

CASE 4750: Application of CITIES  
SERVICE FOR AN UNORTHODOX LOCATION  
LEA COUNTY, NEW MEXICO.

Case Number

4750

Application

Transcripts

Small Exhibits

ETC.

dearnley, meier & mc cormick

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-0601, ALBUQUERQUE, NEW MEXICO 87103  
1216 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87108

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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
CONFERENCE HALL, STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO  
June 28, 1972

EXAMINER HEARING

IN THE MATTER OF:

Application of Cities Service  
Oil Company for an unorthodox  
location, Lea County, New  
Mexico.

CASE 4750

BEFORE: Elvis A. Utz  
Examiner

TRANSCRIPT OF HEARING

dearnley, meier &amp; mc cornick

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1 MR. UTZ: Case No. 4750.

2 MR. HATCH: Application of Cities Service Oil  
3 Company for an unorthodox location, Lea County, New Mexico.

4 MR. KELLAHIN: Jason Kellahin of Kellahin & Fox,  
5 Santa Fe, appearing on behalf of the Applicant. We have one  
6 witness we would like to have sworn.

7 \* \* \* \* \*

8 E. F. MOTTER,  
9 was called as a witness and, after being duly sworn, testified  
10 as follows:

11 MR. KELLAHIN: If the Examiner please, in the  
12 interest of time, which I am sure will appeal to the  
13 Examiner, we would like to offer the record of Case 4614,  
14 which was heard on October 27, 1971. Case 4614 and Order  
15 Number R-4215, which was issued on November 4, 1971, permitted  
16 a similar unorthodox well location and in that case we  
17 presented a considerable amount of reservoir data which we  
18 would merely duplicate if we attempted to offer it today.  
19 It is available if you want any portion of it, but I thought  
20 it would be easier to offer the record in the other case.

21 MR. UTZ: Is that your entire case?

22 MR. KELLAHIN: No, sir.

23 MR. UTZ: We will take notice.

24 DIRECT EXAMINATION

25 BY MR. KELLAHIN:

dearnley, meier & mc cormick

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1 Q Would you state your name, please?

2 A E. F Motter.

3 Q By whom are you employed?

4 A Cities Service Oil Company and I am employed as an  
5 engineer in Midland, Texas and I take care of west  
6 Texas and New Mexico operations.

7 Q Have you testified before the Oil Conservation Commission  
8 and made your qualifications as an engineer made part  
9 of the record?

10 A Numerous times.

11 MR. KELLAHIN: Are the witness' qualifications  
12 acceptable?

13 MR. UTZ: They are.

14 Q (By Mr. Kellahin) Briefly state what is proposed by  
15 the applicant in Case 4750.

16 A We propose to drill a producing well in the SE Maljamar  
17 Grayburg-San Andres unit Waterflood Project area at an  
18 unorthodox location 1155 feet from the south line and  
19 1385 feet from the east line of Section 29, Township  
20 17 South, Range 33 East.

21 This location was moved a little bit south-center  
22 because of some topography problems. I would like to  
23 perhaps add a little bit to what Mr. Kellahin said  
24 concerning the previous case. We filed for that order  
25 on an administrative procedure. It was set forth for a

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1 hearing and we didn't have time to supplement that  
2 and ask for administrative procedure which we have in  
3 this particular case.

4 Q (By Mr. Kellahin) Why don't you just go through the  
5 exhibits, Mr. Motter?

6 A I will do that and point out a couple of items. Exhibit  
7 1 indicates the proposed location and also the outer  
8 line of the unit.

9 Q Before you go on, Case 4614 approved the drilling of the  
10 Number 5 well?

11 A Right, in tract 7, well number 5.

12 Exhibit 2 is the original intent of this unit to  
13 flood the 80 acre five spot and this merely shows what  
14 was started. It shows what we started out to do.

