

CASE 7504: CITYSERVICE COMPANY FOR
EXTENSION OF VERTICAL LIMITS OF THE
LANGLE MATIX POOL, LEA COUNTY, NEW
MEXICO

DOCKET MAILED

Date 3/5/82

CASE NO.

7504

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO

16 March 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of Cities Service Com-
pany for the extension of vertical
limits of the Langlie Mattix Pool,
Lea County, New Mexico.

CASE
7504

BEFORE: RICHARD L. STAMETS

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

W. Perry Pearce, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

W. Thomas Kellahin, Esq.
KELLAHIN & KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87501

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

2

I N D E X

E. F. MOTTER

Direct Examination by Mr. Kellahin	3
Cross Examination by Mr. Stamets	8

E X H I B I T S

Applicant Exhibit One, Plat	4
Applicant Exhibit Two, Cross Section	6
Applicant Exhibit Three, Cross Section	7

1
2 MR. STAMETS: We will call next Case
3 7504.

4 MR. PEARCE: Application of Cities
5 Service Company for the extension of vertical limits of the
6 Langlie Mattix Pool, Lea County, New Mexico.

7 MR. KELLAHIN: If the Examiner please,
8 I'm Tom Kellahin of Santa Fe, New Mexico, appearing on be-
9 half of Cities Service Company.

10 I have one witness.

11
12 (Witness sworn.)

13
14 E. F. MOTTER

15 being called as a witness and being duly sworn upon his oath,
16 testified as follows, to-wit:

17
18 DIRECT EXAMINATION

19 BY MR. KELLAHIN:

20 Q Mr. Motter, for the record would you
21 please state your name and occupation?

22 A My name is E. F. Motter. I am Engin-
23 eering Manager for the southwest region, Cities Service
24 Company, Midland, Texas.

25 Q Mr. Motter, have you previously testi-

1
2 fied as a petroleum engineer before the Division and had
3 your qualifications accepted and made a matter of record?

4 A. Yes, numerous times.

5 Q And have you made a study of the facts
6 surrounding this application?

7 A. Yes, I have.

8 MR. KELLAHIN: We tender Mr. Motter as
9 an expert petroleum engineer.

10 MR. STAMETS: He is considered qualified.

11 Q Mr. Motter, would you turn to what we've
12 marked as Applicant Exhibit Number One and identify that for
13 us?

14 A. Yes, this is a plat of the area of in-
15 terest and shaded yellow is the Cities Service Thomas "A"
16 Lease, the east half of Section 19, 24 South, 36 East -- ex-
17 cuse me, 37 East, New Mexico, Lea County, New Mexico.

18 Q Where is the subject well, Mr. Motter?

19 A. The subject well is located in northwest
20 of the southeast, our Thomas "A" No. 3, and there's a small
21 red arrow indicating that particular well.

22 Q What are you seeking to accomplish?

23 A. We would like to extend the vertical
24 limits of the Langlie Mattix Pool because we feel like we
25 are suffering drainage to some of the wells to the east and

1

2 the diagonal to the northeast and southeast.

3

Q Would you identify those wells for us,
4 for which you believe you're exposed to drainage?

5

A. Yes. Starting on the south, which would
6 be located in the southeast southeast, is the Hartman Soule
7 No. 1.

8

In the northeast of the southeast, the
9 Hartman Soule No. 2, and the southeast of the northeast,
10 the Hartman Thomas No. 3.

11

We will have cross sections which will
12 better identify these particular zones.

13

Q Describe generally for the Examiner
14 what has occurred with the Hartman wells that have exposed
15 you to drainage problems?

16

A. Well, these wells, or five -- excuse me,
17 six wells drilled on this Cities Service Thomas "A" Lease
18 is a farmout from Cities, and they were perforated above
19 what the Commission considers the top of the Langlie Mattix
20 Pool in the Jalmat, lower part of the Jalmat zone, and fol-
21 lowing a hearing of some six months ago, the Commission
22 granted Hartman permission to extend the vertical limits of
23 the Langlie Mattix to include the perforations in those
24 particular wells.

25

Q

What is the current status of approval

1
2 for the Cities Service Thomas No. 3 Well? The subject well?
3 What is that producing out of?

4 A. Oh, excuse me, it's a -- it's a Langlie
5 Mattix well. It's an oil well; produces about 42 or 3 bar-
6 rels a day at about 800-to-1 ratio.

