

CASE 5059: Appli. of CITIES  
SERVICE FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

CASE No.

5059

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
OIL CONSERVATION COMMISSION CONFERENCE ROOM  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO  
Wednesday, September 5, 1973

IN THE MATTER OF:

Application of Cities Service Oil Company  
for compulsory pooling, Eddy County,  
New Mexico.

Case No. 5059

BEFORE: ELVIS A. UTZ,  
Examiner

TRANSCRIPT OF HEARING

1 MR. UTZ: Call Case 5059.

2 MR. CARR: Case 5059, Application of Cities Service  
3 Oil Company for compulsory pooling, Eddy County, New  
4 Mexico.

5 MR. KELLAHIN: If the Examiner please, Jason  
6 Kellahin, Kellahin & Fox, appearing for the Applicant.  
7 The only party who has not joined in this well has  
8 indicated he will join, and until that occurs, we would  
9 like to have the case continued to the first hearing in  
10 October.

11 MR. UTZ: As requested, by Counsel of Cities Service,  
12 Case 5059 will be continued to the first examiner hearing  
13 for the month of October. I'm not sure whether that will  
14 be the 3rd or the 10th.  
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dearnley, meier & associates

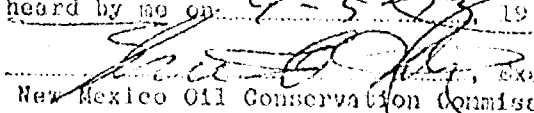
209 SIMMS BLDG. P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103  
1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

PAGE 4

1 STATE OF NEW MEXICO )  
2 ) ss  
3 COUNTY OF BERNALILLO )

4 I, JOHN DE LA ROSA, a Court Reporter, in and for the  
5 County of Bernalillo, State of New Mexico, do hereby certify  
6 that the foregoing and attached Transcript of Hearing before  
7 the New Mexico Oil Conservation Commission was reported by me;  
8 and that the same is a true and correct record of the said  
9 proceedings to the best of my knowledge, skill and ability.

10   
11 COURT REPORTER

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22 I do hereby certify that the foregoing is  
23 a complete record of the proceedings in  
24 the Examiner Hearing of Case No. 5059  
25 heard by me on 9-5-23, 19...  
  
Examiner  
New Mexico Oil Conservation Commission



# OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO  
P. O. BOX 2088 - SANTA FE  
87501

September 17, 1973

GOVERNOR  
BRUCE KING  
CHAIRMAN  
LAND COMMISSIONER  
ALEX J. ARMijo  
MEMBER  
STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

Mr. Jason Kellahin  
Kellahin & Fox  
Attorneys at Law  
Post Office Box 1769  
Santa Fe, New Mexico

Re: Case No. 5059  
Order No. R-4632  
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.*

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x  
Artesia OCC x  
Aztec OCC       

Other Howard Jennings, 1117 Fort Worth National Bank Bldg.  
Fort Worth, Texas 76102

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. 5059  
Order No. R-4632

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 September 5,  
1973, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 13th day of September, 1973, the Commission,  
a quorum being present, having considered the record and the  
recommendations of the Examiner, and being fully advised in the  
premises,

FINDS:

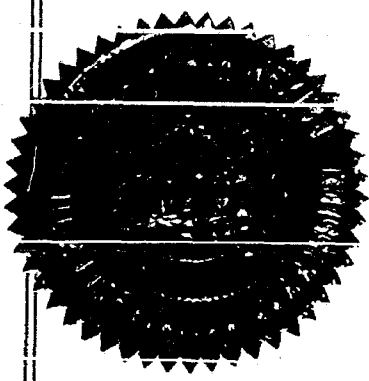
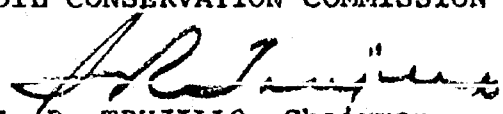
That the applicant's request for dismissal should be granted.

