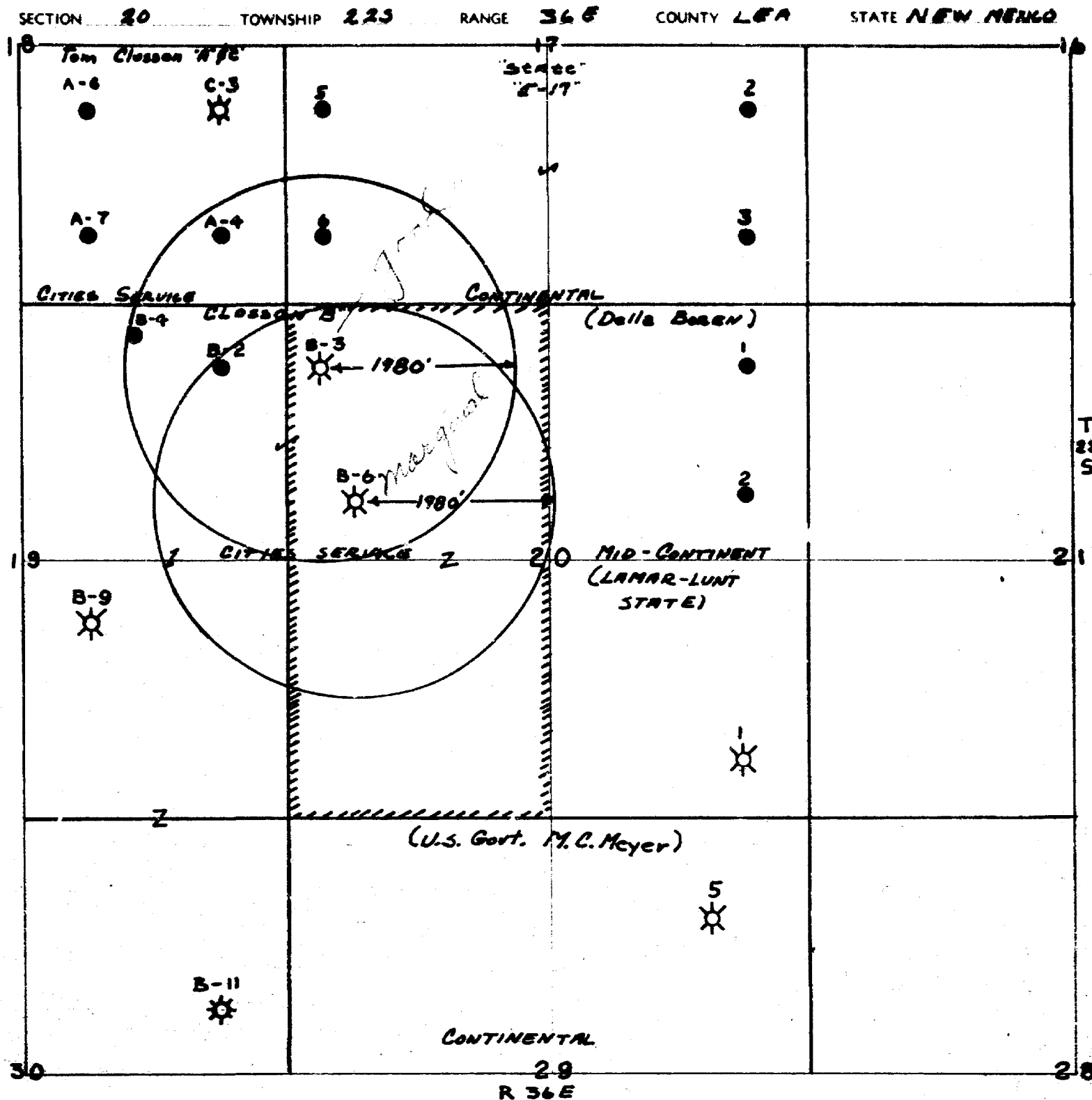


Case No.

1260

Application, Transcript,
Small Exhibits, Etc.

