

Case No.

1073

Application, Transcript,  
Small Exhibits, Etc.

CASE 1073: Cities Service Oil Co. applica-  
tion for 200 acre NS gas proration unit,  
Jalmat Gas Pool (State "W" No. 1 Well)

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
May 23, 1956

IN THE MATTER OF:

CASE NO. 1073

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TRANSCRIPT OF PROCEEDINGS

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
May 23, 1956

IN THE MATTER OF:

Case 1073: Application of Cities Service Oil Company for an order granting a 200 acre non-standard gas proration unit in exception to Rule 5 (a) of the Special Rules and Regulations for the Jalmat Gas Pool as set out in Order No. R-520. Applicant, in the above-styled cause, seeks an order granting the establishment of a 200 acre non-standard gas proration unit in the Jalmat Gas Pool comprising the S/2 SE/4, NW/4 SE/4, SW/4 NE/4, SE/4 SW/4 Section 36, Township 24 South, Range 36 East; said unit to be dedicated to applicant's State "W" No. 1 Well located 660 feet from the South line and 660 feet from the East line of Section 36, Township 24 South, Range 36 East, Lea County, New Mexico.

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BEFORE:

Mr. Warren W. Mankin, Examiner.

EXAMINER MANKIN: The next case on the docket is Case 1073, application of Cities Service Oil Company for an order granting a 200-acre non-standard gas proration unit in exception to Rule 5 (a) of the Special Rules and Regulations of the Jalmat Gas Pool. Proceed.

JOHN D. ALBRIGHT

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

MR. MANKIN: Will you identify yourself first?

MR. ALBRIGHT: John D. Albright, District Engineer, Cities Service Oil Company, Hobbs, New Mexico.

MR. MANKIN: Mr. Albright, you have previously testified, as an expert Petroleum Engineer, before this Commission, have you not?

MR. ALBRIGHT: Yes Sir.

MR. MANKIN: Your qualifications are acceptable. Proceed.

MR. ALBRIGHT: This is the application of Cities Service Oil Company for an order granting a 200-acre non-standard gas proration unit in exception to Rule 5 (a) of the Special Rules and Regulations for the Jalmat Gas Pool as set out in Order No. R-520. Applicant seeks an order granting the establishment of 200 acre non-standard gas proration unit in the Jalmat Gas Pool, comprising the S/2 of the SE/4, NE/4 SE/4, SW/4 NE/4, SE/4 SW/4 of Section 36, 24 South, 36 East. This unit is to be dedicated to the State "W" No. 1, located 660 feet from the South line and 660 feet from the East line, Section 36, 24 South, 36 East, Lea County, New Mexico. The State "W" No. 1 was formerly a Langlie-Mattix oil well and was recompleted as a Jalmat Pool Gas Well during May, 1955. It was assigned an 80-acre non-standard gas proration unit by NSP-163, dated June 30, 1955. Cities Service has entered into a gas operating agreement with Phillips Petroleum Company and John M. Kelly to include the 200 acres as ascribed above. The State "W" no. 1 is to be the unit well and the agreement will be effective when a non-standard gas proration unit of 200 acres is assigned to this unit well by the New Mexico Oil Conservation Commission. In support of our application, I would like to submit a radio-activity log on the State "W" No. 1. Formation tops, perforated intervals are indicated on this log. This log indicates that the State "W" No. 1 is producing from within the vertical limits of the Jalmat gas pool.

MR. MANKIN: Would you like to have this marked as Exhibit 1?

MR. ALBRIGHT: Marked as Exhibit 1. I would like to submit as Exhibit 2, a plat of this area, indicating the present oil and gas wells and indicating the proposed non-standard gas proration unit. I would like to submit as Exhibit 3 a contour plat on top of the Yates Sands which indicates that the acreage to be assigned to this unit is presumably productive of gas over the entire unit. This contour plat indicates that there are no abnormal formation changes that would lead us to believe otherwise.

MR. MANKIN: Mr. Albright, I notice from your Exhibit No. 1 which is a radio-activity log that there is certain information given on the bottom of it indicating a certain plugged-back and work-over.

MR. ALBRIGHT: Yes, sir.