IT IS THEREFORE ORDERED:

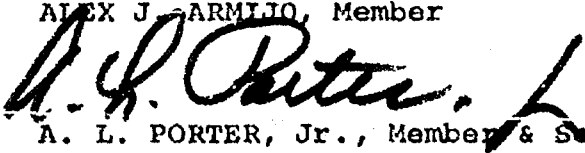
That Case No. 5059 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
  
I. R. TRUJILLO, Chairman

ALEX J. ARMILLO, Member

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

S E A L

dr/

- CASE 5059: 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 from the surface of the ground down to and including the Devonian formation underlying the S/2 of Section 14, Township 20 South, Range 28 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard gas well location in Unit K of said Section 14. 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 applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5060: Application of Continental Oil Company for a unit agreement and for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North El Mar Unit Area comprising 2361 acres, more or less, of State and Federal lands in Township 26 South, Ranges 32 and 33 East, Lea County, New Mexico. Applicant further seeks authority to expand its El Mar Payne waterflood project within said unit area previously authorized by Order No. R-3540.
- CASE 5061: Application of Continental Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg formation in its Elliott A-15 Well No. 1 located in Unit P of Section 15, Township 22 South, Range 37 East, Penrose-Skelly Pool, Lea County, New Mexico.
- CASE 5062: Application of Continental Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg-San Andres formation in its Mitchell Wells Nos. 2 and 6 located in Units P and J, respectively, of Section 5, Township 17 South, Range 32 East, Maljamar Pool, Lea County, New Mexico.



Docket No. 25-73

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 5, 1973

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

The following cases will be heard before Elvis A. Utz, Examiner, or Richard L. Stamets, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for October, 1973, from seventeen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico;
- (2) Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for October, 1973.

CASE 5055: Application of Merrion & Bayless for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gallup and Dakota oil and gas production within the wellbore of the Canada Mesa Well No. 3 located in Unit A of Section 14, Township 24 North, Range 6 West, Basin-Dakota and Devils Fork-Gallup Pools, Rio Arriba County, New Mexico.

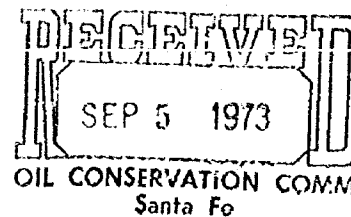
CASE 5056: Application of Depco, Inc. for an unorthodox location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a proposed gas well at an unorthodox location 990 feet from the North line and 1980 feet from the East line of Section 24, Township 15 South, Range 27 East, Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico.

CASE 5057: Application of Coquina Oil Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a proposed gas well at an unorthodox location 660 feet from the South and East lines of Section 12, Township 18 South, Range 25 East, West Atoka-Morrow Gas Pool, Eddy County, New Mexico, the S/2 of Section 12 to be dedicated to the well.

CASE 5058: Application of Corinne Grace for a dual completion and unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of her Gradonoco Well No. 1 located in Section 2, Township 23 South, Range 26 East, Eddy County, New Mexico, in such a manner as to produce gas from an undesignated Wolfcamp pool and from the South Carlsbad-Morrow Gas Pool through tubing and the tubing-casing annulus, respectively, by a means of a cross-over assembly. Applicant further seeks approval of the unorthodox location of said well in the Wolfcamp formation at a point 2500 feet from the North line and 330 feet from the East line of said Section 2, which location has previously been approved for the Morrow formation.