(SCALE 6 IN. = 1 MI.) ONE-SECTION PLAT



PLAT TO ACCOMPANY APPLICATION FOR

NON-STANDARD GAS PRODUCTION UNIT

EXHIBIT "A"

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
C.S. EXHIBIT No. A
CASE 1260

ROUGH
DRAFT
WJC/ir
July 11

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. 1260
Order No. R-1020

APPLICATION OF CITIES SERVICE OIL COMPANY
FOR A 320-ACRE NON-STANDARD GAS PRORATION
UNIT IN THE JALMAT GAS POOL IN EXCEPTION
TO RULE 5 (a) OF THE SPECIAL RULES AND
REGULATIONS FOR THE JALMAT GAS POOL,
SAID UNIT TO BE DEDICATED JOINTLY TO THE
APPLICANT'S CLOSSON "B" NO. 3 WELL, LOCATED
IN THE NW/4 NW/4, AND THE CLOSSON "B" NO. 6
WELL, LOCATED IN THE SW/4 NW/4 OF SECTION 20,
TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 11p. m. on May 28, 1957,
at Hobbs, New Mexico, before Daniel S. Nutter, 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 ___ day of July, 1957, the Commission, a quorum
being present, having considered the application, the evidence
adduced, and the recommendations of the Examiner, Daniel S. Nutter,
and being fully advised in the premises,

FINDS:

- (1) Usual
- (2) That the applicant, Cities Service Oil Company,
is the owner of an oil and gas lease, a portion of which consists
of the W/2 of Section 20, Township 22 South, Range 36 East, NMPM,
Lea County, New Mexico.
- (3) That the applicant is the owner and operator of the
Closson "B" No. 3 Well, located 660 feet from the North line and
330 feet from the West line of said Section 20, and the Closson
"B" No. 6 Well, located 1980 feet from the North line and 660 feet
from the West line of said Section 20.
- (4) That the aforementioned Closson "B" No. 6 Well is
presently assigned a 160-acre non-standard gas proration unit consisting
of the NW/4 of said Section 20.
- (5) That the applicant proposes to increase the size of
the aforementioned non-standard gas proration unit from 160 acres
to 320 acres by the inclusion of the SW/4 of said Section 20 in the
unit and to dedicate said unit jointly to the aforementioned
"B" No. 3 and Closson "B" No. 6 Wells.

(6) That the creation of the proposed 320-acre non-standard gas proration unit will not cause waste nor impair correlative rights.

(7) That no objections to the approval of the subject application have been registered with the Commission.

(8) That the underage accrued to the ^{presently} existing 160-acre non-standard gas proration unit referred to above should be transferred to the net status of the proposed 320-acre non-standard gas proration unit.

(9) That the applicant should endeavor to produce as much as possible of the 320-acre allowable from the aforementioned Closson "B" No. 6 Well.

IT IS THEREFORE ORDERED:

(1) That a non-standard gas proration unit in the Jalmat Gas Pool consisting of the W/2 of Section 20, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, be and the same is hereby created, said unit to be jointly dedicated to the Cities Service Oil Company Closson "B" No. 3 Well, located in the NW/4 NW/4, and the Closson "B" No. 6 Well located in the SW/4 NW/4 of said Section 20.

(2) That the aforementioned Closson "B" No. 3 and Closson "B" No. 6 wells be assigned an allowable in the proportion that the acreage in the above-described non-standard gas proration unit bears to the acreage in a standard proration unit, for the Jalmat Gas Pool, subject to the provisions of Rule 8 of the Special Rules and Regulation for the Jalmat Gas Pool as set forth in Order R-520.

(3) That the net status of the presently existing 160-acre non-standard gas proration unit consisting of the NW/4 of said Section 20, be ~~g~~ transferred to the above created 320-acre non-standard gas proration unit as of August 1, 1957.

(4) That the applicant shall ~~endeavor to~~ produce as much as possible of the allowable assigned to the above created non-standard gas proration unit from the aforementioned Closson "B" No. 6 Well.

DONE etc.

CALL 1267



EX Hg
Hobbs

CITIES SERVICE OIL COMPANY

BOX 97
HOBBS, NEW MEXICO

on 5/1/57

April 30, 1957

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

sent copy?
done on 5/21/57

Attn: Mr. A. L. Porter, Jr.