MR. MANKIN: You show a date there, May 15, 1956, should that not be 1955 rather than 1956?

MR. ALBRIGHT: Should be 1955, yes, sir.

MR. MANKIN: I believe that work was done about a year ago.

MR. ALBRIGHT: That is right.

MR. MANKIN: Do you have any present producing characteristics of this well as to gas and oil that it is now making.

MR. ALBRIGHT: Yes, sir, I have the production of this well through the months January, February, March and April, 1956. At the present time this well does not produce any oil or any water. It produces dry gas. Dry gas production during January was 4431 MCF, During February it was 13958 MCF, during March it was 2108 MCF, during April it was 13486 MCF. The variation in this monthly production is due to the control of this well by the Gas Transmission Company.

MR. MANKIN: What is the latest open flow test that you have on that well? Has it had one since it was originally completed in 1955?

MR. ALBRIGHT: No, sir, we do not have an open flow test since it was originally completed.

MR. MANKIN: In 1955 when this well was recompleted as a gas well,,it made some oil at that time. Will you explain why that was making oil at that time and why it is now dry.

MR. ALBRIGHT: At that time we had fractured the well and we used oil as a fracturing fluid. At that time it was making a small amount of fracture fluid. Since that time we have moved the stock tanks and separator from this lease , it is making dry gas.

MR. MANKIN: Then from the open flow of the well which was about a million and 312 (1,000,312) in 1955, do you feel that this well will now adequately support the 200-acre rather than the 80-acre unit which it now has.

MR. ALBRIGHT: Yes, sir.

MR. MANKIN: With the present allowables that are assigned in the Jalmat Pool?

MR. ALBRIGHT: Yes, sir.

MR. MANKIN: Is there further question of the witness in this case? If not, the witness may be excused. Is there statements to be made in this case?

MR. NEAL: Mr. Examiner, I am J. W. Neal, Box 278, Hobbs, New Mexico, Attorney at Law, I represent R. Olson. We have no protest to this application of Cities Service. We are protesting the Shell application and R. Olson Oil Company, in Cases No. 1031 and 1032 which involves adjacent sections of land. The cases have been continued. At this time we request the Examiner to defer any determination on this application until such time that Cases Nos. 1031 and 1032 can be heard for the reason that the application sought by Shell Oil Company and R. Olson Oil Company, if this application were granted to this unit that it would perhaps set a pattern in that section which will force the Commission to set up a Shell and R. Olson application. We would like to have the matters determined at the same time. In other words there is a situation where perhaps they can all be put into one. The only thing we are requesting is that the determination be withheld until the other cases are heard.

MR. MANKIN: Is there any other statements in this case?

MR. ALBRIGHT: I'd like to make a statement. It is the opinion of the Cities Service on this case that since these two cases which Neal refers to have been carried on the docket for some time and since the actual well status of both wells in question is still in doubt as to whether or not they will be classified as an oil well or a gas well. I believe the Olson well is now an oil well and the Shell well is now a Jalmat gas well but it is being tested to determine whether or not it will keep that classification. I think that

due to the indeterminate status of these wells that to delay this case pending an outcome could conceivably delay this for a period which would be beyond what any of us think at this time. We started working on this gas operating agreement whenever we worked this well over in May of 1955. It has taken us one year to get this far and we would certainly appreciate consideration of the case now on its own merits.

MR. MANKIN: Is there any other statement?

MR. NEAL: If the Examiner pleases, we have no hopes that Cases No. 1031 and 1032 will be heard as soon as possible. We agree with Mr. Albright that it needs to be wound up.

MR. MANKIN: Any other statements? I believe we have officially introduced these Exhibits as evidence. Do you wish to enter Exhibits 1, 2, and 3 in evidence in this case?

MR. ALBRIGHT: Yes, sir.

MR. MANKIN: Is there objection in entering Exhibits 1, 2, and 3 in this case? If not they will be so entered. We will take the case under advisement.



STATE OF NEW MEXICO )

COUNTY OF SANTA FE )

I, Gloria Alvarado, do hereby certify that the foregoing and attached transcript of proceedings before the Oil Conservation Commission Examiner at Hobbs, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

Dated this 23rd day of May, 1956.

