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2342

phication, Transcript,
and Exhibits, Etc.

Application of WATERS
NATIONAL GAS CO. for a non-standard
gas protection unit-Mackins Well #1.

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER

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

P. O. BOX 871
SANTA FE

July 26, 1961

Mr. Oliver Seth,
Seth, Montgomery, Federici
& Andrews
Box 828
Santa Fe, New Mexico

Re: CASE NO. 2342
ORDER NO. R-2040
APPLICANT:
Western Natural Gas 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, Jr.
A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon 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. 2342
Order No. R-2040**

**APPLICATION OF WESTERN NATURAL GAS
COMPANY FOR A NON-STANDARD GAS PRO-
DUCTION UNIT AND FOR AN UNORTHODOX
GAS WELL LOCATION, LEA COUNTY, NEW
MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on July 19, 1961, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 26th day of July, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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, Western Natural Gas Company, is the owner and operator of the SW/4 of Section 14 and the SE/4 of Section 15, all in Township 23 South, Range 36 East, NMPM, Lea County, New Mexico.
- (3) That the applicant seeks the establishment of a 320-acre non-standard gas production unit in the Jalmit Gas Pool consisting of the above-described acreage.
- (4) That the proposed unit can reasonably be presumed to be productive of gas from the Jalmit Gas Pool.
- (5) That inasmuch as all of the acreage surrounding the proposed unit is dedicated to Jalmit gas wells, the proposed unit should be established.
- (6) That the applicant further proposes to locate its Markins Well No. 1 at an unorthodox location 660 feet from the

-2-

CASE No. 2342
Order No. R-2040

South line and 660 feet from the East line of said Section 15, to which well the subject non-standard gas proration unit would be dedicated.

(7) That approval of the subject application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That a 320-acre non-standard gas proration unit in the Jalmat Gas Pool is hereby established comprising the SW/4 of Section 14 and the SE/4 of Section 15, all in Township 23 South, Range 36 East, NMPK, Lea County, New Mexico.

(2) That the acreage factor for allowable purposes assigned to the above-described 320-acre non-standard gas proration unit shall bear the same ratio to a standard acreage factor as the acreage in said unit bears to the acreage in a standard gas proration unit in the Jalmat Gas Pool.

(3) That the applicant, Western Natural Gas Company, is hereby authorized to locate its Watkins Well No. 1 at an unorthodox location 660 feet from the South line and 660 feet from the East line of said Section 15, to which well the subject proration unit shall be dedicated.

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

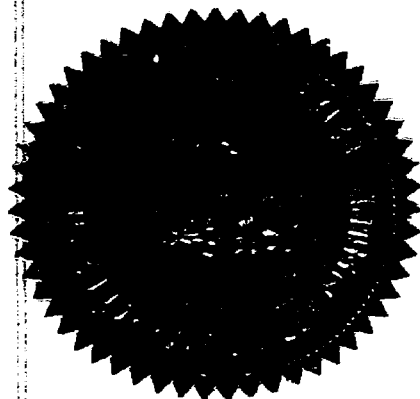
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E. L. Mechem
EDWIN L. MECHEM, Chairman

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

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



esr/

Case 2342

Heard 2-19-61

Rec. 7-19-61

1. Hunt Winters Natural request for
NSP in Jalmat gas pool consisting
of the SW 1/4 sec. 14, and the SE 1/4, sec.
15. 235-36 E.

2. Surrounded by Jalmat Gas
production.

Thos. A. W.

No. 21-61

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 19, 1961

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 Daniel S. Nutter, as Alternate Examiner:

CONTINUED CASE

CASE 2298: Application of Chambers & Kennedy for a gas-oil dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Monument State Well No. 1, located in Unit J, Section 34, Township 19 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Eumont Gas Pool and the production of oil from the Eunice-Monument Pool through the 5½-inch by 2½-inch casing-tubing annulus and through 2½-inch tubing respectively.

NEW CASES

CASE 2338: Application of Continental Oil Company for two non-standard oil proration units and for an exception to Rule 309 (a), Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of two non-standard oil proration units in the Empire Abo Pool, consisting of the following-described acreage in Section 30, Township 17 South, Range 29 East, Eddy County, New Mexico:

(1) Lots 1 and 2 comprising 55.65 acres.