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

Gentlemen:

It is respectfully requested that the Oil Conservation Commission schedule a hearing at a early date in Hobbs, New Mexico, to consider our application for a 320 acre non-standard gas proration unit composed of the W/2 of Section 20, T-22-S, R-36-E, in the Jalmat Gas Pool, Lea County, New Mexico.

Cities Service Oil Company is the owner of federal oil and gas leases on the proposed unit and two gas wells completed in the vertical and horizontal limits of the Jalmat Gas Pool are located on the acreage; the first well, known as the Closson "B" No. 6, is located 1980' FNL and 660' FNL, Section 20; and the second well, the Closson "B" No. 3, is located 660' FNL and 330' FNL.

The Closson "B" No. 6 was completed in June, 1941, in the Queen formation as an oil well. In June, 1952, the well was recompleted in the Yates formation and was assigned a 160 acre gas unit in the Jalmat Gas Pool, composed of the NW/4 of Section 20.

The Closson "B" No. 3 was completed as an oil well in the Queen formation in September, 1940. The Queen formation was depleted and the well has recently been recompleted as a gas well from within the vertical limits of the Jalmat Pool.

The acreage included in the proposed unit falls within the limits of the Jalmat Gas Pool, is composed of continuous quarter/quarter sections in a single governmental section and is reasonably presumed to be productive of gas. Upon favorable approval of this application, it is planned to produce the Closson "B" No. 6 to its limited capacity and compensate the assigned unit allowable from the Closson "B" No. 3. This will protect correlative rights and will not cause but will prevent waste.

April 30, 1957

A hearing is therefore requested for consideration of an exception to Rule 5-A, Order 520, concerning the rules and regulations of the Jalmat Gas Pool permitting assignment of a 320 acre non-standard gas proration unit to the Closson "B" No. 3 and Closson "B" No. 6 in Section 20, T-22-S, R-36-E.

A plat marked Exhibit "A" is attached hereto, which indicates the location of the proposed unit, subject wells and offset operators. A copy of this application has been sent by registered mail to each operator named on the attached list.

Yours very truly,

CITIES SERVICE OIL COMPANY




E. F. Motter
District Engineer

EFM/gb
Attachs.

