CASE 5423: CITIES SERVICE OIL CO. for compulsory pooling, Lea County New Mexico

Desmos

CASE Mo.

5423

Application,

Transcripts,

Small Ekhibts

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION Santa Fe, New Mexico February 19, 1975

EXAMINER HEARING

IN THE MATTER OF:

Application of Cities Service Oil Company for compulsory pooling, Eddy County, New Mexico. Case No. 5423

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

APPEARANCES

For the New Mexico Oil Conservation Commission:

Thomas Derryberry, Esq.
Legal Counsel for the
Commission
State Land Office Bldg.
Santa Fe, New Mexico

For the Applicant:

Thomas Kellahin, Esq. KELLAHIN & FOX 500 Don Gaspar Santa Fe, New Mexico MR. NUTTER: We call Case No. 5423.

MR. DERRYBERRY: Case 5423. Application of Cities Service Oil Company for compulsory pooling, Eddy County, New Mexico.

MR. KELLAHIN: If the Examiner please, the Applicant would like to dismiss that case.

MR. NUTTER: Case No. 5423 will be dismissed.

STATE OF NEW MEXICO)
SS.
COUNTY OF SANTA FE)

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached transcript of hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

RICHARD L. NYE. Court Reporter

i de hereby certify that the foregoing 12 a complete record of the proceedings in the Examiner hearing of Case No. 5423, heard by me on 249, 1975.

New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO P. O. BOX 2088 - SANTA FE 87501 I. R. TRUJILLO CHAIRMAN

LAND COMMISSIONER
PHIL R. LUCERO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY — DIRECTOR

March 11, 1975

Mr. Tom Kellahin Kellahin & Fox Attorneys at Law Post Office Box 1769 Santa Fe, New Mexico : CASE NO. 5423
ORDER NO. R-4974

Applicant:

Cities Service Oil Co.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir				
Copy of order	also sent	to:		
Hobbs OCC _	*			
Artesia OCC _	×	<u> </u>		
Aztec OCC				
Other				

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

> CASE NO. 5423 Order No. R-4974

APPLICATION OF CITIES SERVICE OIL COMPANY FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 19, 1975, at Santa Pe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this <u>lith</u> day of March, 1975, the Commission, a quorum being present, having considered the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

That the applicant's request for dismissal should be granted.

IT IS THEREFORE ORDERED:

That Case No. 5423 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

I. R TRUJILLO, Chairman

PHAL R. LUCERO, Member

A. L. PORTER, Jr., Member & Secretary

SEAL

jr/

DENNIS M. NINO PAUL K. BARTKO

LAW OFFICES

STORKAN, NINO & BARTKO

1694 THE ALAMEDA, BUITE 28 . SAN JOSE, CALIFORNIA 95126

TELEPHONE (408) 287-0874

February 28, 1975

State Oil Conservation Commission Santa Fe Land Office P. O. Box 2088 Santa Fe, New Mexico

Gentlemen:

I represent Mr. Enrique and Dolores Hernandez. Mr. and Mrs. Hernandez have received a notice for an examiner's hearing at the state land office in Santa Fe. This hearing is set for 9:00 A. M. on March 5, 1975 and again on March 19, 1975. It is my understanding that the Hernandez' have signed and returned a lease for the oil and mineral rights to their property. I understand that this lease was signed and returned to the Citco Oil Company. Under the circumstances I am not sure whether it is necessary that the Hernandez' participate in the above-mentioned hearing. I would appreciate your notifying me of the nature and purpose of this hearing. I would also appreciate your consideration of whether the Hernandez' participation in this hearing is necessary.

Very truly yours, Larkan

Dean C. Storkan

DCS:meb

Advise his office that

Case were the dimensions

of approximation of approximation.

CASE 5423:

Application of Cities Service Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in formations of Pennsylvanian age or older underlying the W/2 of Section 29, Township 21 South, Range 27 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at an orthodox location within the spacing unit. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of the applicant as the operator of the well and a charge for the risk involved in-drilling said well.

CASE 5424:

Application of Cities Service Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Dark Canyon Unit Area, comprising 2560 acres, more or less, of State lands in Township 23 South, Range 25 East, Eddy County, New Mexico.