Gloria Alvarado

Case # 1073

August 30, 1956

In reply refer to:  
Unit Division

Cities Service Oil Co.  
Roswell Petroleum Building  
Roswell, New Mexico

Re: Cities Service--Phillips--  
Kelly--State Communitization -  
Cities Service State "W" Well No. 1  
SW/4 NE/4, NW/4 SE/4, S/2 SE/4,  
SE/4 SW/4, Sec. 36-24S-36E

Attention: Mr. Emmett Williams  
District Landman

Gentlemen:

We are enclosing one copy and two Thermofax copies of the above designated Communitization for a 200-acre non-standard gas proration unit, which is dedicated to your State Well "W" Well No. 1 located in the SE/4 SE/4 of Section 36-24S-36E, and which was approved by the Commissioner of Public Lands August 29, 1956.

Also enclosed is Official Receipt No. D-125459 in the amount of \$5.00 covering the filing fee.

Very truly yours,

E. S. WALKER  
Commissioner of Public Lands

MMR/m  
enc: 4

cc: OCC-Santa Fe

August 14, 1956

In reply refer to:  
Unit Division

Cities Service Oil Co.  
Roswell Petroleum Building  
Roswell, New Mexico

Re: Oil Conservation Commission  
Case No. 1073, Order No. R-827,  
Section 36-24S-36E

Attention: Mr. Emmett Williams  
District Landman

Gentlemen:

We wish to call to your immediate attention the fact that your allowable on a 200 acres is effective as of July 1, 1956, due to the fact that you have filed affidavit with the New Mexico Oil Conservation Commission stating that you have communitized this acreage.

OCC Order No. R-827 definitely states that allowable will become effective upon the first of the month following receipt by their office of proof of Communitization Agreement with the New Mexico State Land Office.

As of this date, the New Mexico State Land Office has not received a Communitization covering Cities Service State Lease B-1484, Phillips Petroleum Co. State Lease E-1734, and John M. Kelly State Lease E-8327. We would suggest that you immediately file a Communitization on this acreage.

Very truly yours,

E. S. WALKER  
Commissioner of Public Lands

MMR/m  
cc: OCC-Santa Fe

RECEIVED  
CITIES SERVICE OIL COMPANY

Box 97

8:23 Hobbs, New Mexico

Case # 1073

April 20, 1956

Oil Conservation Commission  
State of New Mexico  
Box 871  
Santa Fe, New Mexico

Re: Non-Standard Gas Proration Unit, Jalmat Gas Pool,  
Lea County, New Mexico

Gentlemen:

We have been informed by the Oil Conservation Commission that it will be necessary to schedule a hearing to consider our application for a 200 acre non-standard gas proration unit to be assigned to the State "W" No. 1.

It is requested that an examiner hear this case at the Hobbs, New Mexico, office of the Oil Conservation Commission.

The State "W" No. 1, located 660' N, 660' W, SE Corner, Section 36-24S-36E, was formerly a Langlie-Mattix oil well and was recompleted as a Jalmat Pool gas well during May, 1955. It was assigned an 80-acre non-standard gas proration unit by NSP 163, dated June 30, 1955.

Cities Service has entered into a gas operating agreement with Phillips Petroleum Company and John M. Kelly to include the gas rights in the S/2 SE/4, NW/4 SE/4, SW/4 NE/4, SE/4 SW/4, Section 36-24S-36E, a total of 200 acres. The State "W" No. 1 is to be the unit well and the agreement will be effective when a non-standard gas proration unit of 200 acres is assigned to this well by the New Mexico Oil Conservation Commission.

An exception to Rule 5-A, Order R-520 is requested to permit the assignment of a 200 acre non-standard gas proration unit to the State "W" No. 1.

All operators in Section 36 and within 1500' of the State "W" No. 1 have been furnished a copy of this request.