15 Exhibit 3 again shows our proposed location with  
16 a small arrow there. This will be a little bit less  
17 than a 40 acre five spot. We do plan to drill perhaps  
18 some other wells to complete about three more 40 acre  
19 three spots. Each will depend upon the success of the  
20 previous well. At this time we do not intend to go  
21 outside of this particular area. We would not ask that  
22 you, under administrative procedures, grant us any  
23 permission to drill closer to the line than present  
24 state-wide rules state. At least that is our present  
25 train of thinking.

dearnley, meier & mc cormick

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1 Exhibit 4 was introduced at the previous hearing  
2 and was the proposal of what we felt would happen if  
3 we drilled these six 40 acre five spots, but I would  
4 like to point out a couple of things on this Exhibit.

5 Oil production, as you will note, started right  
6 up and is now nearly 1000 barrels a month above the  
7 predicted curve and we were quite encouraged by this.  
8 If you look, starting with January and February, the  
9 decline in water injection was also representing a  
10 decline in water production. This was done because of  
11 water breakthrough problems which we are still working  
12 on and which we think we have pretty much under control,  
13 at the present time.

14 Now, a little bit of history on the drilling of  
15 this well. This well had a potential for 117 barrels  
16 of oil and no water in 24 hours, on December 14, 1971.  
17 At the present time it is making 95 barrels of oil per  
18 day. At along about the same time, or sometime  
19 subsequent to this drilling, we asked for permission and  
20 received it through administrative procedure to consert  
21 a couple of wells from producing on on tract 6. Now,  
22 tract 6 originally had five wells drilled on 160 acres,  
23 so we had, you might say, a built-in 40 acre five spot  
24 and we started in correcting the water in those five  
25 wells around late 1971. At the time, well number 5 was

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1 making about 12 barrels of oil per day and is making  
2 five or six barrels of oil at the current time. About  
3 three months later, it was tested at 32 barrels of oil  
4 per day and about 22 barrels of water. So, if you will  
5 go back to Exhibit Number 4 you will note that if we  
6 take well number 5 and tract 7, those wells are producers  
7 and account for almost one-half of the total production  
8 from the unit at the present time. We think there will  
9 be no change from the testimony we gave before, but just  
10 briefly, we expect about 50,000 additional barrels of  
11 discovery from these six wells costing about \$346,000 in  
12 increased income and an operators net income of around  
13 \$750,000.

14 Basically, that is it in a nutshell.

15 Q The fact you do anticipate additional drilling at the  
16 five spot well location is the reason for asking for  
17 administrative procedure; is that correct?

18 A That is correct.

19 Q So you will not have to come back and have another  
20 hearing on it?

21 A That's right.

22 Q Will any of this have any adverse affects on any of  
23 the offset operators?

24 A Not in my estimation.

25 Q Were Exhibits 1 through 4 prepared by you or under your



dearnley, meier & mc cormick

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1 supervision?

2 A Yes, they were prepared by me.

3 MR. KELLAMING: I would like to offer Exhibits 1  
4 through 4.

5 MR. UTZ: Exhibits 1 through 4 will be entered into  
6 the record of this Case, without objection.

7 (Whereupon, Applicant's Exhibits 1 through  
8 4 were entered in evidence.)

9 MR. UTZ: Any questions of the witness?

10 (No response.)

11 MR. UTZ: The witness may be excused.

12 (Witness excused.)

13 MR. UTZ: Any statements in this Case?

14 (No response.)

15 MR. UTZ: The Case will be taken under  
16 advisement.

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dearnley, meier & mc cormick

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STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) ss

I, RICHARD E. McCORMICK, a Certified Shorthand Reporter,  
in and for the County of Bernalillo, State of New Mexico,  
do hereby certify that the foregoing and attached Transcript  
of Hearing before the New Mexico Oil Conservation Commission  
was reported by me; and that the same is a true and correct  
record of the said proceedings to the best of my knowledge,  
skill and ability.