7 Q. And what do you propose to do then in
8 terms of increasing the vertical limits in the Langlie Mattix?

9 A. We want to add a porosity zone which is
10 in the base of the Jalmat Pool, and I can better describe it
11 on the next exhibit.

12 Q. All right, sir, let's turn to Exhibit
13 Number Two, then, which is the cross section C-C'.

14 A. C-C', right.

15 If you'll note, the subject well is
16 labeled at the top and it would be the second well from the
17 left of the series of logs that are shown on the cross
18 section, the Cities Service Thomas "A" No. 3.

19 We show the top of the Langlie Mattix
20 on this cross section, which is shaded in yellow. We show
21 the current completion of the Cities Service well in red.
22 Excuse me, all the current completions in any of the wells
23 in this particular area are shaded in red.

24 We also show the proposed perforations,
25 3416 to 3425 in the Thomas "A" No. 3, which correspond to the

1
2 porosity zone that's in the Hartman Soule No. 2.

3 Q If the application is approved, then,
4 Mr. Motter, what will be the top of the Langlie Mattix Pool
5 and the corresponding base of the Jalmat Pool?

6 A Well, we would ask that the Langlie Mat-
7 tix be extended up to 4416.

8 Q All right, sir. Is there anything else
9 on that exhibit you'd like to direct our attention to?

10 A I don't think so.

11 Q Let's turn then to the, what is it,
12 E-E' cross section?

13 A F-F'.

14 Q Exhibit Number Three?

15 A It's a cross section, as you can see,
16 the strike over in the north -- excuse me, the upper right-
17 hand portion of the cross section, comes down from north to
18 south through wells one location east of the Thomas "A" No. 3,
19 and these are basically the Hartman wells which show that
20 this same zone is completed in all these particular wells.

21 These wells do make pretty good pro-
22 ducers. They'll run about 250M to 300M a day out of the
23 present completions.

24 Q In your opinion will the Cities Service
25 Thomas "A" 3 Well be subject to drainage in this portion of

1
2 what is the Langlie Mattix in the Hartman wells and is still
3 the Jalmat in your well if this application is not approved?

4 A. Yes, we definitely feel that we're suf-
5 fering drainage.

6 Q. In your opinion would approval of this
7 application protect Cities Service's correlative rights in
8 this formation?

9 A. Yes.

10 Q. And were Exhibits One, Two, and Three
11 prepared under your direction and supervision?

12 A. Yes, under my supervision.

13 Q. All right, sir.

14 MR. KELLAHIN: That concludes our exam-
15 ination of Mr. Motter.

16 We would move the introduction of Ex-
17 hibits One, Two, and Three.

18 MR. STAMETS: These exhibits will be ad-
19 mitted.

20 Are there any questions of this witness?

21
22 CROSS EXAMINATION

23 BY MR. STAMETS:

24 Q. Mr. Motter, what will this zone be ex-
25 pected to produce? Is it an oil zone or a gas zone?

1
2 A. Well, that will have to probably be --
3 remain to be answered after we test it.

4 Cities Service has a well to the north
5 of this which was recompleted. It was a Jalmat gas well and
6 in October of 1980 we went in and fractured this particular
7 lower part of the Jalmat, and we turned out that it was an
8 oil well. It produces about 10 barrels a day with about
9 11,000-to-1 ratio.

10 However, the Hartman wells are almost
11 dry gas. They have accumulated around 600M over the period
12 of time they've been producing, which is about four years.

13 So I honestly do not know. I do not
14 feel that we will have a gas well, say, by statute, of over
15 100,000-to-1. I expect that we'll have a ratio of 11-to-12,000,
16 something like that.

17 Q Do you expect to continue to produce
18 this well on 40 acres?

19 A. Yes. The well is on a pump and we think
20 that this will help us some. We probably will produce it
21 both up the annulus and whatever comes up the tubing string.

22 MR. STAMETS: Any other questions of the
23 witness? He may be excused.

24 Anything further in this case?

25 The case will be taken under advisement.

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examinar hearing of Case No. 7504, heard by me on 3-16, 1962.