Respectfully submitted,

CITIES SERVICE OIL COMPANY

By

*John D. Albright*  
John D. Albright  
District Engineer

JDA/lbc

M A I L I N G   L I S T

NMOCC (3) ✓  
Box 871  
Santa Fe, New Mexico

NMOCC (1)  
Box 2045  
Hobbs, New Mexico

R. Olsen Oil Company (1)  
Drawer Z  
Jal, New Mexico

The Texas Company (1)  
Box 1270  
Midland, Texas

Shell Oil Company (1)  
Box 1957  
Hobbs, New Mexico

Phillips Petroleum Company (1)  
Box 2105  
Hobbs, New Mexico

Continental Oil Company (1)  
Box 427  
Hobbs, New Mexico

John M. Kelly (1)  
Box 5671  
Roswell, New Mexico

CITIES SERVICE OIL COMPANY

Box 97  
Hobbs, New Mexico

April 13, 1956

Oil Conservation Commission  
State of New Mexico  
Box 871  
Santa Fe, New Mexico

Re: Non-Standard Gas Proration Unit, Jalmat Gas Pool,  
Lea County, New Mexico

Gentlemen:

It is respectfully requested that the Conservation Commission approve our application for a 200 acre non-standard gas proration unit embracing the S/2 SE/4, NW/4 SE/4, SW/4 NE/4, SE/4 SW/4, Sec. 36-24S-36E, Lea County, New Mexico, and to be assigned to the State "W" No. 1.

In support of this application we wish to state the following:

1. The State "W" No. 1, located 660' N, 660' W, SE Corner, Sec. 36-24S-36E, was formerly a Langlie-Mattix oil well and was recompleted as a Jalmat Pool gas well during May, 1955. It was assigned an 80-acre non-standard gas proration unit by NSP 163, dated June 30, 1955.
2. Cities Service has entered into a gas operating agreement with Phillips Petroleum Company and John M. Kelly to include the gas rights in the S/2 SE/4, NW/4 SE/4, SW/4 NE/4, SE/4 SW/4, Sec. 36-24S-36E, a total of 200 acres. The State "W" No. 1 is to be the unit well and the agreement will be effective when a non-standard gas proration unit of 200 acres is assigned to this well by the New Mexico Oil Conservation Commission.
3. The proposed non-standard gas proration unit consists of contiguous quarter/quarter sections within a single governmental section and the entire area may reasonably be presumed to be productive of gas. The length of width of the proposed unit does not exceed 5280'.
4. A plat indicating the proposed non-standard gas proration unit and offset ownership is attached.
5. All operators in Section 36 and within 1500' of the State "W" No. 1 have been furnished a copy of this application by registered mail.

An exception to Rule 5-A, Order E-520, is requested to permit the assignment of a 200 acre non-standard gas proration unit to the State "W" No. 1.

Respectfully submitted,  
CITIES SERVICE OIL COMPANY

JDA/lbc  
Attachs.

By John D. Albright  
John D. Albright  
District Engineer

STATE OF NEW MEXICO  
COUNTY OF LEA

Before me, the undersigned authority, on this day personally appeared John D. Albright known to me to be the duly authorized agent of this company who upon his oath says that the foregoing is true and correct to the best of his knowledge.

Subscribed and sworn to before me this 16th day of April, 1956.