HOWARD W. JENNINGS  
1117 FORT WORTH NATIONAL BUILDING  
FORT WORTH, TEXAS 76102

September 4, 1973



Mr. Frank Riney  
Cities Service Oil Company  
800 Vaughn Building  
Midland, Texas 79701

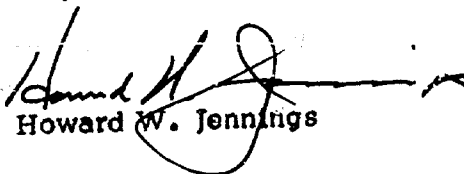
Dear Frank:

In accordance with our telephone conversation of this date, it is understood and agreed that I am executing the attached Operating Agreement only insofar as same covers S-1/2 Sec. 14-20S-28E. As we agreed, I only farmed out my interest in E-1/2 SE-1/4, Sec. 14-20S-28E as per my letter to you of July 5, 1973.

Based on our agreement it is understood that you will cancel the hearing before the Oil Conservation Commission which was to be held on Wednesday, September 5, 1973, being Case #5059 on Docket #25-73.

Since this is a conditionally executed instrument, please furnish me with the revised Operating Agreement when same has been completed.

Very truly yours,

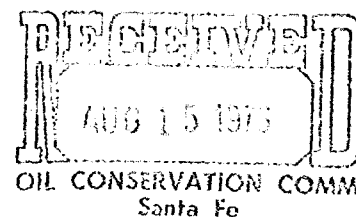
  
Howard W. Jennings

HWJ:jm

CC Mr. Elvis A. Utz  
Oil Conservation Commission  
State Land Office Building  
Santa Fe, New Mexico

BEFORE THE  
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION  
OF CITIES SERVICE OIL COMPANY  
FOR COMPULSORY POOLING, EDDY  
COUNTY, NEW MEXICO



A P P L I C A T I O N

COMES NOW Cities Service Oil Company and applies to the Oil Conservation Commission of New Mexico for an order compulsory pooling the S/2 of Section 14, Township 20 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, from the surface to the Devonian formation, and in support thereof would show the Commission:

1. Applicant is the owner of the right to drill and develop the SW/4 and the W/2 of the SE/4 of said Section 14.

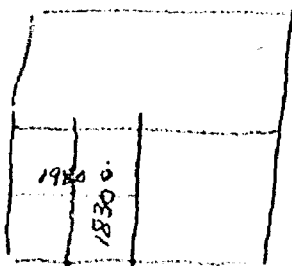
2. A standard spacing or proration unit for the Morrow, and deeper formations consists of 320 surface acres.

3. Applicant has obtained the participation of all owners of mineral interests underlying the S/2 of said Section 14 with the exception of the owner of the E/2 SE/4 of Section 14, which acreage is owned, to the best of applicant's information and belief, by Howard Jennings, whose address is 1117 Fort Worth National Bank Building, Fort Worth, Texas, 76102.

DOCKET MAILED

Date 8/24/73

4. Applicant proposes to drill its Government R No. 1 well at a location 1830 feet from the South line, and 1980 feet from the West line of Section 14, Township 20 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and to drill it to a depth sufficient to test the Devonian formation.



DOCKET MAILED

Date 8-24-73

5. Applicant has been unable to obtain voluntary agreement for the pooling of the entire tract, and unless said acreage is pooled, applicant will be deprived of the opportunity to produce its just and equitable share of the gas underlying its land.

WHEREFORE applicant prays that this matter be set for hearing before the Commission or the Commission's duly appointed examiner, and that after notice and hearing as required by law the Commission enter its order pooling the proration unit as requested, together with a provision for recovering its costs of drilling, completing and equipping said well, operation costs and costs of supervision, together with a provision for recovering a risk factor for the risks of drilling and completing the well as provided by law, and for such other relief as may be proper.

Respectfully submitted,

CITIES SERVICE OIL COMPANY

By Jason W. Kellahin  
Kellahin & Fox  
P. O. Box 1769  
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

DRAFT

DSN/dr

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
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THE PURPOSE OF CONSIDERING:

CASE No. 5059

Order No. R- 4632

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ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 5, 1973,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this        day of September, 1973, the Commission,  
a quorum being present, having considered the record and the recom-  
mendations 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. 5059 is hereby dismissed.

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