Richard D. Starn, Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Rt. 1 Box 191-B

Santa Fe, New Mexico 87501

Phone (505) 455-7407



BRUCE KING
GOVERNOR

LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

March 29, 1982

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

Re: CASE NO. 7504
ORDER NO. R-6928

Applicant:

Cities Service Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD	<u> x </u>
Artesia OCD	<u> x </u>
Aztec OCD	<u> </u>

Other

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 7504
Order No. R-6928

APPLICATION OF CITIES SERVICE
COMPANY FOR EXTENSION OF VERTICAL
LIMITS OF THE LANGLIE-MATTIX POOL,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 16, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 26th day of March, 1982, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Cities Service Company, seeks the contraction of the vertical limits of the Jalmat Pool and the upward extension of the vertical limits of the Langlie-Mattix Pool to a depth of 3416 feet, subsurface, underlying the NW/4 SE/4 of Section 19, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico.
- (3) That the vertical limits of the Jalmat Pool as defined by Order No. R-520, dated August 12, 1954, include the Tansill and Yates formations and all but the lowermost 100 feet of the Seven Rivers formation.
- (4) That the vertical limits of the Langlie-Mattix Pool, as defined by said Order No. R-520, include the lowermost 100 feet of the Seven Rivers formation and all of the Queen formation.

-2-

Case No. 7504

Order No. R-6928

(5) That there has been some disparity among some geologists as to the actual base of the Seven Rivers formation and the top of the Queen formation and hence as to the location of the 100-foot marker separating the Jalmat and Langlie-Mattix Pools.

(6) That as a result of this disparity, certain other wells in the general area which are classified as Langlie-Mattix wells had perforations extending across the aforesaid 100-foot marker in the Seven Rivers formation and into the Jalmat Pool.

(7) That such crossing over from one pool into the other in such wells appeared to be an unintentional error and the vertical limits of said pools were altered to permit said wells to continue to produce in the common wellbore.

(8) That applicant's Thomas A Lease Well No. 3 located in the NW/4 SE/4 of said Section 19 is offset by several of such wells for which the vertical limits of said pools have been altered.

(9) That the proposed amendment of the vertical limits of said pools underlying the NW/4 SE/4 of the aforesaid Section 19 will permit the applicant to produce its just and equitable share of the hydrocarbons therefrom, will promote the prevention of waste, and will not violate correlative rights.

(10) That the application should be approved.

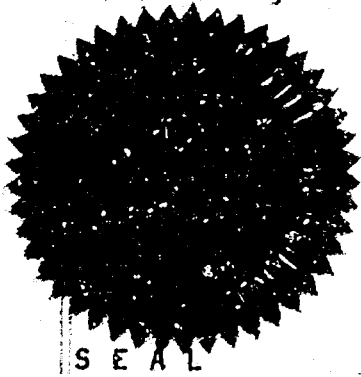
IT IS THEREFORE ORDERED:

(1) That the lowermost vertical limits of the Jalmat Pool underlying the NW/4 SE/4 of Section 19, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico, are hereby contracted to a subsurface depth of 3416 feet, and the uppermost limits of the Langlie-Mattix Pool underlying said tract are hereby extended upward to the same subsurface depth.

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

-3-
Case No. 7504
Order No. R-6928

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

fd/

Dockets Nos. 9-82 and 10-82 are tentatively set for March 31, and April 14, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - TUESDAY - MARCH 16, 1982

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

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

ALLOWABLE: (1) Consideration of the allowable production of gas for April, 1982, from fifteen pr. rated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for April, 1982, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 7502: Application of Sun Oil Company for an unorthodox gas well location and non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 760 feet from the South line and 960 feet from the East line of Section 6, Township 24 South, Range 37 East, Jalmat Gas Pool, and a 160-acre non-standard proration unit comprising the SE/4 of said Section 6.

CASE 7503: Application of Sun Oil Company for an unorthodox gas well location and non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 1980 feet from the North line and 1400 feet from the East line of Section 22, Township 22 South, Range 36 East, Jalmat Gas Pool, and a 120-acre non-standard proration unit comprising the W/2 NE/4 and SE/4 NE/4 of said Section 22.

CASE 7504: Application of Cities Service Company for the extension of vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jalmat Pool and the upward extension of the vertical limits of the Langlie Mattix Pool to a subsurface depth of 3416 feet underlying the NW/4 of Section 19, Township 24 South, Range 37 East.