(2) Lots 3 and 4 comprising 56.61 acres.

Applicant further proposes to commingle the Empire-Abo Pool production from the portions of its State S and State P leases located in said Section 30 and to allocate production on the basis of periodic well tests.

CASE 2339: Application of J. Gregory Merrion & Associates, for a gas-oil dual completion, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its Edna Well No. 2, located in Unit O, Section 7, Township 24 North, Range 6 West, Rio Arriba County, New Mexico, as a

gas-oil dual completion with production of Pictured Cliffs gas through 2 7/8 inch casing and production of Gallup oil through 2 3/8 inch tubing installed within a string of 4 1/2 inch casing, with the casing strings cemented in a common well bore.

CASE 2340:

Application of Pan American Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location in the Red Lake-Pennsylvanian Gas Pool for its Malco "M" Well No. 1, located 2310 feet from the North line and 1650 feet from the East line of Section 4, Township 18 South, Range 27 East, Eddy County, New Mexico.

CASE 2341:

Application of Pan American Petroleum Corporation for an exception to Rule 303 (a) and 309 (a), Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle the production from the Hobbs, Bowers, and Hobbs-Drinkard Pools from a number of leases in Sections 3, 4, 5, 9, and 10, in Township 19 South, Range 38 East, and Sections 33 and 34 in Township 18 South, Range 38 East, Lea County, New Mexico, after separately metering the production from each lease and from each pool prior to commingling.

CASE 2342:

Application of Western Natural Gas Company for a non-standard gas proration unit and for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 320-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the SW/4 of Section 14 and the SE/4 of Section 15, all in Township 23 South, Range 36 East, Lea County, New Mexico. Said unit is to be dedicated to the Matkins Well No. 1 at an unorthodox location 660 feet from the South and East lines of said Section 15.

CASE 2343:

Application of Southwest Production Company for an order force pooling a 300-acre non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force pooling all mineral interests in a 300-acre gas proration unit in the Basin-Dakota Gas Pool, consisting of the E/2 of Section 7, Township 30 North, Range 11 West, excepting the S/2 SW/4 SE/4 thereof, San Juan County, New Mexico. Interested parties include John J. (Juan J) Moya and Helen Moya.

CASE 2344:

Application of The Ohio Oil Company for an order force-pooling a 317-acre gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in a 317-acre gas proration unit comprising the S/2 of Section 30, Township 18 South, Range 26 East, Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico.

Western Natural Gas Company

823 MIDLAND TOWER BLDG.

Midland, Texas

June 21, 1961

for hearing

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

Re: Application for 320 acre non-standard gas proration unit and unorthodox location for the Matkins #1 well, Yates Jalmat Gas Unit to comprise the SW/4 of Section 14 and SE/4 of Section 15, T-23-S, R-36-E, Lea County, New Mexico

R-1170

Western Natural Gas Company herewith makes application for an exception to ~~Rule 5-A and 5-B, Order R-520~~, to authorize for its Matkins #1 well, Jalmat Gas Pool, an unorthodox location, and a 320 acre non-standard gas proration unit comprising the SW/4 of Section 14 and SE/4 of Section 15, T-23-S, R-36-E, Lea County, New Mexico.

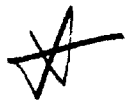
The following facts are offered in support of this application:

1. Western Natural Gas Company is the lessee and operator of a gas lease consisting of the SW/4 of Section 14 and SE/4 of Section 15, T-23-S, R-36-E, Lea County, New Mexico, with the SE/4 of Section 15 comprising the present 160 acre gas proration unit.
2. Western Natural Gas proposes that the 160 acres of SW/4 of Section 14 be added to the Matkins #1 present gas proration unit as indicated on the accompanying plat.

