltharp? You may be excused. Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: That is all I have, Mr. Nutter.

MR. NUTTER: Does anyone have anything they wish to offer in Case 2386? Take the case under advisement.

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STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, JUNE PAIGE, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 2nd day of October, 1961.

June Paige
 Notary Public-Court Reporter

My commission expires:

May 11, 1964.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2386, heard by me on 9/20, 1961.

Asuncion, Examiner
 New Mexico Oil Conservation Commission

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E. D. COLTHARP
Direct Examination by Mr. Kellahin

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