CASE 7505: Application of BCO, Inc. for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Lybrook-Galiup and Basin-Dakota production in the wellbores of wells drilled and to be drilled in Section 2, 3, 4, 9 and 10, Township 23 North, Range 7 West.

CASE 7506: Application of Getty Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of salt water into the Abo formation in the perforated interval from 8900 feet to 9300 feet in its State "P" Well No. 1, located in Unit P, Section 32, Township 16 South, Range 37 East, Lovington-Abo Pool.

CASE 7507: Application of Sonny's Oilfield Service, Inc. for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the NW/4 NE/4 of Section 29, Township 18 South, Range 38 East.

CASE 7508: Application of P & O Oilfield Services, Inc. for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the SW/4 NE/4 of Section 10, Township 25 South, Range 36 East.

CASE 7459: (Continued from February 17, 1982, Examiner Hearing)

Application of Red Mountain Associates for the Amendment of Order No. R-6538, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-6538, which authorized applicant to conduct waterflood operations in the Chaco Wash-Mesa Verde Oil Pool. Applicant seeks approval for the injection of water through various other wells than those originally approved, seeks deletion of the requirement for packers in injection wells, and seeks an increase in the previously authorized 68-pound limitation on injection pressure.

CASE 7457: (Continued from February 17, 1982, Examiner Hearing)
(This Case will be continued to April 28, 1982)

Application of E. T. Ross for nine non-standard gas proration units, Harding County, New Mexico. Applicant, in the above-styled cause, seeks approval for nine 40-acre non-standard gas proration units in the Bravo Dome Carbon Dioxide Area. In Township 19 North, Range 30 East: Section 12, the NW/4 NW/4 and NE/4 NW/4; Section 14, the NW/4 NE/4, SW/4 NE/4, and SE/4 NE/4. In Township 20 North, Range 30 East: Section 11, the NE/4 SW/4, SW/4 SE/4, SE/4 SW/4, and NW/4 SE/4.

Page 2
 Examiner Hearing
 TUESDAY - MARCH 16, 1982

- CASE 7509:** Application of Supron Energy Corporation for a non-standard proration unit or compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard proration unit for the Dakota and Mesaverde formations comprising the SW/4 of Section 2, Township 21 North, Range 8 West, or in the alternative, an order pooling all mineral interests from the surface down through the Dakota formation underlying the S/2 of said Section 2, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7510:** Application of Union Oil Company of California for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Penn formations underlying the N/2 of Section 10, Township 22 South, Range 32 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7511:** (This Case will be continued to March 31, 1982)
 Application of Buffton Oil & Gas Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp through Devonian formations underlying the W/2 of Section 35, Township 16 South, Range 35 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7496:** (Continued from March 3, 1982, Examiner Hearing)
 Application of Viking Petroleum, Inc. for an unorthodox location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of an Abo gas well to be drilled 62 feet from the South line and 1984 feet from the East line of Section 29, Township 5 South, Range 24 East, the SE/4 of said Section to be dedicated to the well.
- CASE 7512:** Application of Viking Petroleum, Inc. for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well located in Unit H of Section 31, Township 13 South, Range 34 East, Nonombre-Penn Pool, said well being a recompleted Morrow test and located in the SE/4 of the quarter section whereas the pool rules require wells to be located in the NE/4 or SW/4 of the quarter section.
- CASE 7476:** (Continued from March 3, 1982, Examiner Hearing)
 Application of Jack J. Grynberg for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through and including the Abo formation, underlying two 160-acre gas spacing units, being the NE/4 and SE/4, respectively, of Section 12, Township 5 South, Range 24 East, each to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.
- CASE 7513:** Application of Mesa Petroleum Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Abo formation underlying the SE/4 of Section 12, Township 5 South, Range 24 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7514:** Application of Santa Fe Exploration Co. for compulsory pooling, or in the alternative a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Permian-Penn, Strawn, Atoka and Morrow formations underlying the W/2 of Section 2, Township 20 South, Range 25 East to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200 percent charge for risk involved in drilling said well. In the event said 200 percent risk factor is not approved, applicant seeks a non-standard unit excluding the lands of owners not participating in the well.