Locher
Miles
7-7-61 Jh

3. The Matkins #1 well was originally completed in August, 1938, as a gas well producing incidental oil. No electric logs were run at the time of completion. In 1953 this well was assigned a 160 acre proration unit, being the SE/4 Sec. 15, T-23-S, R-36-E. A recent examination of Western Natural Gas Company's files indicated said well exceeded the vertical limits of the Jalmat Pool. On January 24, 1961, Western Natural Gas Company re-entered said well, ran electric logs, and in order to comply with Rule 25 (A) Order R-1670, set bridge plug at 3396 feet in 5½" casing. The well was then recompleted by performing a 30,000 gallon refined oil - 23,000 lb. sand fracturing job. The perforations in the 5½" casing are 3030-3150 feet; 3220-30; 3275-3300 feet.

4. The Matkins #1 is located 660 feet from the South and East lines of Section 15 and:

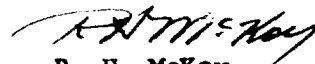
- (a) Contiguous quarter-quarter sections will comprise the unit.
- (b) The proposed 320 acre unit does not lie wholly within a single governmental section.
- (c) The entire non-standard gas proration unit may reasonably be assumed to be productive of gas.
- (d) The length or width of the proposed unit does not exceed 5280 feet.
- (e) The proposed addition to the present 160 acre unit is entirely surrounded by acreage which is presently dedicated to Jalmat Gas production. 
- (f) By copy of this letter of application, all operators owning interests in this section, and all operators within 1500 feet of the proposed unit well (Matkins #1) are notified by certified mail of this intent and proposal.

5. The approval of this application will in the opinion of the applicant, prevent waste, protect correlative rights and serve the best interest of conservation.

Applicant respectfully requests that this matter be set for hearing at the earliest possible date.

Very truly yours,

WESTERN NATURAL GAS COMPANY



R. H. McKoy
Division Superintendent

RHM:jh

cc: P. C. Wright
N.M.O.C.C. Office - Hobbs

Certified copies to:

Texas Pacific Coal and Oil Company
Box 1688
Hobbs, New Mexico

Continental Oil Company
P. O. Box 431
Midland, Texas

Humble Oil and Refining Company
P. O. Box 2347
Hobbs, New Mexico

Sheet 2.342

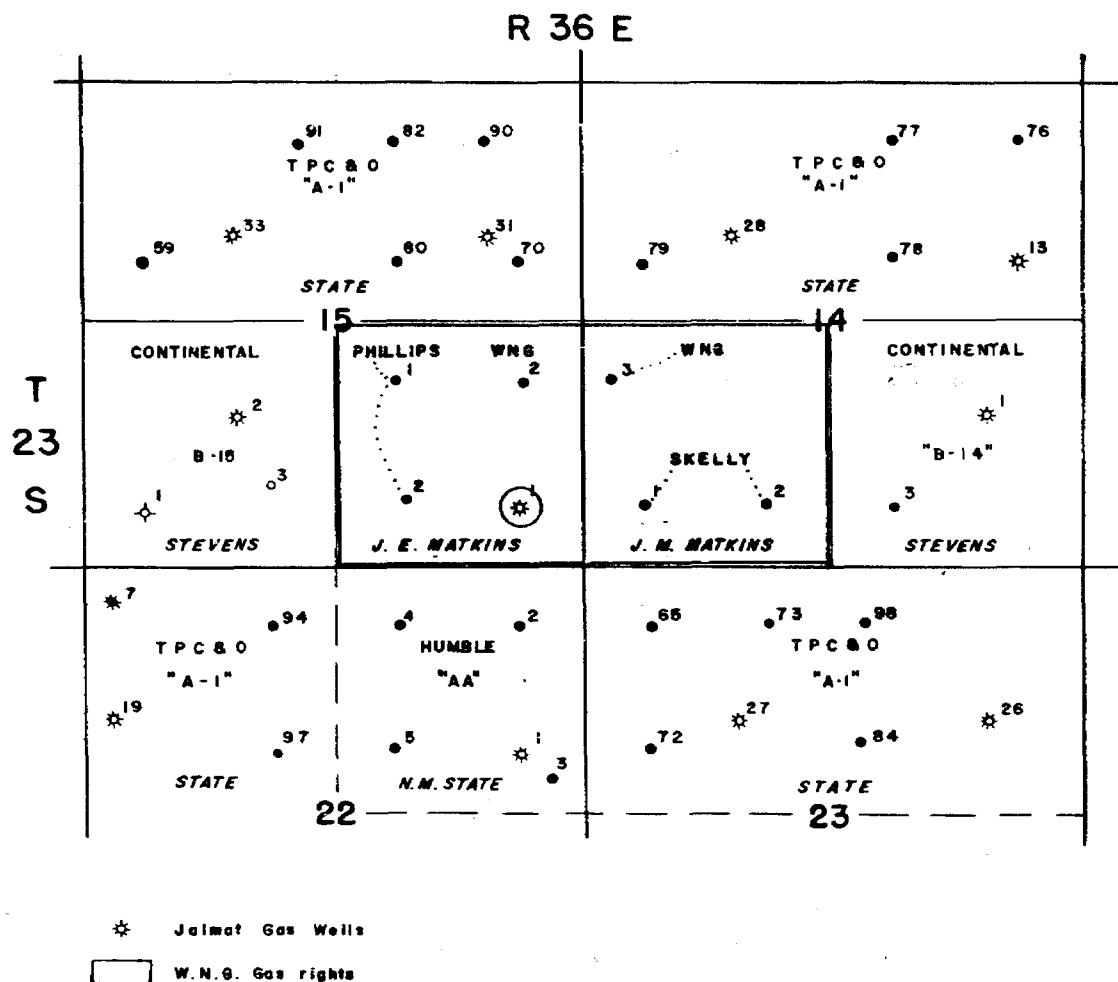
WESTERN NATURAL GAS COMPANY

MATKINS NO. 1

UNIT "P", SEC. 15-23S-36E

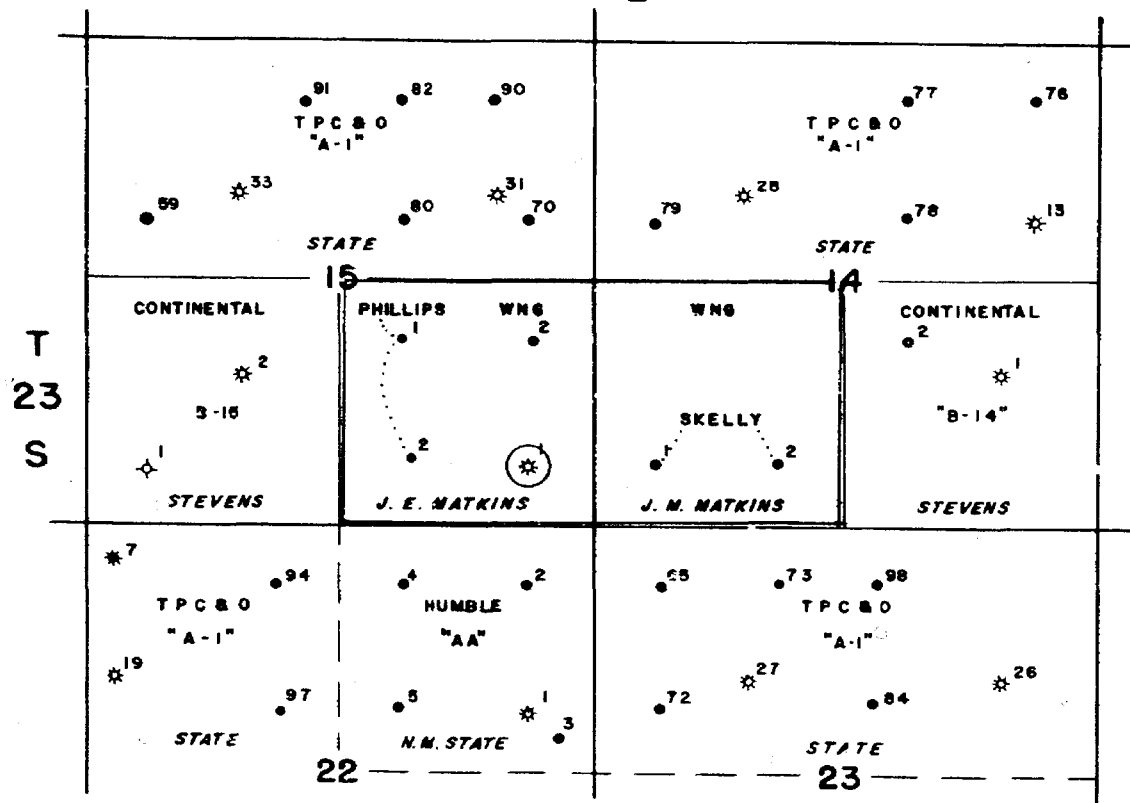
LEA COUNTY, NEW MEXICO

PROPOSED 320 ACRE NON-STANDARD GAS PRORATION UNIT



UNIT "P", SEC. 15-239-36 E
LEA COUNTY, NEW MEXICO

R 36 E



☼ Jalmat Gas Wells
 W.N.G. Gas rights

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 1
CASE NO. 2342

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CII 3-4491

PAGE

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
July 19, 1961

Case No. 2342



BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
July 19, 1961

IN THE MATTER OF:

Application of Western Natural Gas Company
for a non-standard gas proration unit and
for an unorthodox gas well location, Lea
County, New Mexico. Applicant, in the
above-styled cause, seeks the establish-
ment of a 320-acre non-standard gas pro-
ration unit in the Jalmat Gas Pool com-
prising the SW/4 of Section 14 and the
SE/4 of Section 15, all in Township 23
South, Range 36 East, Lea County, New
Mexico. Said unit is to be dedicated
to the Matkins Well No. 1 at an unortho-
dox location 660 feet from the South and
East lines of said Section 15.

Case
2342

BEFORE:

Elvis A. Utz, Commissioner

TRANSCRIPT OF HEARING

MR. UTZ: Case 2342.

MR. MORRIS: Application of Western Natural Gas Company
for a non-standard gas proration unit and for an unorthodox gas
well location, Lea County, New Mexico.

MR. SETH: Oliver Seth for the Applicant. We have
one witness, Mr. Morris.

W. B. SCOTT,
called as a witness herein, having been first duly sworn on oath,
was examined and testified as follows:

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PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DIRECT EXAMINATION

BY MR. SETH:

Q Would you state your name, please, and your position?

A W. B. Scott, Petroleum Engineer with Western Natural Gas Company.

