

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
September 15, 1955

IN THE MATTER OF:

CASE NO. 948 - 949 Consolidated

TRANSCRIPT OF PROCEEDINGS

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BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 15, 1955

IN THE MATTER OF:

Application of Cities Service Oil Company for approval of a 320 acre non-standard gas production unit in exception to Rule 5 (a) of the Special Rules and Regulations for the Jalmat Gas Pool, as set forth in Order R-520, consisting of the N/2 of Section 18, Township 22 South, Range 36 East, Lea County, New Mexico, to be dedicated to the applicant's Closson "A" Well No. 1 located 660 feet from the North and East lines of Section 18, Township 22 South, Range 36 East.

Case No. 948

Application of Cities Service Oil Company for approval of a 320 acre non-standard gas production unit in exception to Rule 5 (a) of the Special Rules and Regulations for the Jalmat Gas Pool, to consist of the S/2 of Section 18, Township 22 South, Range 36 East, Lea County, New Mexico, and to be dedicated to applicant's Closson "A" Well No. 3, NE/4 SE/4 Section 18, Township 22 South, Range 36 East.

Case No. 949

Consolidated.

BEFORE:

Honorable John F. Simms
Mr. E. S. (Johnny) Walker
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. HOLZ: Alfred O. Holz, attorney for Cities Service Oil Company. If it please the Commission, this application and the one immediately following on your docket is for the purpose of asking exceptions to the Commission Order Number R-520. The testimony will be given for that purpose.

MR. MACEY: Do you wish to consolidate the cases for the purpose of presenting the testimony?

MR. HOLZ: We could, but we have different exhibits for each case.

MR. MACEY: They will be so marked. Let the record show that they are sworn in both cases, 948 and 949, and we will consolidate them for the purpose of taking the record.

J O H N A L B R I G H T ,

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

DIRECT EXAMINATION

By MR. HOLZ:

Q Will you state your name, please?

A John Albright.

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

A I am employed as District Engineer for Cities Service Oil Company.

Q Where are you located?

A Hobbs, New Mexico.

Q Have you ever previously testified before this Commission?

A No, sir.

Q State briefly your educational background, the work that you have performed since your graduation from an educational institution.

A I graduated from the University of Oklahoma in 1947 as a Petroleum Engineer. Since that time I have worked as a Production Engineer for the Cities Service.

Q In your position of District Engineer, are the properties which are the subject matter of these two applications under your

direct supervision?

A Yes, sir.

Q Are you familiar with the applications filed in these two matters?

A Yes, sir.

Q Would you explain to the Commission the nature of the applications and the necessity for filing these applications?

A These two applications are for the purpose of increasing the non-standard proration unit on the Closson "A" Number 1 and Closson "A" Number 3, from their present 160 acres to 320 acres. This hearing is necessary because these wells are not located in accordance with the spacing regulations for the Jalmat Pool, as defined in Order R-520.

Q Do they conform in all other respects to the order as stated?

A Yes, sir.

Q Are the facts stated and alleged in the applications true and correct to the best of your knowledge?

A Yes, sir.

Q Is Section 18, Township 22 South, Range 36 East, located within the vertical limits of the Jalmat Gas Pool, as delineated by this Commission?

A Yes, sir.

(Marked Exhibit A, Case 948, for identification.)

Q I hand you Exhibit A and ask that you answer these questions relative to it. Was this exhibit prepared by you, or under your supervision?

A Yes, sir.

Q What is this exhibit?

A It is a copy of the radioactivity well log on the Closson "A" Number 1. On the exhibit the formation tops are indicated, the producing intervals are indicated under the present completion.

MR. HOLZ: I ask the Commission's permission to introduce this as our Exhibit A in Case 948.

MR. MACEY: Without objection it will be received.

Q I hand you a second exhibit.

(Marked Cities Service Oil Company's Exhibit A, Case 949.)

A This is Exhibit A in Case 949. This is a radioactivity well log of the Closson Number 3. The formation tops are indicated on this log and the present producing interval.

MR. HOLZ: I ask permission of this Commission to introduce this exhibit as Exhibit A in Case 949.

MR. MACEY: Without objection it will be received.

Q Are the horizons as shown by these exhibits within the provision of the Commission order, showing that they are in the Jalmat Gas Pool?

A Yes, sir, the producing intervals on both of these wells are within the vertical limits of the Jalmat Gas Pool.