*Richard E. McCormick*  
CERTIFIED SHORTHAND REPORTER

I hereby certify that the foregoing is  
a true and correct record of the proceedings in  
the hearing of Case No. 4758,  
held by me on *June 28, 1972*,  
*Richard E. McCormick*, Examiner  
New Mexico Oil Conservation Commission

I N D E XWITNESS:PAGEE. F. MOTTER

Direct Examination by Mr. Kellahin

3

E X H I B I T SAPPLICANT'SOFFEREDADMITTED

Cities Service Oil Company

Exhibit Number 1

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8

Exhibit Number 2

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Exhibit Number 3

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Exhibit Number 4

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dearnley, meier &amp; mc cormick

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## OIL CONSERVATION COMMISSION

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

**GOVERNOR  
BRUCE KING  
CHAIRMAN**

**LAND COMMISSIONER  
ALEX J. ARMIJO  
MEMBER**

**STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR**

July 19, 1972

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

Re: Case No. 4750

Order No. R-3134-A

**Applicant:**

Cities Service Oil Company

**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

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC:            X

Artesia OCC

**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. 4750  
Order No. R-3134-A

APPLICATION OF CITIES SERVICE  
OIL COMPANY FOR AN UNORTHODOX  
LOCATION, LEA COUNTY, NEW  
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 28, 1972, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 19th day of July, 1972, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Cities Service Oil Company, is the operator of the Southeast Maljamar Grayburg-San Andres Unit Waterflood Project, Maljamar Pool, Lea County, New Mexico.

(3) That the applicant seeks authority to drill a well at an unorthodox location 1155 feet from the South line and 1385 feet from the East line of Section 29, Township 17 South, Range 33 East, NMPM, Lea County, New Mexico, as a producing well in said Southeast Maljamar Grayburg-San Andres Unit Waterflood Project.

(4) That the proposed unorthodox location is necessary to provide an efficient oil producing pattern.

(5) That the applicant also seeks the establishment of an administrative procedure whereby the Secretary-Director of the Commission may authorize additional producing wells and injection wells at orthodox and unorthodox locations within said Southeast Maljamar Grayburg-San Andres Unit Waterflood Project area as may be necessary to complete an efficient production and injection pattern.

-2-

CASE NO. 4750

Order No. R-3134-A

(6) That approval of the requested administrative procedure will afford the applicant the opportunity to produce its just and equitable share of the oil in the Maljamar Pool, provided said wells are drilled no closer than 330 feet to the outer boundary of the above-described unit area nor closer than 10 feet to any quarter-quarter section or subdivision inner boundary.

(7) That the subject waterflood project should be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations, provided however, that the showing of well response as required by Rule 701 E-5 shall not be necessary before obtaining administrative approval for the conversion of additional wells to water injection.

IT IS THEREFORE ORDERED:

(1) That the applicant, Cities Service Oil Company, is hereby authorized to drill a well at an unorthodox location 1155 feet from the South line and 1385 feet from the East line of Section 29, Township 17 South, Range 33 East, NMPM, Maljamar Pool, Lea County, New Mexico, as a producing well in its Southeast Maljamar Grayburg-San Andres Unit Waterflood Project.

(2) That Order (2) of Order No. R-3134 is hereby amended to read in its entirety as follows:

"(2) That the subject waterflood project shall continue to be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations;

PROVIDED HOWEVER, that the Secretary-Director of the Commission may approve such additional producing wells and injection wells at orthodox and unorthodox locations within the Southeast Maljamar Grayburg-San Andres Unit Waterflood Project area as may be necessary to complete an efficient production and injection pattern, provided said wells are drilled no closer than 330 feet to the outer boundary of the Southeast Maljamar Grayburg-San Andres Unit Area nor closer than 10 feet to any quarter-quarter section or subdivision inner boundary, and provided that the application therefor has been filed in accordance with Rule 701 B of the Commission Rules and Regulations, and provided that the application has been sent to all offset operators, if any there be, and no such operator has objected within 15 days. The showing of well response as required by Rule 701 E-5 shall not be necessary before obtaining administrative approval for the conversion of additional wells to water injection."

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

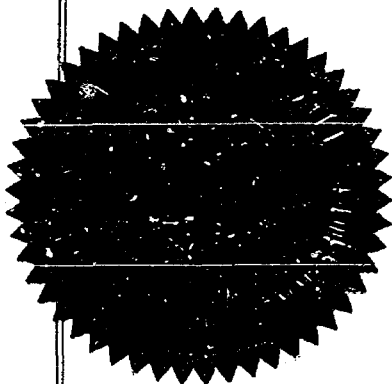
-3-

CASE NO. 4750

Order No. R-3134-A

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



*Bruce King*  
BRUCE KING, Chairman

*Alex J. Armijo*  
ALEX J. ARMILLO, Member

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

S E A L

dr/

Case 4750

Heard 6-28-72

Recd. 7-11-72

Grant Cilez Sec. cen NSL  
for a prod oil well in the  
SE. Haljamaan Ho flood.