Fred Samson  
Notary Public  
Lea County, New Mexico

My commission expires Feb. 8, 1958

M A I L I N G   L I S T

NMOCC (3) ✓  
Box 871  
Santa Fe, New Mexico

Shell Oil Company (1)  
Box 1957  
Hobbs, New Mexico

NMOCC (1)  
Box 2045  
Hobbs, New Mexico

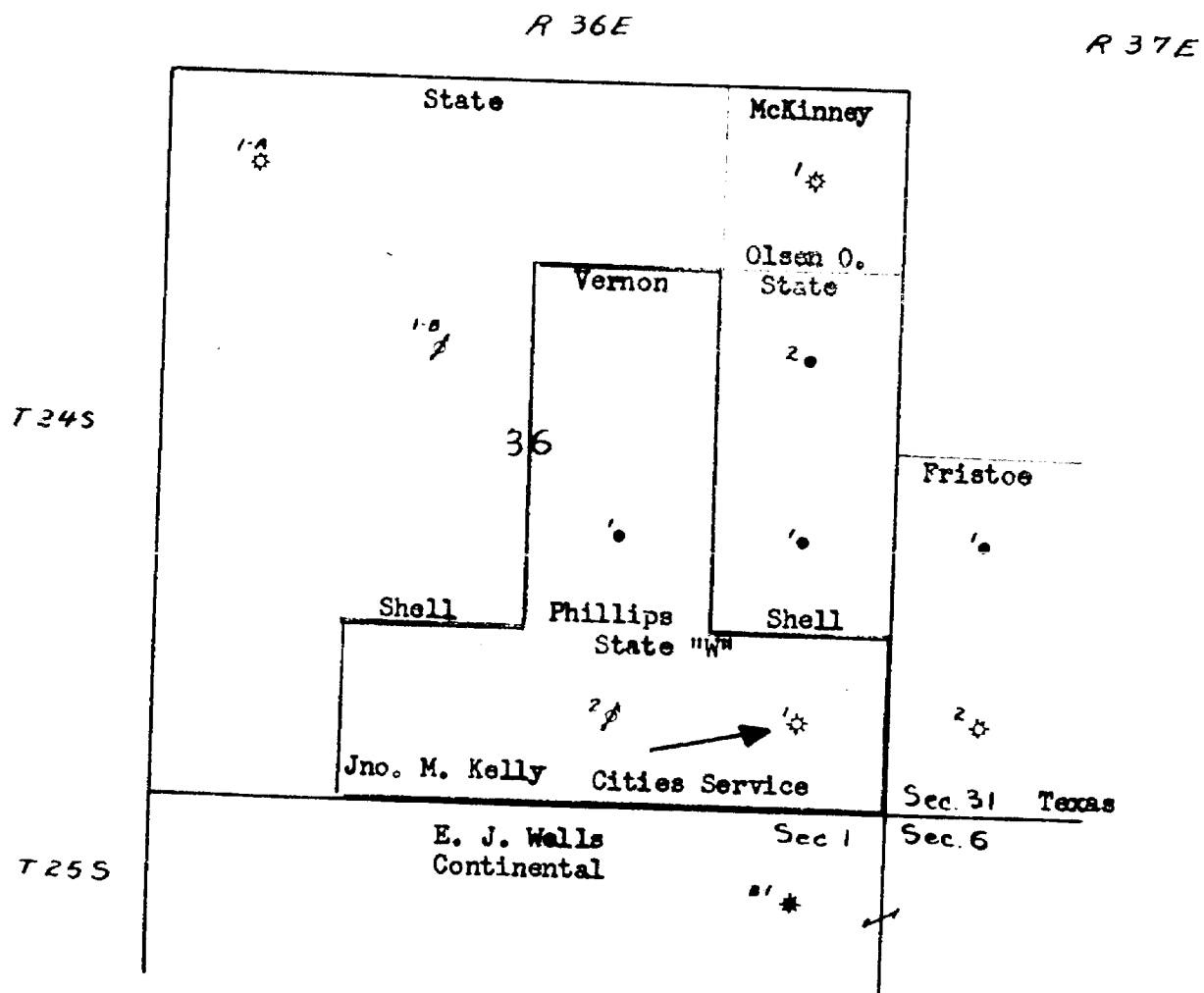
Phillips Petroleum Company (1)  
Box 2105  
Hobbs, New Mexico

R. Olsen Oil Company (1)  
Drawer Z  
Jal, New Mexico

Continental Oil Company (1)  
Box 427  
Hobbs, New Mexico

The Texas Company (1)  
Box 1270  
Midland, Texas

John M. Kelly (1)  
Box 5671  
Roswell, New Mexico



PLAT TO ACCOMPANY APPLICATION FOR 200 ACRE NON-STANDARD GAS PRORATION UNIT TO CONSIST OF S/2 SE/4, NW/4 SE/4, SW/4 NE/4, ST/4 SW/4, Sec. 36-24S, 36E, AND TO BE ASSIGNED TO CITIES SERVICE OIL COMPANY STATE W NO. 1, JALMAT GAS POOL, LEA COUNTY, NEW MEXICO



BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 1073  
Order No. R-827

APPLICATION OF CITIES SERVICE  
OIL COMPANY FOR AN ORDER  
GRANTING AN EXCEPTION TO RULE  
5 (a) OF THE SPECIAL RULES AND  
REGULATIONS FOR THE JALMAT GAS  
POOL, AS SET FORTH IN ORDER NO.  
R-520, IN THE ESTABLISHMENT OF  
A 200 ACRE NON-STANDARD GAS  
PRORATION UNIT COMPRISING THE  
S/2 SE/4, NW/4 SE/4, SW/4 NE/4,  
SE/4 SW/4, SECTION 36, TOWNSHIP  
24 SOUTH, RANGE 36 EAST, NMPM,  
JALMAT GAS POOL, LEA COUNTY, NEW  
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on  
May 23, 1956, at Hobbs, New Mexico, before Warren W. Mankin, Examiner  
duly appointed by the Oil Conservation Commission of New Mexico in  
accordance with Rule 1214 of the Rules and Regulations of the New  
Mexico Oil Conservation Commission.

NOW, on this 18<sup>th</sup> day of June 1956, the Commission,  
a quorum being present, having considered the application and the  
evidence adduced and the recommendations of the Examiner, Warren  
W. Mankin, and being fully advised in the premises,

FINDS:

(1) That due notice having been given as required by  
law, the Commission has jurisdiction of this cause and the subject  
matter thereof.

(2) That applicant, Cities Service Oil Company has  
entered into a gas operating agreement with Phillips Petroleum  
Company and John M. Kelly to include gas rights in the S/2 SE/4,  
NW/4 SE/4, SW/4 NE/4, SE/4 SW/4, Section 36, Township 24 South,  
Range 36 East, NMPM, Lea County, New Mexico, totalling 200 acres  
more or less. Said agreement to become effective when and if  
subject non-standard gas proration unit of 200 acres is granted  
by the New Mexico Oil Conservation Commission.

(3) That the applicant, Cities Service Oil Company has a producing well on the aforesaid lease located 660 feet from the South and East lines of Section 36, Township 24 South, Range 36 East, NMPM, within the horizontal limits of the Jalmat Gas Pool.

(4) That the creation of a proration unit consisting of the aforesaid acreage will not cause but will prevent waste, and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Cities Service Oil Company for an order granting approval of a 200 acre non-standard gas proration unit consisting of 200 acres in the Jalmat Gas Pool, and comprising the S/2 SE/4, NW/4 SE/4, SW/4 NE/4 and SE/4 SW/4 Section 36, Township 24 South, Range 36 East, NMPM, Lea County, New Mexico, be and the same is hereby approved.

(2) That applicant's Well State "W" No. 1, located in the Jalmat Gas Pool shall be granted an allowable for the aforesaid well. Said allowable to become effective on the first of the month following receipt by the Office of the New Mexico Oil Conservation Commission, proof of communitization of the Cities Service Oil Company, Phillips Petroleum Company, John M. Kelly, agreement of the New Mexico State Land Office or on the first of the month following the date of the order, whichever date is later.

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

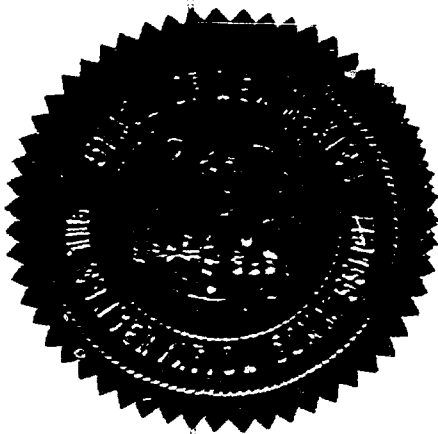
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*John F. Simms*

JOHN F. SIMMS, Chairman

*E. S. Walker*  
E. S. WALKER, Member

*A. L. Porter, Jr.*  
A. L. PORTER, Jr., Member and Secretary



OIL CONSERVATION COMMISSION  
P. O. BOX 871  
SANTA FE, NEW MEXICO

June 25, 1956

Mr. John D. Albright  
Cities Service Oil Company  
P. O. Box 97  
Hobbs, New Mexico

Dear Sir:

We enclose a copy of Order R-827 issued June 18, 1956, by the Oil Conservation Commission in Case 1073, which was heard on May 23rd at Hobbs.