CASE 5425:

Application of Continental Oil Company for an unorthodox location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of a non-standard 480-acre gas proration unit comprising the W/2 of Section 13 and the E/2 E/2 of Section 14, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to its Lockhart B Wells Nos. 4 and 8, located at unorthodox locations in Units H and P, respectively, of Section 13, and to its Lockhart B Well No. 7, at an unorthodox location in Unit D of said Section 14. Applicant further seeks approval for the simultaneous dedication of a 320-acre non-standard gas proration unit comprising the S/2 of Section 12, Township 19 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to its State Ka-12 Wells Nos. 1 and 2, located at unorthodox locations in Units P and N, respectively, of said Section 12.

CASE 5426:

Application of Continental Oil Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above styled cause, seeks approval for the unorthodox location of its Bell Lake Unit Well No. 16 to be drilled 660 feet from the North and East lines of Section 7, Township 24 South, Range 34 East, South Bell Lake-Morrow Gas Pool, Lea County, New Mexico, the N/2 of said Section 7 to be dedicated to said well.

CASE 5427:

Application of Penroc Oil Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Allied B Com Well No. 1, located in Unit K of Section 27, Township 20 South, Range 27 East, Eddy County, New Mexico, in such a manner as to produce oil from the Bone Springs formation through tubing and gas from the Morrow formation through the casing-tubing annulus by means of a cross-over assembly.

Examiner Hearing - Wednesday - February 19, 1975

Docket No. 5-75

CASE 5428: Application of Amax Chemical Corporation for the extension of the Potash-Oil Area, Eddy County, New Mexico. Applicant, in the abovestyled cause, seeks the extension of the Potash-Oil Area in Eddy County, New Mexico, as defined by Order No. R-11-A, as amended, by the addition of the following described lands:

TOWNSHIP 19 SOUTH, RANGE 29 EAST

Section 13: Section 13: S/2 SE/4 Section 14: W/2 SW/4

Section 23: N/2 NW/4, SE/4 NW/4, S/2 NE/4 Section 24: NW/4, W/2 NE/4, NE/4 NE/4

TOWNSHIP 19 SOUTH, RANGE 30 EAST

Section 14: W/2 NE/4 Section 18: SW/4

Dockets Nos. 6-75 and 7-75 are tentatively set for hearing on March 5 and March 19, 1975. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 19, 1975

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM, STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for March, 1975, from seventeen prorated pools in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for March, 1975, from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
 - (3) Consideration of purchaser's nominations for the one-year period beginning April 1, 1975, for both of the above areas.

CASE 5402: (Continued from the January 22, 1975 Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Tyra & Tyra, Fidelity and Deposit Company of Maryland and all other interested parties to appear and show cause why the Tyra & Tyra BTA Lulu Well No. 1 located in Unit C of Section 22, Township 9 South, Range 35 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

- CASE 5415: Application of Burk Royalty Co. for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Double L Queen Unit Area, comprising 2670 acres, more or less, of Federal, State, and fee lands in Townships 14 and 15 South, Ranges 29 and 30 East, Chaves County, New Mexico.
- CASE 5416: Application of Tesoro Petroleum Corporation for a unit agreement, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Coal Creek Unit Area comprising 11,225 acres, more or less, of State and Federal lands in Township 23 North, Ranges 12 and 13 West, San Juan County, New Mexico.

CASE 5409: (Continued from the February 5, 1975, Examiner Hearing)

Application of Atlantic Richfield Company for a non-standard gas proration unit, an unorthodox gas well location, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit comprising the SE/4 of Section 12 and the NE/4 of Section 13, both in Township 24 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its George W. Toby WN Wells Nos. 4, 1, and 1-A, located, respectively, in Units A and H of said Section 12 and in Unit A of said Section 13.