(Marked Cities Service Oil Company's Exhibit B, Case 948, for identification.)

Q I hand you an exhibit and ask that you identify it, please?

A This is in Case 948. This is a plat giving the status of wells in this vicinity, indicating whether or not they are oil or gas wells. The Closson A Number 1 is indicated on this plat and the proposed 320-acre non-standard gas proration unit is indicated.

MR. HOLZ: I ask permission of this Commission to intro-

duce Exhibit B in Case 948.

MR. MACEY: Without objection it will be received in evidence.

(Marked Cities Service Oil Company's Exhibit B, Case 949, for identification.)

Q I hand you what we have marked as Exhibit B in Case 949.

A This is a similar plat indicating the same well status on this plat, the Closson A Number 3 is indicated, and the proposed 320-acre non-standard gas proration unit.

Q Does this exhibit show the proposed limits of the unit which is the subject matter of the Case Number 949?

A Yes, sir.

MR. HOLZ: I ask permission of this Commission to introduce this exhibit as Exhibit B in Case 949.

MR. MACEY: Without objection it will be received.

(Marked Cities Service Oil Company's Exhibit C, Case 948, for identification.)

Q I hand you what we have marked as Exhibit C in Case 948 and ask that you identify it.

A This is a plat of this vicinity, contoured on top of the Yates Formation.

Q What is the importance of this exhibit? What does it show to this Commission?

A This indicates the structure of the Yates Formation in this area and is probably the best geologic information on it.

Q Does this exhibit show that the area south to be attributed to this application is productive of gas?

A It indicates that to me, yes, sir.

Q For brevity would you answer if it satisfies that require-

ment for both application 948 and 949?

A Yes, sir.

MR. HOLZ: I ask permission of this Commission to introduce this as Exhibit C in Case 948.

MR. MACEY: Without objection it will be received.

(Marked Cities Service Oil Company's Exhibit C, Case 949, for identification.)

Q I hand you what we have marked as Exhibit C in Case 949 and ask that you identify it.

A This is a similar plat, it is a duplication, and it is contoured on top of the Yates.

MR. HOLZ: We will withdraw that exhibit.

(Marked Cities Service Oil Company's Exhibit D, Cases 948 and 949, for identification.)

Q I hand you what we have marked Exhibit D, which will show identical facts for Case 948 and 949, and ask that you identify it.

A This is the plat of the vicinity with the present gas production boundaries marked.

MR. HOLZ: I ask permission to have this exhibit introduced as Exhibit D in Cases 948 and 949.

MR. MACEY: Without objection it will be received.

Q Is the mineral ownership under these two proposed units the same?

A Yes, sir.

Q Who is that owner?

A The Federal Government.

Q Who is the owner of the lease of these two units?

A Cities Service.

Q Has the unit acreage been unitized for the mineral estate?

A No, sir.

Q Would you state why that has not been done?

A The Federal government requested that approval by the State Conservation Commission be obtained before requesting unitization of Federal leases in this manner.

Q Have all the operators in Section 18 and within 1500 feet of the wells which are the subject matter of these applications been notified of these applications, by registered mail?

A Yes, sir.

Q Have there been any objections made, have any objections been returned to you?

A No, sir.

Q Will the well located on each of these proposed units make the allowable attributed to 320 acres?

A Yes, sir.

Q In your opinion and belief, will the granting of these two applications result in the prevention of waste and the protection of correlative rights?

A Yes, sir.

Q For the purpose of reiteration, because I believe you have testified the acreage underlying both these proposed units, in your opinion, is productive of gas?

A Yes, sir.

MR. HOLZ: That is all the questions we have.

MR. MACEY: Any questions of the witness? Mr. Montgomery?

CROSS EXAMINATION

By MR. MONTGOMERY:

Q My question refers to Case 948. What is the status of Wells

5-B and 1-B, Closson B Number five --

MR. HOLZ: Just a moment. May I ask the Commission if the questioner will identify himself for the purpose of the record?

MR. MONTGOMERY: Randall Montgomery, New Mexico Oil Commission.

A The Closson B Number 5 was plugged and abandoned in June of 1950.

Q What was the reason for abandoning that?

A The oil producing zone in that well had been depleted.

Q How does that zone compare with the zone perforated in Closson A Number 1 Gas Well?

A Just one moment.