Very truly yours,

A. L. PORTER, Jr.  
Secretary - Director

ga  
Encl.

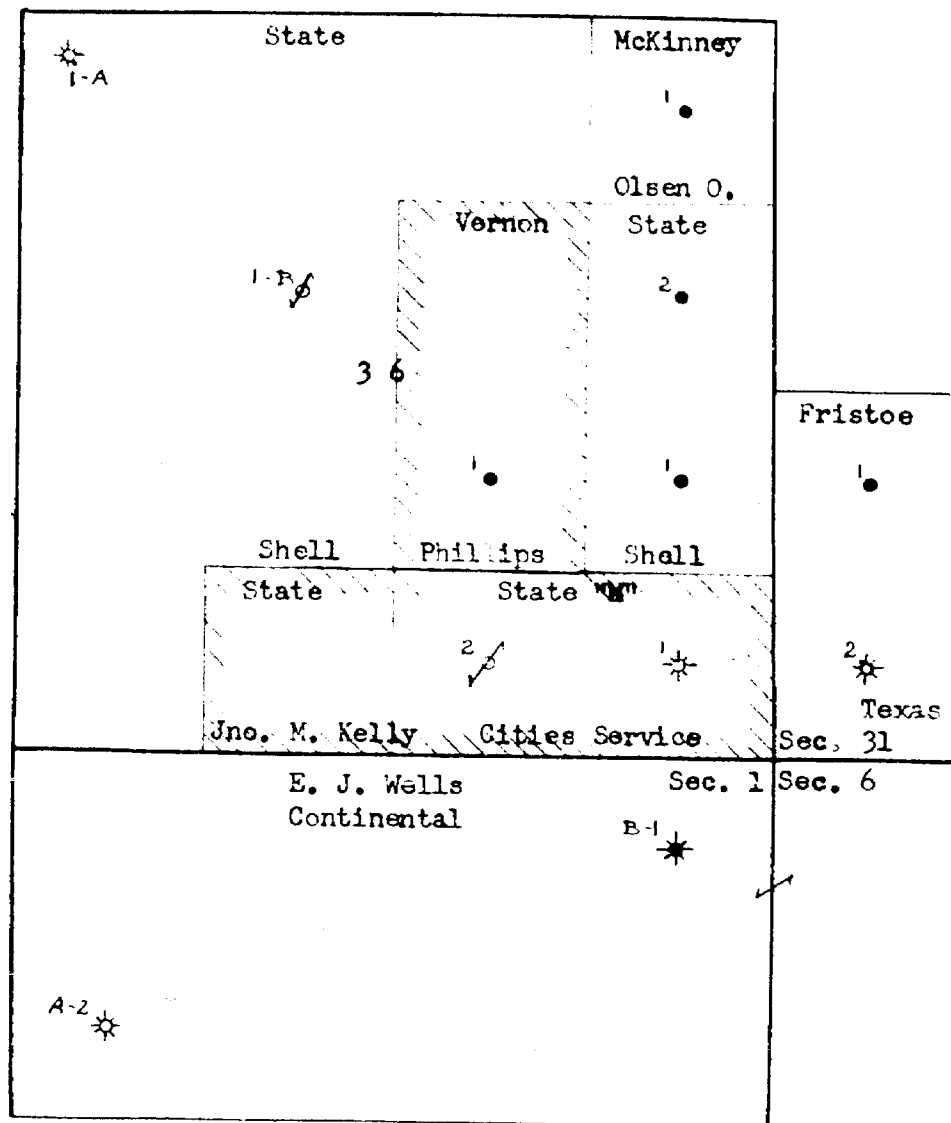
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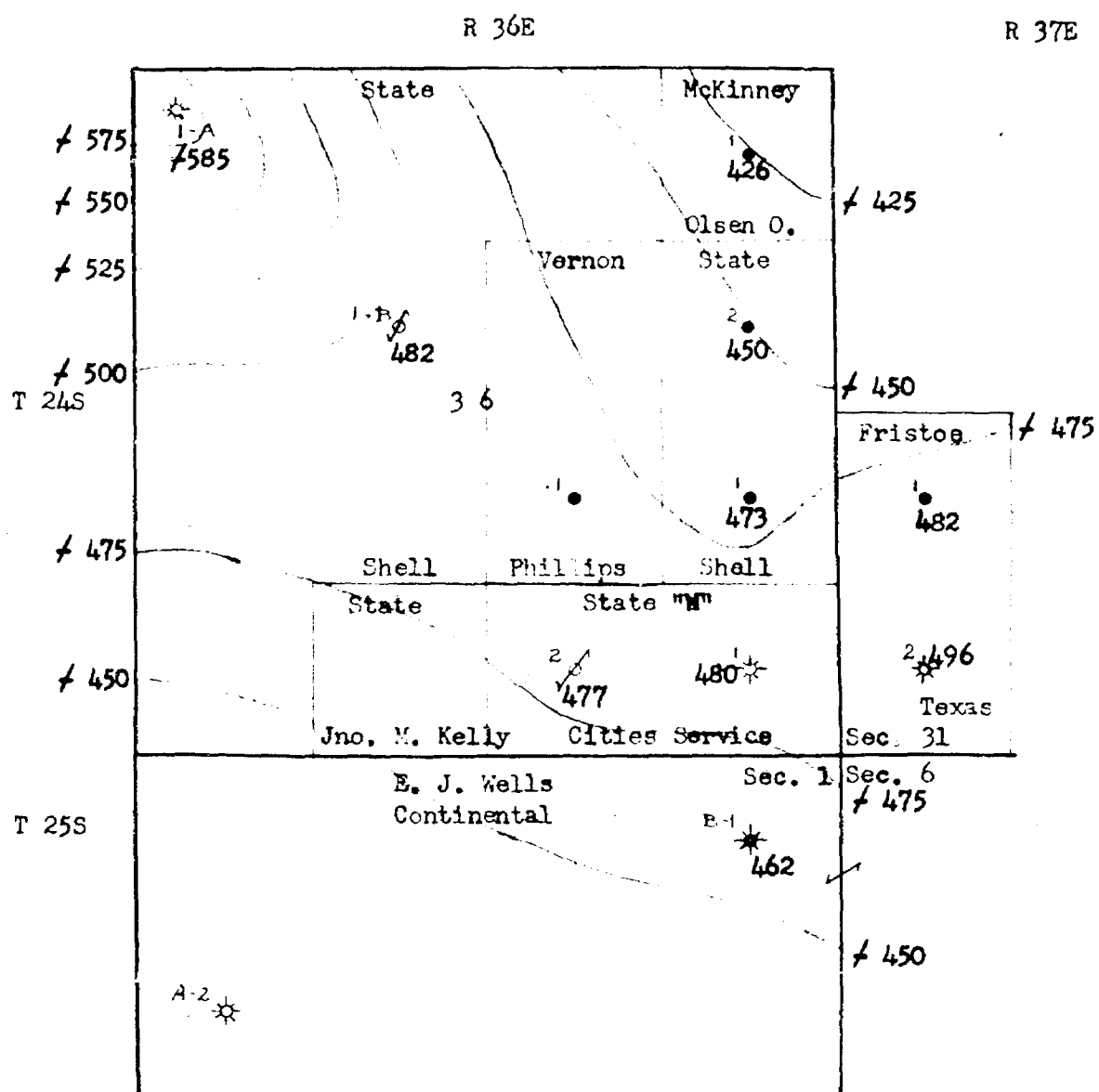
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PROPOSED NON STANDARD GAS  
PRORATION UNIT

Acreage: 200  
Unit Well: CSO State "W" #1

OIL COMMISSION  
STATE OF TEXAS  
CASE 1073  
EXHIBIT No. 2



TOP OF YATES SAND  
CONTOUR INTERVAL 25'

BEFORE THE  
OIL CONS. COMMISSION  
SANTA FE, NEW MEXICO  
*Alta*  
CASE 1073 EXHIBIT No. 3