STATE OF NEW MEXICO
COUNTY OF LEA

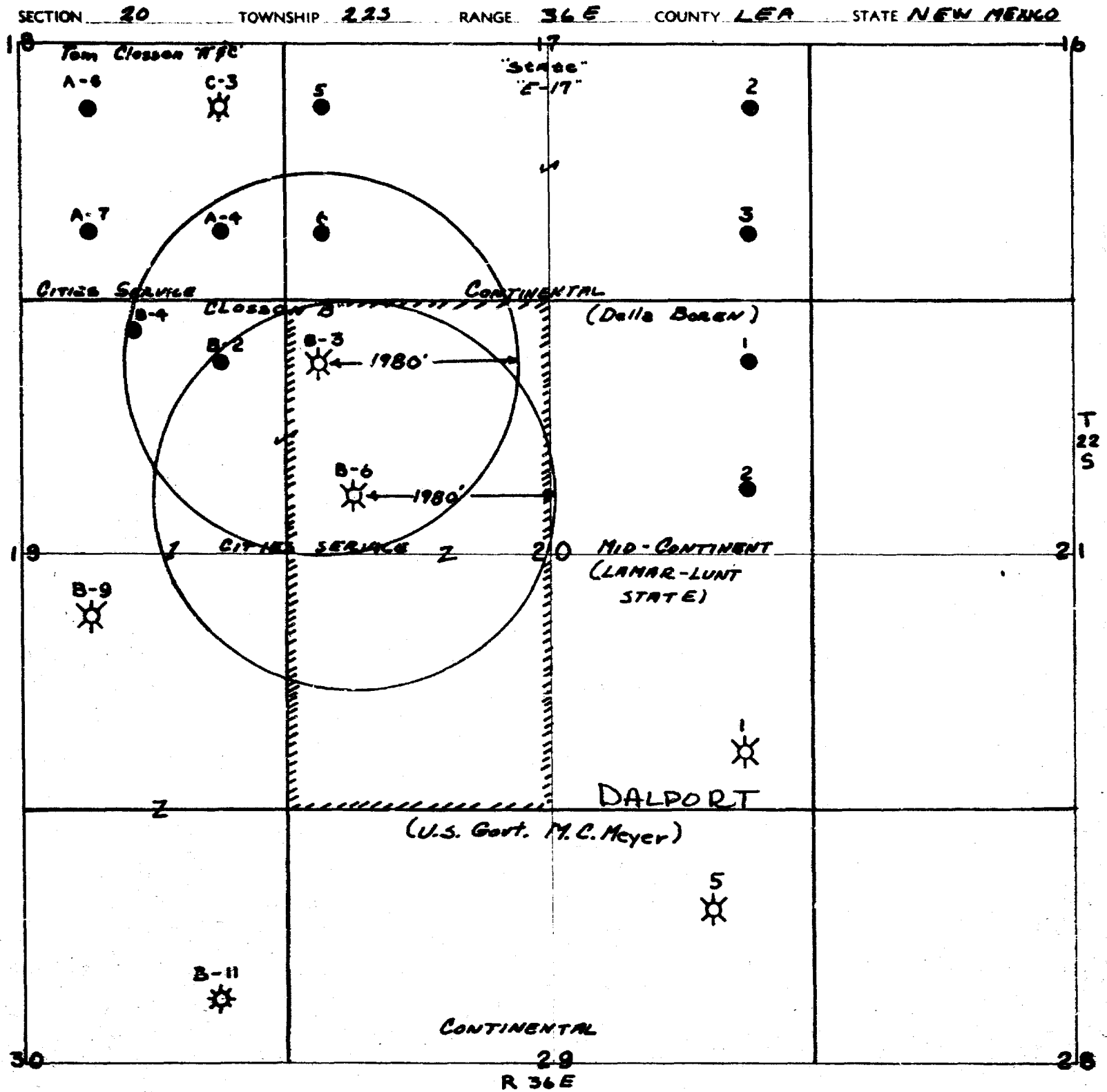
Before me, the undersigned authority, on this day personally appeared E. F. Motter, known to me to be the duly authorized agent of this company who upon his oath says that the foregoing is true and correct to the best of his knowledge.

Subscribed and sworn to before me this 3rd day of May, 1957.


Notary Public, Lea County, N. M.

My commission expires Feb. 8, 1958

(SCALE 8 IN. = 1 MI.) ONE-SECTION PLAT



PLAT TO ACCOMPANY APPLICATION FOR
NON-STANDARD GAS PROBATION UNIT
EXHIBIT "A"

MAILING LIST

Oil Conservation Commission (3)
Box 871
Santa Fe, New Mexico

Oil Conservation Commission (1)
Box 2045
Hobbs, New Mexico

Continental Oil Company (1)
Attn: Mr. R. L. Adams
323 Petroleum Bldg.
Roswell, New Mexico

Dalport Oil Corporation (1)
Attn: George Todd
507 W. Starry
Midland, Texas

Sunray Mid-Continent Oil Co. (1)
Attn: Mr. V. L. Smith
201 Midland Nat'l Bank Bldg.
Midland, Texas

OK to approve

WWM 7/10/57

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date July 8, 1957

CASE 1260

Hearing Date May 28, 1957 @ 1:00 PM
DSN at Hotsa-

My recommendations for an order in the above numbered cases are as follows:

Enter an order approving the 320-acre unit sought by Citis Service in this case and approve applicant's proposal to dedicate the 320 acres to two wells, the Closson B-6, ~~the~~ 1980' FNL & 660' FWL Sec 20, T 22 S, R 36 E, and the Closson B-3 660' FNL and 330' FWL of Sec 20. Also approve ~~applicant's proposal~~ the assignment of the underage accumulated by the 160-acre unit to the 320-acre unit.

Applicant presently has a 160-acre unit comprising the NW 1/4 of Sec 20, to which is dedicated the B-6 well. This well is strictly marginal, even so far as a 160 acre unit is concerned and the present unit has accrued almost 400,000,000 cubic feet of underage.