Q Do you agree, looking at the logs of Closson A-1 and the Closson 5-B, that the Closson 5-B was producing oil from the same force interval that the Closson A-1 was producing dry gas?

A It appears from an examination of these logs that that is correct, yes, sir. I would like to interject one comment. First, as indicated on the contour plat, there is quite a bit of structure in this area and the interval producing in the Closson A Number 1 is 3410, and a similar interval is at approximately 3790 in the Closson B Number 5.

Q But it is the same interval?

A Yes.

Q And the force interval in the Closson 5-B was abandoned, due to high water production and low depletion of the oil?

A I believe that is correct.

Q Also, in the Closson 5-B, before you abandoned the well, you will notice on this log, marked where you perforated and treated and swab dry in four different intervals within 300 feet, approximately?

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A I believe that is correct.

Q If I would say essentially the same information existed on 1-B, would you agree with that? I have checked it and it is essentially the same, the same zone.

A In the Closson B Number 1, yes, sir, that is essentially correct.

Q Then, therefore, the northwest quarter of Section 18 is probably watered out in that zone, it is producing dry gas in the Closson A-1?

A In that particular interval?

Q Yes, sir, only that interval that is perforated.

A Only the interval that is opened in the Closson A Number 1?

Q Yes.

A It appears from the examination of these logs that that is correct.

MR. MACEY: Anyone else?

By MR. NUTTER:

Q I didn't hear you say so, if you did, what the status of the B Number 1 in the southeast quarter of the northwest quarter is.

A That well is shut in at the present time.

Q It hasn't been plugged and abandoned though?

A No, sir.

Q What is the status of your Closson A Number 7 in the southwest quarter of the southeast quarter?

A Closson Number 7-A is producing oil well, is classified as an oil well producing from within the vertical limits of the Jalmat Gas Pool.

Q I believe that in February of 1955 you were issued a no-flare

order or an administrative order permitting you to flare gas from that well, is that correct?

A I believe that is right.

Q Are you still flaring from that well?

A Yes.

MR. MACEY: Anyone else?

By MR. KITTS:

Q Mr. Albright, what is this Cone Nix State No. 1? I see it is indicated on your exhibit as a gas well.

A On the well status, Exhibit B, I have that indicated as both an oil well and gas well. I will give you the information on the Cone Nix State Number 1. This well was completed in May of 1954 as a gas well from within the vertical limits of the Jalmat Gas Pool. It was assigned 160 acre non-standard gas proration unit. During the next few months, through May of 1955, that well produced 187,451,000 cubic feet of gas for an average production of 780 MCF per day. In May and June of this year Cone Nix perforated lower intervals in the same well. The lowest interval on the gas production was 3650. He started perforating at 3666, perforated lower there, and after fracture with a total of 23,000 pounds, 23,000 gallons, he has an oil well. I believe the initial potential was 72 barrels of oil per day. At the present time that well is classified as a top allowable oil well from within the vertical limits of the Jalmat Gas Pool.

Q Are there any other Jalmat Gas Wells to the west?

A I believe our Exhibit B, your Cone Nix State Number 4, your Carper-Randle Number 1, Texas-New Mexico B-s, I believe all those wells are producing. They are all oil producing wells from within the

vertical limits of the Jalmat Gas Pool.

Q Oil producing wells?

A Oil producing wells.

MR. KITTS: That is all.

MR. MACEY: Anyone else have a question of the witness?

By MR. NUTTER:

Q Another question, this Closson A Number 3 is open in the Yates and Seven Rivers, is that correct?

A The A-Number 3 is in the Seven Rivers.

Q It is all in the Seven Rivers?

A Yes.

Q And over here on this B Number 1, that well was opened in the Seven Rivers too, and it watered out?

A On the B-1?

Q Yes.

A Just one moment, please. I believe that is right, that that producing interval was the Seven Rivers.

Q And it watered out?

A Yes.

Q Well, would it be reasonable to assume, I suppose there must be a gas-water contact there somewhere?

A Yes, sir.

Q Between that well and the A Number 1 and the A Number 3, is A Number 1 and 3 are both Seven Rivers, and they are producing gas and the B Number 1 is a Seven Rivers Well, and it produced water?

A I would like for you to bear this in mind. One thing is the structure that you have present on this section. I wouldn't say

it was probably a gas-water contact as much as I would say it was a gas-oil contact. We produced oil on --

Q Maybe there is some oil in between there somewhere?