PAGE 3

EXAMINER HEARING - TUESDAY - MARCH 16, 1982

CASE 7515: Application of Four Corners Gas Producers Association for designation of a tight formation, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Dakota formation underlying all or portions of Townships 26 and 27 North, Ranges 12, and 13 West, Township 29 North, Ranges 13 through 15 West, and Township 30 North, Ranges 14 and 15 West, containing 164,120 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271. 701-705.

CASE 7445: (Continued from February 17, 1982, Examiner Hearing)
(This Case will be continued to April 28, 1982)

Application of Harvey E. Yates Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the San Andres formation for its Fulton Collier Well No. 1 in Unit G of Section 1, Township 18 South, Range 28 East.

CASE 7492: (Continued and Readvertised)

Application of Harvey E. Yates Company for a tight formation, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Atoka-Morrow formation underlying all or portions of Townships 7, 8, and 9 South, Ranges 28, 29, 30 and 31 East, containing 161,280 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271. 701-705.

CASE 7500: (Continued from March 3, 1982, Examiner Hearing)

Application of Read & Stevens, Inc. for an exception to the maximum allowable base price provisions of the New Mexico Natural Gas Pricing Act, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order of the Division prescribing the price allowed for production enhancement gas under Section 107 of the Natural Gas Policy Act as the maximum allowable base price if production enhancement work which qualifies under the NGPA is performed on its Hackberry Hills Unit Well No. 4 located in Section 22, Township 22 South, Range 26 East, Eddy County, New Mexico.

KELLAHIN and KELLAHIN

Attorneys at Law

500 Don Gaspar Avenue

Post Office Box 1769

Santa Fe, New Mexico 87501

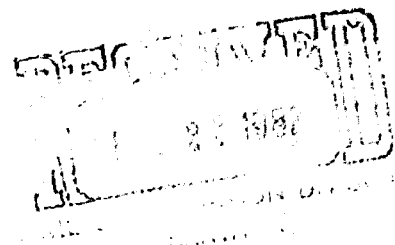
Telephone 982-4285

Area Code 505

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

February 23, 1982

Mr. Joe D. Ramey
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501



RE: Cities Service Company
Thomas A-3 well
Langlie Mattix Pool

Case 7504

Dear Mr. Ramey:

Please set the enclosed application for hearing
on March 16, 1982.

Very truly yours,

W. Thomas Kellahin

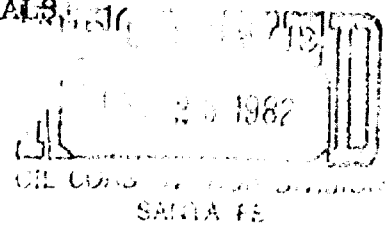
WTK:jm

Enclosure

cc: Mr. Gene Motter
Mr. Charles Mitchell
Mr. Jerry Barnes

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF CITIES SERVICE COMPANY FOR THE
EXTENSION OF VERTICAL LIMITS OF THE
LANGLIE MATTIX POOL AND THE
CONTRACTION OF THE VERTICAL LIMITS
OF THE JALMAT POOL, FOR CERTAIN
ACREAGE WITHIN SAID POOLS, LEA
COUNTY NEW MEXICO.



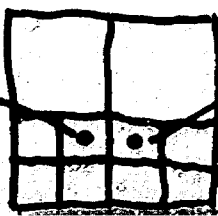
Case 7504

A P P L I C A T I O N

COMES NOW CITIES SERVICE COMPANY, by and through its attorneys, KELLAHIN & KELLAHIN, and applies to the New Mexico Oil Conservation Division for an order extending the top vertical limits of the Langlie Mattix Pool for a portion of said pool, and for the corresponding deletion of the same acreage from the lower vertical limits of the Jalmat Gas Pool for its Citics Service Thomas A-3 Well located 1980 feet from the South and East lines of Section 19, T24S, R37E, NMPM, Lea County New Mexico and in support thereof would show:

1. Applicant is the operator of the Thomas A-3 well Unit J (NW/4SE/4) Section 19, T24S, R37E, NMPM, Lea County New Mexico.
2. The subject Citics Service well is currently completed in the Langlie Mattix Pool at perforations located from 3477 feet to 3636 feet.
3. The subject Citics Service well is suffering drainage by production from the East offset well operated by Doyle Hartman which is identified as the Hartman Adele Sowell No. 2 well in Unit K (~~NE/4SE/4~~^{NW/4SW/4} of said Section 19).
4. Doyle Hartman perforated the Adele Sowell well both in the Langlie Mattix Pool and the lower portion of the Jalmat Pool and thereafter as a result of his application obtained from the New Mexico Oil Conservation Division Order R-6659 which increased the vertical limits of the Langlie Mattix

Hartman
Sowell
Unit K
NE/4SW/4



C.S. Thomas A-3
Unit J (NW/4SE/4)

pool for his well to 3387 feet.