The well is their tract 7#6

1155/S + 1385/E - 29-17-33

Grant an Admin. approval system  
for granting both injection  
& producing wells.

Thos O. Mc



CASE 4748: Application of Pubco Petroleum Corporation for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Humble City-Strawn Pool, Lea County, New Mexico, including provisions for 160-acre proration units and wells to be located within 150 feet of the center of any quarter-quarter section.

CASE 4749: Application of Harding Oil Company for a discovery allowable and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Humble City-Strawn Pool, Lea County, New Mexico, including a provision for 80-acre proration units and for the assignment of an oil discovery allowable to its E. D. Shipp Well No. 1 located in Unit K of Section 11, Township 17 South, Range 37 East.

CASE 4750: Application of Cities Service Oil Company for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a producing well in its Southeast Maljamar Grayburg-San Andres Unit Waterflood Project Area at an unorthodox location 1155 feet from the South line and 1385 feet from the East line of Section 29, Township 17 South, Range 33 East, Maljamar Pool, Lea County, New Mexico. Applicant further seeks a procedure whereby additional injection and production wells within the project area at unorthodox locations may be approved administratively.

CASE 4751: Application of Sun Oil Company for pool extension, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the horizontal limits of the Lusk-Morrow Gas Pool, Lea County, New Mexico to include all of Sections 15 and 16 of Township 19-South, Range 32 East.

CASE 4752: Application of Claude C. Kennedy for permission to flare casinghead gas, McKinley, County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-4070, to flare casinghead gas produced by his BSK Edna Well No. 1 located in Unit F of Section 8, Township 17 North, Range 8 West, Lone Pine Dakota "D" Pool, McKinley County, New Mexico.