A That is right.

Q So, to my mind it is a little difficult to see how this could be 100 percent gas productive acreage when it is sloping down the structure that way and you have a gas-oil contact somewhere and oil-water contact somewhere there.

A The main thing that would lead me to believe the acreage is productive is the fact that the Cone Nix State Number 1, for one well, the Schermerhorn Amerada State Number 1, that well is located in Section 24, Township 22 South. It is off the plat. That is a gas well producing from within the limits of the Jalmat Gas Pool.

Q Are those wells that you were referring to open in the Seven Rivers, or the Yates?

A They are open in the Yates. The vertical limits of the Jalmat are from the top of the Tansil to a point 100 feet above the base of the Seven Rivers.

Q Yes.

A As indicated on the log, I believe Closson A Number 3, we have had to plug back the Closson A Number 3 once since it was recompleted as a gas well, and open a higher zone, because that zone watered out.

Q In the Seven Rivers?

A That is right.

MR. MACEY: Anyone else have a question of the witness? Mr. Albright, if you were to drill a well either in the northwest quarter or the southwest quarter of Section 18, do you believe you

could make a commercial gas well anywhere within the vertical limits of the Jalmat Gas Pool?

A I believe we could.

MR. MACEY: Probably in the Yates?

A Probably in the Yates.

MR. MACEY: You think that the fact that the wells that you have plugged, or the wells that are watered out and shut-in, if they were drilled today with modern completion methods, you might develop a gas zone in those wells?

A I believe they would. One thing that I might state, on all of these completions to the west of us, all of those wells have been fractured. That is one thing that should be considered there. The zones that we have tested were tested in wells that had been completed for 19 to 20 years.

MR. MACEY: In what zone is this Cone Nix State 1 completed from, is it the upper Yates?

A I have that information.

MR. MACEY: I think you answered it once.

A Our information indicates that the top of the Yates on the Cone Nix Number 1 was plus three, gas perforation was from plus three to minus 49.

MR. MACEY: So, it is completed right in the very top of the Yates?

A Yes, sir.

MR. MACEY: You say it is now an oil well?

A They perforated slightly lower than that and now it is classified as an oil well.

MR. MACEY: Producing under a packer?

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A Producing under a packer. The gas perforations, as I understand from Commission records, are still open.

MR. MACEY: They are open, but not necessarily producing unless they have a casing opened too?

A Yes.

MR. MACEY: Isn't that the same case with the Carper-Randle Number 1, or do you know?

A Just a moment, I have information on that Carper-Randle. The information I have is that the Carper-Randle Number 1-A, 660 feet from the north and east lines of Section 24, Township 22 South, Range 35 East, that well is perforated in intervals from 3622 to 3820. Its initial potential December 22, 1953, two barrels of oil per day. I don't have any record of any gas zone being packed off there.

MR. MACEY: Would the presence of a gas zone in the top of Cone Mix State Number 1, would it indicate to you that further up-structure the Yates would be gas productive?

A Yes, sir.

MR. MACEY: Your acreage under consideration is definitely up-structure?

A Yes, sir.

MR. MACEY: That is all I have. Anyone else have a question of the witness? Do you have anything further?

MR. HOLZ: No, sir.

MR. MACEY: I have a telegram I wish to read into the record. "Oil Conservation Commission, State of New Mexico, Mabry Hall, State Capitol, Santa Fe, New Mexico. Attention: Mr. W. B. Macey, Secretary and Director. Reference Cases 948 and 949 and specifically the

applications of Cities Service Oil Company for 320 acre non-standard gas proration units for their Closson "A" Wells No. 1 and No. 3, located in Section 18, Township 22 South, Range 36 East, Jalmat Gas Pool. In general we are not opposed to applications of this type where it can be shown that all of the acreage within a proposed non-standard gas proration unit can be reasonably expected to be productive of gas under the entire unit from the zone in which the well to be granted a premium allowable is completed. We recognize that the wells in question are completed within the vertical limits of the Jalmat Gas Pool as now defined, but we further believe there is grave doubt that all of Section 18 can be considered as productive of gas within the zone from which Closson A-1 and A-3 now are producing. Geological and mechanical data available under the Cities Service Closson "A" and "B" leases which comprise all of Section 18 indicate that the gas production now being obtained from Closson A-1 is coming from a perforated interval opposite the upper Seven Rivers formation and Closson A-3 is obtaining its gas production from a continuous perforated interval that covers the Basal Yates and Upper Seven Rivers Formations. Cities Service Closson "B" Wells 1 and 5 located in the SE NW and the NE NW Section 18, respectively, were completed originally in the Upper Seven Rivers, but subsequently have been plugged and abandoned due to excessive water encroachment. Both of these latter two wells were perforated and tested in several Yates intervals without developing commercial gas production after the Seven Rivers had been abandoned and prior to final abandonment of the wells. Although there has been no development on the SW quarter Section 18, geological data from wells on the balance of the section indicate that the Upper Seven Rivers Forma-