5. Cities Service Company seeks an extension of the vertical limits of the Langlie Mattix Pool for its Thomas A-3 well so that the top of the Langlie Mattix Pool and the corresponding base of the Jalmat Pool in this well will be located at 3416 feet.

6. Approval of this application will allow Cities Service Company to perforate its Thomas A-3 well in that portion of the formation that is currently perforated and producing in the Hartman well and thereby prevent the Cities Service acreage from suffering further drainage by the Hartman Adele Sowell well No. 2.


7. That approval of the application will be in the best interest of conservation, prevention of waste and protection of correlative rights.

WHEREFORE applicant, Cities Service Company, requests that this application be set for hearing and that after notice and hearing the application be granted as requested.

Respectfully submitted,

CITIES SERVICE COMPANY

By


KELLAHIN & KELLAHIN

P.O. Box 1769

Santa Fe, New Mexico 87501

(505) 982-4285

ATTORNEYS FOR APPLICANT

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 7149 *7504*
Order No. ~~R-6618~~ *R-6928*

Cities Service Company
APPLICATION OF ~~JOHN H. HENDRIX~~
CORPORATION FOR EXTENSION OF
VERTICAL LIMITS OF THE LANGLIE-
MATTIX POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on ~~February 25,~~ *March 16,*
1981, at Santa Fe, New Mexico, before Examiner ~~Daniel S.~~
~~Nutter.~~ *RLS*

NOW, on this ~~6th~~ day of ~~March, 1981,~~ the Division
Director, 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 Division has jurisdiction of this cause and the
subject matter thereof.

Cities Service Company
(2) That the applicant, ~~John H. Hendrix Corporation,~~
seeks the contraction of the vertical limits of the Jalmat
Pool and the upward extension of the vertical limits of
the Langlie-Mattix Pool to a depth of ~~3416~~ feet, subsurface,
underlying the *NW 1/4 SE 1/4* of Section 19, Township 24 South,
Range 37 East, NMPM, Lea County, New Mexico.

(3) That the vertical limits of the Jalmat Pool as
defined by Order No. R-520, dated August 12, 1954, include
the Tansill and Yates formations and all but the lowermost
100 feet of the Seven Rivers formation.

(4) That the vertical limits of the Langlie-Mattix
Pool, as defined by said Order No. R-520, include the
lowermost 100 feet of the Seven Rivers formation and all
of the Queen formation.

(5) That there has been some disparity among some geologists as to the actual base of the Seven Rivers formation and the top of the Queen formation and hence as to the location of the 100-foot marker separating the Jalmat and Langlie-Mattix Pools.

(6) That as a result of this disparity, ~~applicant's~~ ~~steep~~ ~~well No. 1~~ and certain other wells in the general area which are classified as Langlie-Mattix wells ~~have~~ had perforations extending across the aforesaid 100-foot marker in the Seven Rivers formation and into the Jalmat Pool.

(7) That such crossing over from one pool into the other

in such wells appeared to be an unintentional error and the vertical limits of said pools were altered to permit said wells to continue to produce in the common well bore.

(8) That applicant's Thomas F. Lease Well No. 3 located in the NW 1/4 SE 1/4 of said Section 19 is offset by several of such wells for which the vertical limits of said pools have been altered.

(9) That the proposed amendment of the vertical limits of said pools ^{underlying the NW 1/4 SE 1/4 of the aforesaid Section 19} will permit the applicant to produce its just and equitable share of the hydrocarbons therefrom, will promote the prevention of waste, and will not violate correlative rights.

(10) That the application should be approved.

IT IS THEREFORE ORDERED:

(1) That the lowermost vertical limits of the Jalmat Pool underlying the NW/4 SE/4 of Section 19, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico, are hereby contracted to a subsurface depth of 3416 feet, and the uppermost limits of the Langlie-Mattix Pool underlying said tract are hereby extended upward to the same subsurface depth.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY,
Director

S E A L