Q How long have you been with the company, Mr. Scott?

A 3½ years.

Q And in what capacity?

A As a Production Engineer.

Q Are you familiar with the Company's application in this case?

A Yes, sir; I am.

Q And, are you generally familiar with the conditions in the Jalmat Gas Pool?

A Yes, sir.

Q Have you testified before this Commission before?

A Yes, I have.

MR. SETH: May he testify as an expert witness?

MR. UTZ: Yes, sir.

Q (By Mr. Seth) Would you tell us, briefly, what the Application seeks to accomplish?

A We seek an Application for a 320-acre non-standard gas proration unit, and an unorthodox location for the Matkins No. 1 Well Jalmat Gas Unit to comprise the Southwest Quarter of Section 14 and Southeast Quarter of Section 15.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



Q Do you have a plat showing this?

A Yes, I do.

(Whereupon Petitioner's Exhibit 1 marked for identification.)

Q (By Mr. Seth) Referring to Exhibit 1, would you tell us what that shows, please?

A Exhibit 1 shows in the yellow section the two 160-acre units comprised of the Southwest Quarter of Section 15 and the -- excuse me, the Southeast Quarter of Section 15 and the Southwest Quarter of Section 14, the surrounding wells, and the Company's offset.

Q Which is the well that is the subject of this Hearing?

A The Matkins No. 1.

Q And, will you give us the exact location of that well with reference to the --

A It's 660 feet from the south and east lines of Section 15.

Q Now, give us a little history on the well. When was it completed?

A It was completed April 27, 1938 originally. T. D. 3853 on July 17, 1938. It was plugged and abandoned back to 3645. At that time, it was shot from 3540 at the bottom of the 5½-inch casing to 3654 with 250 quarts of nitro. It was also perforated from 3275 to 3300, and 3030 to 3150.

Q Now, let's go back a minute to this plant. Does the

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PHONE CH 3-1691

ALBUQUERQUE, NEW MEXICO



Applicant own gas rights for the entire area that is colored yellow on this plat?