Applicant proposes to ~~the~~ increase the size of the unit to 320 acres, dedicate both wells to the unit, and produce the marginal well to capacity. The remainder of the allowance would be produced

Staff Member

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date _____

CASE 1260 - continued

Hearing Date _____

My recommendations for an order in the above numbered cases are as follows:

from the B-3 well, which supposedly is a good well and could produce a 320-acre allowance by itself if necessary.

There is basically nothing wrong nor objectionable with applicant's proposal ~~with~~ with the following exceptions:

1. The B-3 well, which it is expected will bear the burden of producing most of the allowance, is a 660-330 location. R-520 did not contemplate more than 160 acres being assigned to a 660-660 location, must less 320 acres being assigned to a 660-330.
2. The vast underage which has accumulated would in all probability have to remain assigned to the unit, and would be eligible for production by a well other than the one by which it was accrued. Whether this in itself is objectionable is academic and cannot be settled here.

Staff Member

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date _____

CASE 1260 - continued

Hearing Date _____

My recommendations for an order in the above numbered cases are as follows:

3. There may be a question as to how productive of gas this entire 320 acre unit may actually be, especially in view of the B-6 well, almost in the middle of the unit, being so unquestionably marginal. Applicant maintains, however, that this condition is a localized one and that ~~no doubt~~ ~~can~~ not a reflection of the potential of the unit. It may be. The B-6 well loads up with water and ~~the~~ this may be the result of a faulty completion ~~or~~ rather than a non-productive or depleted sand.

On the other side of the fence, in favor of approving the application, we have:

1. Operator-applicant is the owner of the acreage affected by the 330-ft location of the B-3 well. Royalty ownership is identical. Continental Oil Company, owner

Staff Member

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date _____

CASE

1260 - continued

Hearing Date _____

My recommendations for an order in the above numbered cases are as follows:

- of the State lease just north of the 660' location of the B-2 well, registered no objection to the proposed unit, and in fact, the record shows that in discussions of the matter between representatives of Cities Service and Continental, the Continental people stated "they knew of no reason why they would enter an objection at any time."
2. If applicant had plugged the B-6 well and was asking for a 320-acre unit to be assigned the B-3 well, favorable consideration thereof would in all likelihood be given in ~~light of~~ the absence of objections. ~~off to~~
3. If the underage remains on the books it will be underage accrued by the unit and not the well. This underage ~~may~~ has already accrued to the NW $\frac{1}{4}$ of the section and should not be cancelled solely on the grounds that the unit is to be enlarged. The NW $\frac{1}{4}$ of Sec 20 will be in the enlarged unit and has the right to take its underage with it into the bigger unit.

Staff Member

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date _____

CASE 1260 - conclusion Hearing Date _____

My recommendations for an order in the above numbered cases are as follows:

3. And at any rate the underproduction ~~of~~ will be subject to cancellation at the end of the current balancing period anyway.

San Juan
~~Staff Member~~
Examiner

NEW MEXICO
OIL CONSERVATION COMMISSION

Gas Well Plat

Date _____



Operator _____

Lease _____

Well No. _____

Name of Producing Formation _____ Pool _____

No. Acres Dedicated to the Well _____

SECTION	TOWNSHIP	RANGE
 B-3		Present Unit
 B-6		Proposed Unit

I hereby certify that the information given above is true and complete to the best of my knowledge.

Name _____
Position _____
Representing _____
Address _____

(over)

DOCKET: EXAMINER HEARING MAY 28, 1957

New Mexico Oil Conservation Commission 1:00 p.m., Hobbs, New Mexico
Oil Conservation Commission Office, 1000 W. Broadway, Hobbs, New Mexico

The following cases will be heard before Daniel S. Nutter, Examiner:

- CASE 1258: Application of Great Western Drilling Company for approval of a 52-acre non-standard oil proration unit in the Carter-San Andres Pool, Lea County, New Mexico. in exception to Rule 104 of the Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order authorizing a 52-acre non-standard oil proration unit in the Carter-San Andres Pool consisting of Lots 4 and 5 of Section 5, Township 18 South, Range 39 East, Lea County, New Mexico, said unit to be dedicated to the applicant's Effie Carter No. 1 Well located 1650 feet from the South line and 330 feet from the East line of said Section 5.
- CASE 1259: Application of Continental Oil Company for a 320-acre non-standard gas proration unit in the Eumont Gas Pool in exception to Rule 5 (a) of the Special Rules and Regulations for said pool. Applicant, in the above-styled cause, seeks an order authorizing a 320-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the W/2 of Section 20, Township 21 South, Range 36 East, Lea County, New Mexico, said unit to be dedicated to the applicant's State "C-20" Well No. 5 located 660 feet from the South and West lines of said Section 20.
- CASE 1260: Application of Cities Service Oil Company for a 320-acre non-standard gas proration unit in the Jalmat Gas Pool in exception to Rule 5 (a) of the Special Rules and Regulations for said pool. Applicant, in the above-styled cause, seeks an order authorizing a 320-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the W/2 of Section 20, Township 22 South, Range 36 East, Lea County, New Mexico, said unit to be dedicated jointly to the applicant's Closson "B" No. 3 Well located 660 feet from the North line and 330 feet from the West line of said Section 20 and to the Closson "B" No. 6 Well located 1980 feet from the North line and 660 feet from the West line of said Section 20.

ir/

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
May 28, 1957

IN THE MATTER OF:

CASE 1260

TRANSCRIPT OF PROCEEDINGS

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
May 28, 1957

.....
IN THE MATTER OF:

The application of Cities Service Oil Company for a 320-acre non-standard gas proration unit in the Jalmat Gas Pool in exception to Rule 5 (a) of the Special Rules and Regulations for said pool. Applicant, in the above-styled cause, seeks an order authorizing a 320-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the W/2 of Section 20, Township 22 South, Range 36 East, Lea County, New Mexico, said unit to be dedicated jointly to the applicant's Closson "B" No. 3 Well located 660 feet from the North line and 330 feet from the West line of said Section 20 and to the Closson "B" No. 6 Well located 1980 feet from the North line and 660 feet from the West line of said Section 20.

CASE NO. 1260

.....
BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

EXAMINER NUTTER: The next case will be 1260.

MR. COOLEY: Case 1260. Application of Cities Service Oil Company for a 320-acre non-standard gas proration unit in the Jalmat Gas Pool in exception to Rule 5 (a) of the special Rules and Regulations of said pool.

MR. WILLIAMS: I have one witness.

MR. COOLEY: Will you identify yourself directly?

MR. WILLIAMS: Emmett Williams, Cities Service Oil.

THE WITNESS HAVING FIRST BEEN DULY SWORN IN TESTIFIED AS FOLLOWS:

MR. WILLIAMS: Will you state your name please?

MR. NUTTER: Gene Motter.

MR. WILLIAMS: By whom are you employed and in what capacity?

MR. MOTTER: I am employed by the Cities Service Oil Company and in the capacity of District Petroleum Engineer.

MR. WILLIAMS: Where are you located?

A. Hobbs, New Mexico

Q. Have you had the privilege to testify before the Examiner?

A. No sir.

Q. Will you state your educational background and the experience you have had since your graduation?

A. I graduated from Kansas State College in 1950 with a degree in Mechanical Engineering, since that time I've worked as Petroleum Engineer for Cities Service in Oklahoma, Kansas, Texas, Mississippi and Louisiana. I have served as District Petroleum Engineer in Louisiana and have been in that capacity in Hobbs for one year.

Q. Are his qualifications satisfactory?

MR. NUTTER: They are.

MR. WILLIAMS: In your present position Mr. Motter, is the property which is the subject of the application under your supervision?

A. Yes sir.

Q. Are you familiar with the application filed in this matter?

A. Yes I prepared the application.

Q. Can you explain to the Examiner the nature of the application and the necessity for filing?

A. This application is for the purpose of assigning a 320 acre non-standard gas proration unit to our Closson "B" No. 3 and Closson "B" No. 6 Well jointly. The hearing is necessary because the Closson "B" No. 3 is not located in accordance with the spacing regulations in the Jalmat Pool as defined in Order R-520.

Q. Do the two wells conform in all other respects to Order R-520?

A. Yes sir.

Q. Are the facts stated and alleged in the application true and correct to the best of your knowledge?

A. Yes sir.

Q. Is Section 20, Township 22 South, Range 36 East, located within the limits of Jalmat Gas Pool and delineated by the Oil Conservation Commission?