CITIES SERVICE OIL COMPANY  
SOUTHEAST MALJAMAR (Gb-SA) UNIT

LEA COUNTY, NEW MEXICO

T-17-S R-33-E

SCALE 4" = 1 MILE

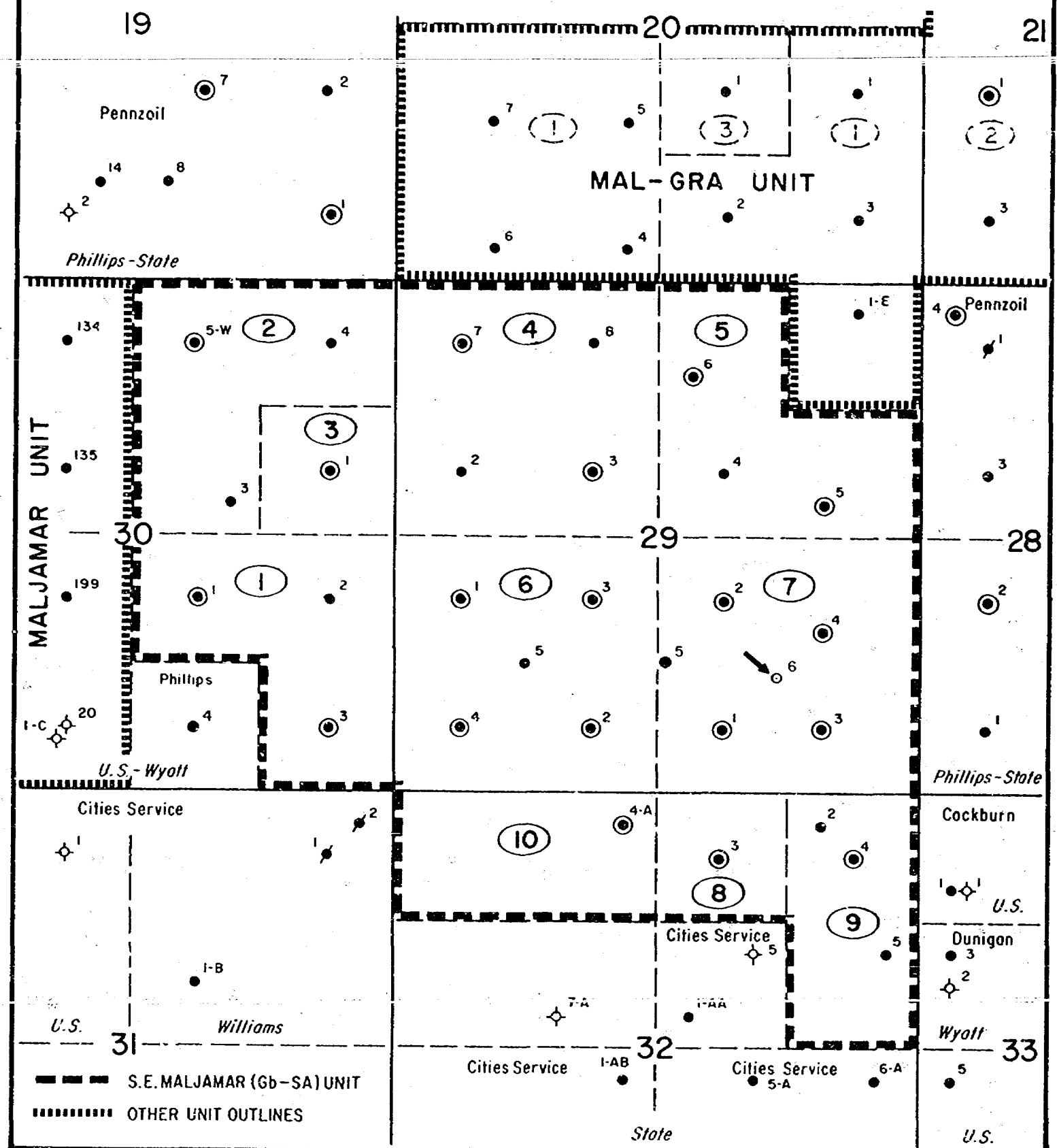


EXHIBIT NO. /

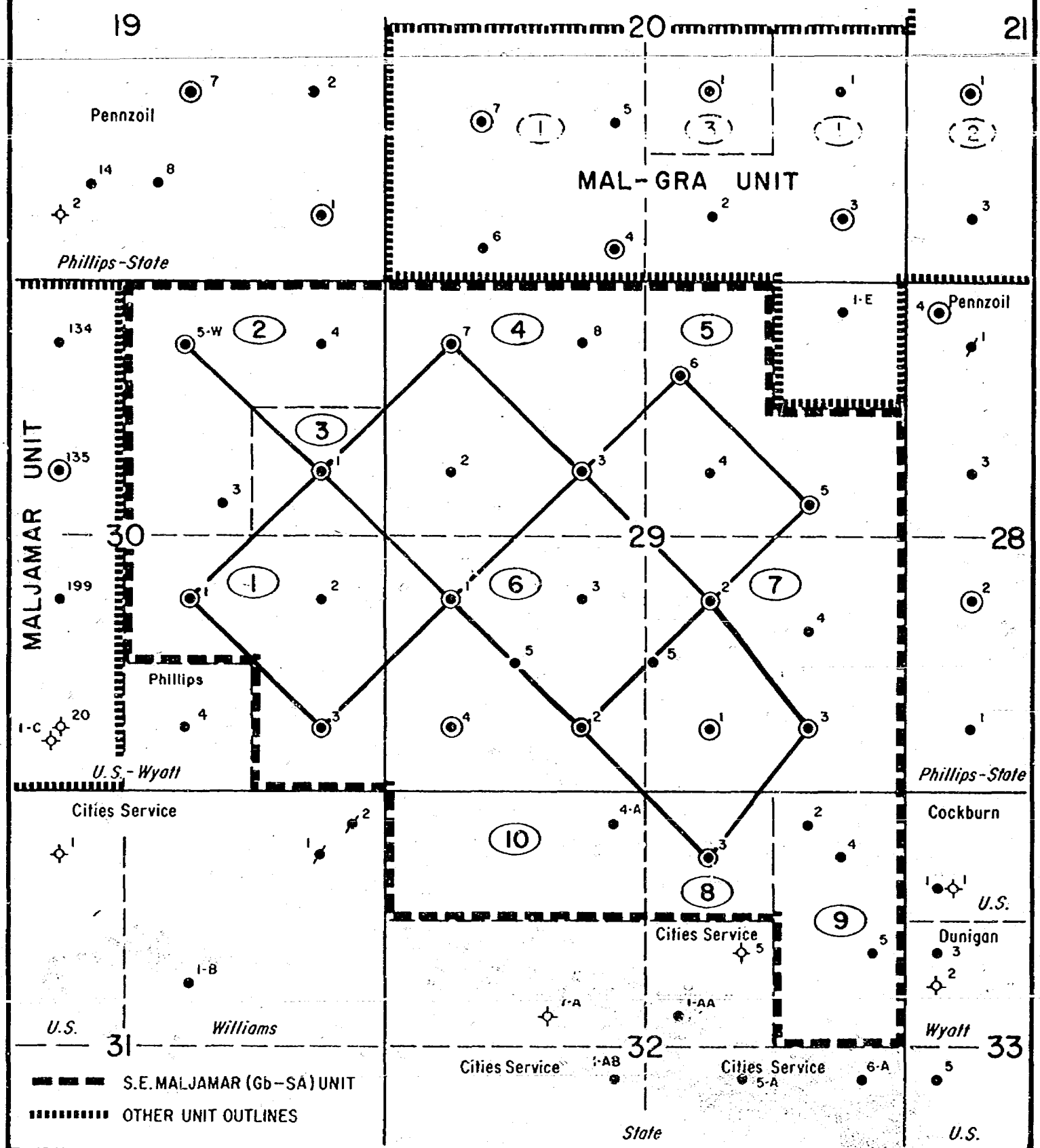
CITIES SERVICE OIL COMPANY  
SOUTHEAST MALJAMAR (Gb-SA) UNIT