tion under all of the west half of Section 18 would be found at structural elevations comparable to, or lower than those in Closson "B" Wells 1 and 5. As Closson "B" Wells 1 and 5 already have been depleted in the Upper Seven Rivers, we feel that the Upper Seven Rivers cannot reasonably be considered as productive of gas under the west half of Section 18 and that the granting of the proration units requested in Cases 948 and 949 would constitute an unfair and unfounded proration practice and certainly would not constitute protection of correlative rights. Accordingly we object to the applications as comprised in Cases 948 and 949. Respectfully,
Signed, J. R. Cone, by L. O. Storm."

Mr. Albright, I have one further question. The Cone properties are west of yours, is that correct?

A That is right.

MR. MACEY: You are offset to the east by Continental, is that correct?

A Yes, sir.

MR. MACEY: That is all I have.

RE-DIRECT EXAMINATION

By MR. HOLZ:

Q Before this telegram was read, were you familiar with any of the contents of it?

A I was not aware of that telegram.

Q Do you have any comments you would like to make regarding the statements made in that telegram?

A I believe that the discussion we had this morning covers it fairly well.

MR. HOLZ: I wish to point out to the Commission that the

author of the telegram apparently is not present this morning, and is, therefore, not in a position to be cross examined on any of the statements made in the telegram.

Q One more question, Mr. Albright, referring to any exhibit which would show this, Exhibit D, I believe does, going north from the proposed unit in Case 948, which consists of the south half of Section Number 7, what is the gas well there that is draining that area?

A Would you repeat the question?

Q Referring to your Exhibit D, which shows that the south half of Section 7, Township 22 South, Range 36 East, is a unit for the production of gas?

A Yes, sir.

Q Who is operating that lease?

A Texas Pacific.

Q What is the well that is draining the gas?

A Well Number 12.

Q How many acres are attributed to that well?

A 320 acres.

Q What is the acreage?

A That non-standard gas proration unit consists of the south half of Section 7, Township 22 South, Range 36 East.

Q That unit directly offsets our proposed unit in Case 948, is that correct?

A Yes, sir.

Q I have reference to the well located in the northeast quarter of Section 12, Township 22 South, Range 35 East?

A Yes, I have information on that well. That is Carper Continental

State Number 1, located 660 feet from the north and east lines of Section 12. That is a a Jalmat Gas Well, non-standard gas proration unit of 160 acres.

MR. HOLZ: That is all the questions we have.

MR. MACEY: Does anyone have anything further?

RE-CROSS EXAMINATION

By MR. KITTS:

Q You may have covered this, but the Texas-New Mexico BS No. 1, that is marked as an oil well. Where is that producing from?

A That is marked on my plat as that and a well -- I believe I have the information on that. The Texas -- You say the Texas-New Mexico BS No. 1?

Q Yes.

A Yes, I have that. That is marked as an oil well on my plat. That well is completed through perforation intervals 3654 to 3770. That is an oil well producing from within the vertical limits of the Jalmat Gas Pool, completed April 22nd of this year, for initial potential of 50 barrels of oil and in six hours, GOR of 13,140.

MR. KITTS: That is all.

MR. MACEY: Anyone else have a question of the witness?
If nothing further the witness may be excused.

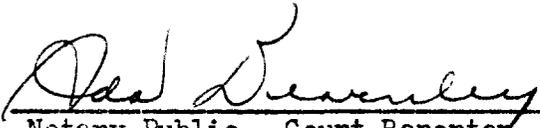
(Witness excused.)

MR. MACEY: Anything further in the case? We will take the case under advisement. We will adjourn until 1:15.

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

I, ADA DEARNLEY, 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 5th day of October, 1955.


 Notary Public, Court Reporter

My Commission Expires:

June 19, 1959