

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

September 11, 1962

EXAMINER HEARING

FARMINGTON, N. M.
PHONE 325-1182

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, N. M.
PHONE 243-6691

IN THE MATTER OF:

Application of Continental Oil Company
for a non-standard gas proration unit,
Lea County, New Mexico. Applicant,
in the above-styled cause, seeks ap-
proval of a non-standard 80-acre gas
proration unit, Blinbry Gas Pool,
Lea County, New Mexico, said unit
to comprise the NW/4 NW/4 and SE/4
NW/4 of Section 10, Township 21 South,
Range 37 East, and be dedicated to
applicant's State 10 Well No. 1,
located in the NW/4 NW/4 of said
Section 10.

CASE NO. 2641

BEFORE:

Elvis A. Utz, Examiner



TRANSCRIPT OF HEARING

MR. UTZ: Case Number 2641.

MR. DURRETT: The Application of Continental Oil Company for a non-standard gas proration unit, Lea County, New Mexico.

MR. KELLAHIN: Jason Kellahin, Kellahin & Fox, Santa Fe, New Mexico, representing the Applicant. I do not have a witness.

MR. UTZ: Strange case.

MR. KELLAHIN: If the Examiner please, and under the rules of the Commission and the Statutes thereof, we realize that there must be testimony or evidence before the Commission before an order can be entered and for that purpose, I ask the Examiner to take notice of the files of the Commission as follows:

The well files covering the State 10 No. 1 Well located 990 feet from the north and west lines of Section 10, 21 South, 37 East; the State 10 Well No. 2 located 1980 feet from the north line and 990 feet from the west line of the same section; and the Hawk "B" 10 Well No. 10 located 460 feet from the north line and 1980 feet from the west line of Section 10.

In addition, I ask that the Examiner take notice of the proration schedules, the current proration schedules for the above wells and if additional information is needed, the Humble State No. 11 and No. 3 which are located in the south half of Section 10, 21 South, 37 East; the Aztec-Duran Well No. 2 located in the north east corner of Section 10; and the Shell-Livingston Wells Nos. 3, 5, 9, 6 and 8 which are located in Section 3, 21 South, 37 East;

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182ALBUQUERQUE, N. M.
PHONE 243-6691

and the Continental-Hawk No. 12 in the southwest quarter of Section 3, 21, 37, and on the basis of information contained in the matter to which I have referred, it shows that the exhibit which I have handed the Examiner containing the wells which are completed in the Blinebry Oil Pool and the Gas Pool and the units dedicated to the gas well in the Blinebry Gas Pool outlined in green. Now, the situation we are confronted with in this case, originally, Continental Oil Company had a 160 acre unit in the northwest quarter of Section 10 dedicated to the State 10 Well No. 2. This well was reclassified on July 1, 1962, as shown by the Commission records as an oil well in the Blinebry Pool, the Hawk "B" 10, No. 10 in the same quarter section was drilled and completed as a Blinebry Oil Well and since the Blinebry Pool rules prohibit doing this, dedication of acreage prohibited in some other pools, that left Continental with two oil wells in the northwest quarter of the section. Their State 10 No. 1 Well was originally platted in the Hare Pool in 1953, it was plugged back subsequently once open in the Blinebry Pools and the Blinebry operates through a potential of 7,000 mcf per day. March 29, 1962, information reflected in the files of the Commission, the situation then was Continental had a gas well located on a quarter of a quarter section in the west quarter, in the west quarter of Section 10. The east half of the northwest quarter of Section 10 is a federal lease. The Hawk No. 10 lease is a federal lease. The west half of the northwest quarter is a state lease. Then Continental had communicated



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182ALBUQUERQUE, N. M.
PHONE 243-6691

originally and in the event this application is approved it will be necessary for communicazation to cover 180 acres which appears thereon. The communicazation will be consumated in the event it is not approved. The State 10 No. 1 is the gas well in the unit. If no oil wells are in the unit, it's at a location which would permit, without anything else, but filed the proper forms and dedicated of 160 acres to the well. In the event State 10 was not there or plugged we could then dedicate the northwest of the northwest and some of the southeast of the northwest and others. The Commission has already one letter well officially and I can draw inference for not having a 160 acres in a standard unit. In the event the State 10 No. 10 Well was plugged or was not present as a Blinebry well, then in this event, the northwest of the northwest and the southwest of the southwest in this unit of the acreage should be within a standard unit to a well located in such a place that it will be in accordance to the Commission's findings, began and developed officially, 160 acres in this Blinebry gas pool. In the absence of this dedication there is no other unit to which the southeast of the northwest quarter can be dedicated. As the exhibit shows, all the adjoining acreage is dedicated to gas wells in the Blinebry gas pool. There is no question about the productivity, it should be in question as the ability of the well in the present unit. In effect, we have a well which the Commission's rules would permit dedicating 160 acres and we are only asking 80 acres to the well. Appropriately, all the acreage lies within a standard unit



and the approval of the Application will preserve the State 10 acreage to be communitized whereas any of the dissolution of State 10 unit and the probable force of Continental into a position where an immediate federal demand will be made on them to protect against any drainage of this section. It is a fully developed development and an unnecessary well. Approval of the proposed unit is necessary to protect the quarter section from drainage off of the ~~off~~ well. The only way the correlative rights of the Applicant can be protected. On that basis, we submit the Commission should approve the dedication of the northwest quarter and the southeast quarter of the northeast quarter of Section 10, Township 21 South, Range 37 East, to their State Well No. 1.

MR. UTZ: Does that conclude your statement?

MR. KELLAHIN: Yes, sir. There is before the Commission. I frankly don't know of an application for approval of a non-standard 45 acre unit dedicated to this well. That was to keep the well on a proration schedule. I don't know anything about it.

MR. UTZ: I don't either. What is the dedication again, for the northeast quarter? Is that all dedicated to the Duran?

MR. KELLAHIN: The Aztec-Duran No. 2, yes, sir. That, incidentally, was before the Commission on a communitization sometime back.

MR. UTZ: I think I recall that. Are there any other questions of counsel?

MR. KELLAHIN: If the Examiner will take administrative



notice to which I have directed his attention, then I would like to offer Exhibit 1 as supported by that information.

MR. UTZ: The Examiner will take administrative notice of the various and sundry documents mentioned by counsel which are a part of the Commission's records. Counsel's Exhibit No. 1 will be admitted to the record subject to the relevancy of the Commission's various documents which have been referred to and which we will take administrative notice on.

MR. KELLAHIN: Thank you, sir. That is all I have to offer, Mr. Utz.

MR. UTZ: Are there other questions?

CROSS EXAMINATION

BY MR. UTZ:

Q I believe you admitted that these two forties were now adjacent?

A (By Mr. Kellahin) They are contiguous together. According to the Commission's rules, they have to be contiguous acreage. There are some that are diagonal.

MR. UTZ: Are there other statements in this case? The case will be taken under advisement.

(Whereupon the hearing was concluded at 4:45 P.M.)

* * *



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

I, Michael Rice, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in Stenotype and reduced to typewritten transcript under my personal supervision, 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, the 11th day of October, 1962, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Michael Rice
Notary Public

My Commission Expires:
May 11, 1966

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner Hearing held on 2.6.41 heard by me on 9-11-1962.

[Signature], Examiner
New Mexico Oil Conservation Commission