LEA COUNTY, NEW MEXICO

T-17-S

R-33-E

SCALE 4" = 1 MILE



# CITIES SERVICE OIL COMPANY SOUTHEAST MALJAMAR (Gb-SA) UNIT

LEA COUNTY, NEW MEXICO

T-17-S

R-33-E

SCALE 4" = 1 MILE

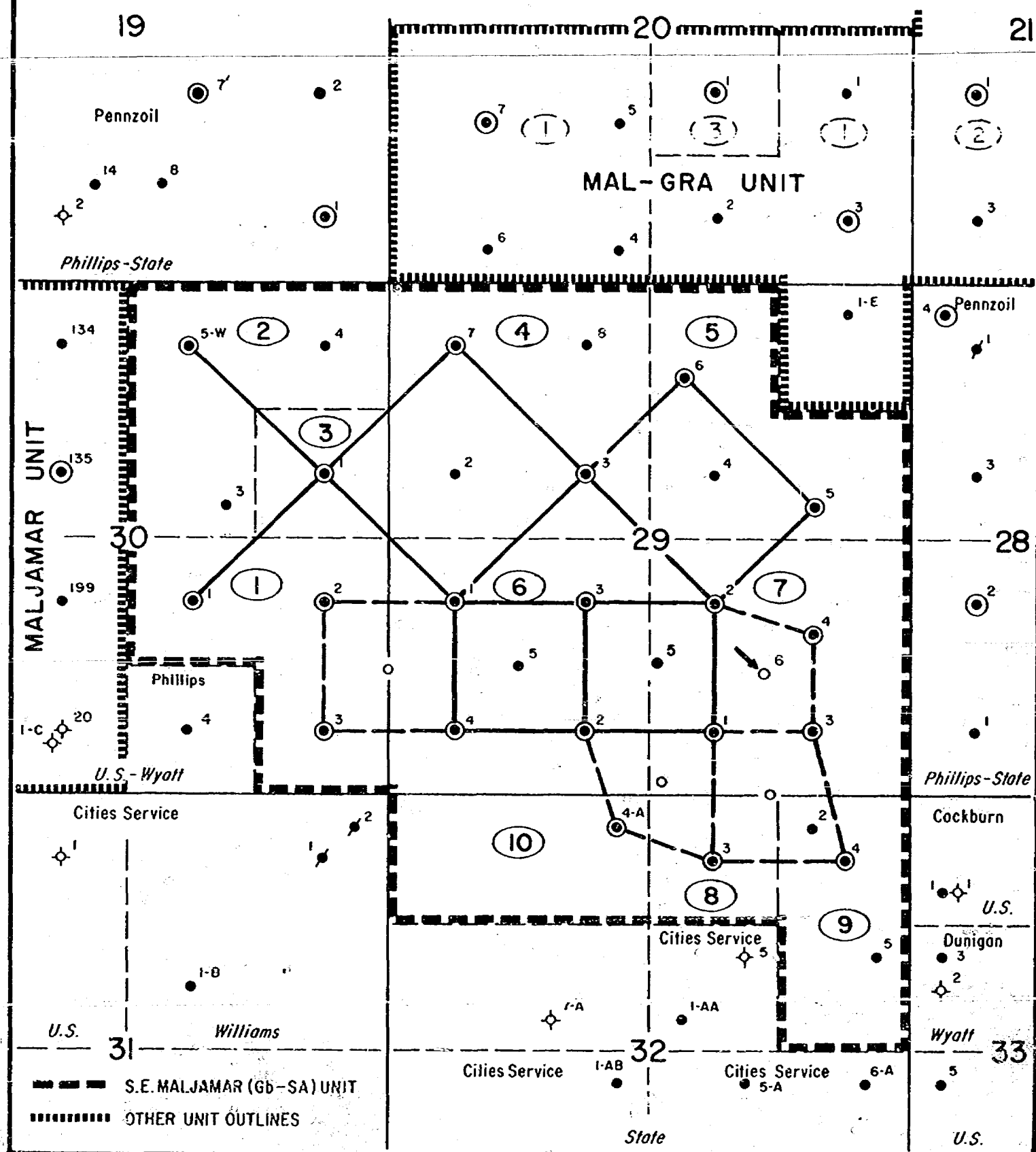


EXHIBIT NO. 3

JASON W. KELLAHIN  
ROBERT E. FOX

KELLAHIN AND FOX  
ATTORNEYS AT LAW  
54 1/2 EAST SAN FRANCISCO STREET  
POST OFFICE BOX 1789  
SANTA FE, NEW MEXICO 87501  
June 8, 1972

TELEPHONE 982-4315  
AREA CODE 505

*over*  
JUN 10 1972  
NEW MEXICO  
OIL CONSERVATION COMM.  
Santa Fe  
*Case 4750*

New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Gentlemen:

Enclosed in triplicate is the Application of Cities  
Service Oil Company for approval of an unorthodox  
well location, Lea County, New Mexico. It is our  
understanding that this application is set for  
hearing June 28, 1972.

Yours very truly,

*Jason W. Kellahin*

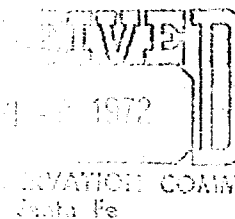
Jason W. Kellahin

JWK:brs

DOCKET MAILED

Date 6-13-72

BEFORE THE  
OIL CONSERVATION COMMISSION OF NEW MEXICO



IN THE MATTER OF THE APPLICATION  
OF CITIES SERVICE OIL COMPANY  
FOR APPROVAL OF AN UNORTHODOX  
WELL LOCATION, LEA COUNTY, NEW MEXICO

*Case 4750*

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 approval of an unorthodox well location in the Southeast Maljamar Grayburg-San Andres Unit Area, Southeast Maljamar Waterflood Project, as authorized by Commission Order No. R-3134, and for an administrative procedure for the approval of additional wells for either injection or production, without the necessity for a hearing, and in support thereof would show the Commission:

1. Applicant proposes to drill its Tract 7 Well No. 6, to be located 1155 feet from the South line, and 1385 feet from the East line of Section 29, Township 17 South, Range 33 East, N.M.P.M.

2. A well at the proposed location will create a more efficient pattern for the operation of the waterflood project, resulting in greater ultimate recovery of oil from the reservoir.

3. It is probable that additional wells will be needed at unorthodox well locations, for both injection and for production of hydrocarbons from the unit area, and an administrative procedure should be established for the approval of such wells without the necessity for a hearing, and without regard to whether offsetting wells have received

a response from the waterflood project.

