

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

BEFORE THE OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

CASE NO. 2390

IN THE MATTER OF: Application of Continental Oil Company
for a 320-acre non-standard gas proration
unit, Lea County, New Mexico.

TRANSCRIPT OF HEARING

OCTOBER 4, 1961



BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 4, 1961

EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil Company
for a 320-acre non-standard gas proration
unit, Lea County, New Mexico. Applicant,
in the above-styled cause, seeks the es-
tablishment of a 320-acre non-standard
gas proration unit in the Jalmat Gas Pool,
comprising the S $\frac{1}{2}$ of Section 7, Township
23 South, Range 37 East, Lea County, New
Mexico, said unit to be dedicated to the
Stevens B-7 Well No. 1, located 990 feet
from the South and West lines of said
Section 7.

CASE NO.
2390

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

EXAMINER UTZ: We will call Case No. 2390.

MR. MORRIS: Application of Continental Oil Company
for a 320-acre non-Standard gas proration unit, Lea County, New
Mexico.

VICTOR T. LYON,

called as a witness, having been first duly sworn on oath, was
examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON N. M.
PHONE 325-1182

ALBUQUERQUE N. M.
PHONE 243-6611



Q Would you state your name, please?

A Victor T. Lyon.

Q By whom are you employed and in what position?

A I am employed by Continental Oil Company as a District Engineer, Eunice District.

Q You have testified before the Commission and have had your qualifications made a matter of record?

A I have.

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

MR. UTZ: Yes, they are.

Q (by Mr. Kellahin) Are you familiar with the Application of Continental Oil Company in Case No. 2390?

A Yes, sir.

Q State briefly what is proposed in this Application?

A The application in Case No. 2390 is for the enlargement to 320 acres of presently-approved 160-acre unit allocated to the Stevens B-7 Well No. 1, located 990 feet from the South and West Lines of Section 7.

Q Referring to what has been marked Applicant's Exhibit 1, would you discuss the information shown in that exhibit?

A Yes. sir. Exhibit 1 is a location-ownership plat showing the Stevens B-7 lease and well drilled thereon. The lease is in the immediate area and wells drilled on those



leases. It also -- let me explain this: The Stevens B-7 lease consists of the S $\frac{1}{2}$ N $\frac{1}{2}$ of Section 7, Township 23 South, Range 37 East in Lea County, New Mexico. The N $\frac{1}{2}$ of Section 7 is communitized for the Jalmat gas production referred to as the Stevens B-7 unit. The proposed unit for Stevens B-7 Unit No. 1 is shown outlined in red and consists of the S $\frac{1}{2}$ of Section 7. This Exhibit also shows circled in green all the wells which are producing from the Jalmat Pool and acres allocated to them outlined in green.

Q Referring to what has been marked Exhibit No. 2, would you identify and discuss that exhibit?

A Yes, sir.

MR. KELLAHIN: Do you all need additional copies?

MR. UTZ: No.

A (by Mr. Lyon) Exhibit No. 2 is a structure map showing the structural configuration on top of the Yates formation in the area of the Stevens B-7 lease. The proposed unit is again shown in red and the proposed unit well is shown circled in red.

Q On the basis of the information shown on that exhibit and the location of offsetting gas wells, in your opinion is all the acreage you propose to dedicate to the subject well productive of gas from the formation?

A Yes, sir. The acreage which we propose to add to the No. 1 well is currently allocated to the No. 2 well which is



productive from the Jalmat pool and so carried on the proration schedule at the present time.

Q What would you propose to do with your No. 2 well?

A To shut it in.

Q Do you have any deliverability tests on your Stevens B-7 Well No. 1?

A Yes, sir. Exhibit No. 3 is a copy of the Form C-122C showing the deliverability test conducted on the well during the month of May, 1961. It shows this well has a deliverability of 80% of shut-in pressure of 4,550 MCF per day.

Q Would that well be able to make a "B" allowable to be assigned to the 320 acre unit?

A Yes, very easily.

Q In your opinion, will the approval of this proposed unit be in the interests of protecting correlative rights of the persons owning interests under this lease?

A Yes, sir.

Q Is the ownership common throughout the acreage involved here?

A Yes, it is.

Q Both as to the working interest and royalty ownership?

A Yes, sir.

Q All of it lies within a single governmental section, is that correct?



A Yes, it does.

Q The only factor affected which requires the hearing on this case, Mr. Lyon, is the well location, is that correct?

A That is correct.

Q Does the fact that the well is so located on the proposed unit in your opinion impair anyone's correlative right?

A I don't believe it will.

Q Were Exhibits 1, 2, and 3 prepared by you or under your supervision?

A Yes, sir.

MR. KELLAHIN: We offer in evidence Exhibits 1, 2, and 3.

MR. UTZ: Without objection, Exhibits 1, 2, and 3 will be entered into the record of this case.

MR. KELLAHIN: That's all I have.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Lyon, what was the status of the No. 2 well, the latest status, do you know?

A I don't have the schedule with me. I think that it is -- I am not sure that it is in balance. I think that it is. It is certainly capable of producing its allowable.

Q Would you agree that it might be six times overproduced and shut-in for that reason?

A It may be. I am sorry I didn't bring my production



schedule.

Q 57,911?

A I didn't realize it was that far overproduced.

Q And, likewise, you don't know what the status is of the No. 1 well?

A No, I don't.

Q Does the well seem to be underproduced something like 22,000,000? I was wondering why you would want to shut in the overproduced well and dedicate more acreage to the underproduced well?

A Well, as I say, I was not aware of the current status of the well. I feel that it is probably due to the fact that El Paso customarily slows down production during the warmer months of the year on their better wells to reserve the allowable so that it can be produced during high demand periods. I think this is the reason for the status of these wells. Of course, the reason we want to make this change in dedication of acreage in the No. 2 well, No. 1 well has a higher deliverability.

Q What is it on the No. 1? 1126?

A Yes, sir.

Q Do you foresee any future time that you will want to produce the No. 2 again and again change the acreage dedication?

A It is possible. If something happened to the No. 1



well that it was unable to produce, we could certainly consider producing No. 2 again.

Q What is the acreage dedication?

A That well -- that depends on the circumstances.

Q This 260-acre unit has been infected for some time?

A Yes, I think they have been infected since the beginning of gas proration in 1954.

EXAMINER UTZ: Are there any other questions of the witness?

Are there any other statements in this case?

This witness may be excused and the case will be taken under advisement.

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DEARNLEY-MEIER REPORTING SERVICE, Inc.

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STATE OF NEW MEXICO)
) ss.
 COUNTY OF SAN JUAN)

I, THOMAS F. HORNE, Notary Public in and for the County of San Juan, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing was reported by me in Stenotype and that the same was reduced to typewritten transcript under my personal supervision and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

DATED this 27 day of October, 1961, in the City of Farmington, County of San Juan, State of New Mexico.


 Notary Public

My commission expires:

10-2-65

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. _____ heard by me on _____, 19_____.

_____, Examiner
 New Mexico Oil Conservation Commission

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