A Yes, they do.

Q Now, the subject well, did you later do some more work on it?

A Yes, sir; we did. In January, we made a study of several of our Jalmat wells, and we discovered that this particular well exceeded the limits. On January 23 of this year, we plugged back to 3386 and had one sack of cement on top of it. It was a permanent break. We perforated 3220 to 30, two shots per foot, and one shot at 3289. This well was fract with refined oil and sand and returned to production.

Q And, was the deliverability increased as a result of that?

A Yes, sir; it was.

Q What was the last test that you have?

A The last deliverability it received 625 MCF per day.

Q Is it, in your opinion, capable of producing an allowable for the 320 should the Application be approved.

A Yes, sir; I believe it would.

Q Now, referring to the acreage that you propose to dedicate to this well, particularly the Southwest Quarter of 14. Do you believe that is a reasonable expectation of production on that acreage?

A Yes, sir; I do, due to the fact that it is offset by

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-4691

ALBUQUERQUE, NEW MEXICO



T. P. Cole & Oil Al No. 28 which is in the north half of Section 14, also the Continental No. B 14 No. 1 which is in the Southeast Quarter of Section 14, and on the south in the north half of Section 23 by the T. P. Cole & Oil Al No. 27, I believe that is.

Q It is pretty well surrounded by producing Jalmat wells; isn't it?

A That is correct.

Q About how close is the closest offset to the Matkins Well?

A I believe the closest offset is the Humble AA No. 1, and it is 2,640 feet.

Q Now, it's surrounded by producing wells. Is it also surrounded by acreage dedicated to other wells?

A Yes.

Q And, that is an isolated Quarter Section as far as the dedication is concerned, now; is that right?

A That is correct.

Q Did you notify the offset operator that this Application had been made?

A The offset operators were notified by registered mail.

Q Do you see any reasonable way of producing gas from this Quarter Section, giving due regard to conservation and prevention of waste?

A Yes, sir.

Q Do you believe that this Application, if granted, will



prevent the drilling of unnecessary wells?

A Yes, sir; I do.

Q Do you believe it would be economically sound to drill a second well just for this one Quarter Section?

A No, sir; I believe the average cost would be anywhere from \$35,000.00 to \$40,000.00. I believe it --

Q Do you have a log of it?

(Whereupon Petitioner's Exhibit 2 marked for identification.)

Q (By Mr. Seth) Will you tell us, referring to Exhibit 2, what this Exhibit shows, please.

A Exhibit 2 is a gamma ray neutron of the subject well.

Q And, when was this taken?

A This was run on the first of January, the 24th, 1961.

Q Do you have any particular comments about it?

A No, I don't believe I do.

Q Is there any further comment, or anything further you want to tell the Commission about this case?

A No, sir; I don't believe so.

MR. SETH: We would like to offer the Exhibits.

MR. UTZ: Without objection, Exhibits 1 and 2 will be entered into the record in this case.

(Whereupon Petitioner's Exhibits 1 and 2 received in evidence.)

MR. SETH: I believe that is all on direct for now.

Q (By Mr. Utz) Mr. Scott, what are the oil wells shown



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PHONE CN 3-4691

ALBUQUERQUE, NEW MEXICO

on J. E. and J. M. Matkins Lease? What are they completed in?

A That is Queen, sir.

Q They are all completed, then, below the Jalmat Gas Pay?

A That is true.

Q And, the unit is surrounded by Jalmat Gas Wells?

A That is correct.

Q Are there any Jalmat Oil Wells?

A Not to my knowledge.

MR. UTZ: Are there other questions of the witness.

The witness may be excused.

MR. SETH: That is all we have.

MR. UTZ: Are there other statements to be made in this case? The case will be taken under advisement.



STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, MICHAEL P. HALL, 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 19th day of July, 1961.

Michael P. Hall
Notary Public - Court Reporter

My Commission expires:

June 20, 1965

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2342, heard by me on July 19, 1961.

Michael P. Hall Examiner
New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.
ALBUQUERQUE, NEW MEXICO

PHONE CH 1-6691