- CASE 5417: Application of Atlantic Richfield Company for a non-standard gas proration unit, two unorthodox locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 640-acre non-standard gas proration unit comprising the S/2 of Section 24 and the N/2 of Section 25, both in Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its McDonald State WN Wells Nos. 12 and 24, located, respectively, at unorthodox locations in Unit M of Section 24, and in Unit E of Section 25.
- CASE 5418: Application of Joel B. Burr, Jr. and William J. Cooley for permission to flare casinghead gas, McKinley County, New Mexico. Applicants, in the above-styled cause, seek an exception to Order No. R-4070, to permit the flaring of casinghead gas produced by their Coleman Well No. 2, located in Unit C of Section 8, Township 17 North, Range 8 West, Lone Pine Dakota D Oil Pool, McKinley County, New Mexico.
- CASE 5419: Application of J. Gregory Merrion & Robert L. Bayless for downhole commingling, Rio Arriba County, New Mexico. Applicants, in the above-styled cause, seek authority to commingle Gavilan-Pictured Cliffs and Blanco-Mesaverde production in the wellbore of their North Lindrith Unit Com Well No. 1, located in Unit M of Section 20, Township 26 North, Range 2 West, Rio Arriba County, New Mexico.
- CASE 5420: Application of Texaco, Inc., for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to convert its New Mexico "DM" State (NCT-1) Well No. 1, located in Unit N of Section 21, Township 13 South, Range 33 East, Lazy J Pennsylvanian Pool, Lea County, New Mexico, to dispose of produced salt water into the Pennsylvanian formation through the perforated interval from approximately 9742 to 9792 feet.
- CASE 5421: Application of Texaco, Inc., for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Justis Tubb-Drinkard and North Justis-Fusselman production in the wellbore of its G. L. Erwin "B" Federal Well No. 3, located in Unit I of Section 35, Township 24 South, Range 37 East, Lea County, New Mexico.
- CASE 5422: Application of Hilliard Oil and Gas, Inc., for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of temporary special rules for the EK-Bone Springs Pool, in Township 18 South, Range 34 East, Lea County, New Mexico, including a provision for 80-acre spacing and proration units.
- CASE 5122: (Reopened) (Continued from the January 22, 1975, Examiner Hearing)

In the matter of Case 5122 being reopened pursuant to the provisions of Order No. R-4693, which order established temporary special pool rules for the East Lusk-Wolfcamp Oil Pool, Lea County, New Mexico, including a provision for 160-acre spacing and proration units and a limiting gas-oil ratio of 4000 to 1. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing and proration units with a limiting gas-oil ratio of 2000 to 1.

JAN 28 1975

BEFORE THE

OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICA-TION OF CITIES SERVICE OIL COMPANY FOR COMPULSORY POOL-ING, LEA COUNTY, NEW MEXICO.

APPLICATION

comes now cities service oil company and as provided by Section 65-3-14, New Mexico Statutes 1953, as amended, applies to the Oil Conservation Commission of New Mexico for an order pooling all the mineral interests in and under the W/2 of Section 29, Township 21 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof would show the Commission:

- Applicant is the owner of the right to drill and develop the following described acreage: W/2 of Section 29, Township 21 South, Range 27 East, N.M.P.M.
- 2. Applicant has obtained voluntary agreement for pooling from all but the following:

Enrique Hernandez 5365-B Pachaco Pass Highway Gilroy, California 95020 who controls 4.4415 acres of said 320 acre unit. DOCKET MAILED

3. As required by the provisions of Commission Rule 104, applicant proposes to dedicate the W/2 of Section 29, Township 21 South, Range 29 East, N.M.P.M., Eddy County, New Mexico to the well.

- 4. Applicant requests that it be designated operator of the pooled unit requested above.
- 5. Applicant proposes to drill a well to test the Morrow at an orthodox well location within the W/2 of said Section 29, Township 21 South, Range 27 East, N.M.P.M., Eddy County, New Mexico.
 - 6. Applicant has been unable to obtain voluntary agreement for the pooling of the unpooled interests indicated in paragraph 2 above, and in order to avoid the drilling of unnecessary wells, to protect correlative rights, and to prevent waste, the Commission should pool all interests in the spacing or proration unit as a unit.

WHEREFORE, applicant respectfully requests that the Commission set this matter for hearing before the Commission's duly appointed examiner, and that after notice and hearing as required by law the Commission enter its order pooling all interest underlying the W/2 of Section 29, Township 21 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and designating applicant operator of the pooled unit, together with provision for applicant to recover its costs out of production including a risk factor to be determined by the Commission and with provisions for the payment of operating costs and costs of supervision out of production to be allocated among the owners as their interest may appear and for further orders as may be proper in the premises.

Respectfully submitted,

CITIES SERVICE OIL COMPANY

POST OFFICE BOX 1769 87501 Santa Fe, New Mexico

ATTORNEYS FOR APPLICANT



DRAFT

jr/

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 5423

Order No. R- 4974

APPLICATION OF CITIES SERVICE OIL COMPANY FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 19, 19 75, at Santa Fe, New Mexico, before Examiner

NOW, on this day of March, 19 75, the Commission, a quorum being present, having considered the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

That the applicant's request for dismissal should be granted.

IT IS THEREFORE ORDERED:

That Case No. 5423 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.