4. Approval of this application will enable the applicant to recover its just and equitable share of the oil in the Maljamar Pool, is in the interests of conservation, and will prevent waste.

WHEREFOR applicant prays that this application 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 approving this application.

Respectfully submitted,  
CITIES SERVICE OIL COMPANY

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

DRAFT

GMH/dr

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:

APPLICATION OF CITIES SERVICE  
OIL COMPANY FOR AN UNORTHODOX  
LOCATION, LEA COUNTY, NEW MEXICO.

CASE No. 4750

Order No. R-3134-A

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 28, 1972,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this \_\_\_\_\_ day of July, 1972, the Commission, a  
quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

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

(2) That the applicant, Cities Service Oil Company, is the  
operator of the Southeast Maljamar Grayburg-San Andres Unit  
Waterflood Project, Maljamar Pool, Lea County, New Mexico. approved  
by Commission Order No. \_\_\_\_\_



(3) That the applicant seeks authority to drill <sup>a</sup> ~~its~~ well at an unorthodox location 1155 feet from the South line and 1335 feet from the East line of Section 29, Township 17 South, Range 33 East, NMPM. Lea County, New Mexico, as an ~~a~~ producing well in said Southeast Maljamar Grayburg-San Andres Unit Waterflood Project.

(4) That the proposed unorthodox location is necessary to provide an efficient oil producing pattern.

(5) That the applicant also seeks the establishment of an administrative procedure whereby the Secretary-Director of the Commission may authorize additional producing wells and injection wells at orthodox and unorthodox locations within said Southeast Maljamar Grayburg-San Andres Unit Waterflood Project area as may be necessary to complete an efficient production and injection pattern.

(6) That approval of the requested administrative procedure will afford the applicant the opportunity to produce its just and equitable share of the oil in the Maljamar Pool, provided said wells are drilled no closer than 330 feet to the outer boundary of the ~~subject lease~~ above described unit area nor closer than 10 feet to any quarter-quarter section or subdivision inner boundary.

(7) That the subject waterflood project should be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations, provided however, that the showing of well response as required by Rule 701 E-5 shall not be necessary before obtaining administrative approval for the conversion of additional wells to water injection.

IT IS THEREFORE ORDERED:

(1) That the applicant, Cities Service Oil Company, is hereby authorized to drill ~~its~~ well at an unorthodox location 1155 feet from the South line and 1385 feet from the East line of Section 29, Township 17 South, Range 33 East, NMPM, Maljamar Pool, Lea County, New Mexico, as ~~an~~ a producing well in its Southeast Maljamar Grayburg-San Andres Unit Waterflood Project.

"(2) That the subject waterflood project shall continue to be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations;

PROVIDED HOWEVER, that the Secretary-Director of the Commission may approve such additional producing wells and injection wells at orthodox and unorthodox locations within the Southeast Maljamar Grayburg-San Andres Unit Waterflood Project area as may be necessary to complete an efficient production and injection pattern, provided said wells are drilled no closer than 330 feet to the outer boundary of the ~~subject waterflood project~~ Southeast Maljamar Grayburg-San Andres Unit Area nor closer than 10 feet to any quarter-quarter section or subdivision inner boundary, and provided that the application therefor has been filed in accordance with Rule 701 B of the Commission Rules and Regulations, ~~and provided that the application has been sent to all offset operators, if any there be,~~ The showing of well response as required by Rule 701 E-5 shall not be necessary before obtaining administrative approval for the conversion of additional wells to water injection."

(3) ~~That~~ That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

(2) That Order (2) of Order No. R-3134 is hereby amended to read in its entirety as follows:

and no and operator has objected within 15 days.

Cities Service

Unorthodox location

Southern Maryland  
Grayling - Va. Andeikent

Trotwell #6 - 1155 FSL

1385 FEL

Sec 29 - 175 - 33 E

Lea

Prot. for admin approval  
for inj & prod wells  
at unorthodox locations.

Jason

Who called  
it in?  
982-4315

CASE 4751: Application of SUN OIL  
CO. FOR BOOM EXTENSION, LEE COUNTY,  
NEW MEXICO.