A. Yes sir.

Q. Mr. Motter, I hand you five exhibits, will you please explain these to the Examiner?

A. Exhibit A is a copy of the plat accompanying the original application. Exhibit B is a radioactive log from the Closson "B" No. 6, formation tops, present production perforations and vertical limits of the Jalmat Pool in March. Exhibit "C" is radioactive log that the Closson "B" No. 3 has formation tops, present producing perforations and the vertical limits of the Jalmat Pool in March. Exhibit D is a plat giving the status of wells in the vicinity indicating whether they are oil or gas wells. This plat also indicates the present gas units in the vicinity of the Jalmat Pool. Exhibit E is a plat of the vicinity contoured on top of the Yates formation.

Q. Were these exhibits prepared by you or under your supervision?

A. Yes, Exhibits A, B, C and D were, Exhibit E was prepared by our Geological Department.

Q. We ask that these exhibits be offered as evidence in this case.

MR. NUTTER: Is there objections to entry of Cities Service Exhibits A through E in Case 1260? If not they will be so entered.

MR. WILLIAMS: Referring to Exhibits B and C, are the vertical limits shown within the provisions of the Oil Conservation Commission Order R-520?

MR. MOTTER: Yes they are, sir.

Q. Referring to Exhibit E, what is the importance of this exhibit?

A. This indicates the structure of the Yates formation from the best geological information we have available.

Q. Does this exhibit show that the area attributed to this application is productive of gas?

A. It indicates that to me, sir.

Q. Who was the owner of minerals under the proposed application?

A. The federal government.

Q. Who is the lease owner?

A. Cities Service Oil Company.

Q. Have all operators within 1980 feet—the wells which are subject matter of this application, been notified of this application?

A. They have, sir.

Q. Have any objections been returned to you or do you know of any objections?

A. Not to my knowledge.

Q. Will you please explain to the Examiner the reason for having the 320 acre unit allowable assigned to these two wells?

A. Yes. Glosson "B" No. 6 has been producing from the Jalmat Pool for several years and this well is now not capable of producing a 160 acre allowable. Glosson "B" No. 3 was formerly an oil well producing from the South-Ewell Pool and was recently recompleted within the limits of the

Jalmat Gas Pool. From recent tests they indicate the well has a capacity to produce a full 320 acre allowable. This well is located in the same quarter section as Closson "B" No. 6, and if a gas section or gas unit of 160 acres were assigned to the Closson "B" No. 3, it would mean premature abandonment of Closson "B" No. 6, which we feel still has considerable gas and the formation to be produced. It has been contemplated for sometime that when the Closson "B" No. 3 was completed in the oil zone, recompletion for a possible gas well would be attempted. Because of this the earlier development of the SW/4 of Section 20 would have meant the drilling of an unnecessary well, since the SW/4 of Section 20 has gas units all around it we believe that to protect correlative rights and prevent waste and that it would be better to assign the 320 acre unit to both the Closson "B" No. 3 and Closson "B" No. 6. The Closson "B" No. 6 would be produced to its limit capacity and the remainder of the allowable would be produced from the Closson "B" No. 3. A short time ago, I might remind the Examiner, The Ohio Oil Company was allowed in this same gas pool to produce gas from two wells since both are unorthodox locations for the desired unit.

MR. WILLIAMS: That is all the questions we have.

MR. NUTTER: Does anyone have any questions of the witness? Mr. Fischer?

MR. FISCHER: Is the Closson "B" No. 3 completed as a dual completion in the southeast of the Jalmat Gas Pool?

A. No that well has been plugged back. I will give you the information on that. The well was plugged back to 3721 and is now perforated as shown on the logs from 3250 to 90, 3310 to 84 and 3400 to 40.

Q. The Closson "B" No. 9 in Section 19-22-37, 36 rather, is it a Jalmat Gas Well?

A. That is a Jalmat Gas Well and completed in the Yates formation.

Q. Is this well capable of producing its allowable?

A. Would you define which well you are speaking of?

Q. The Closson "B" No. 9 in Section 19-22-36?

A. Yes that well is capable of producing its allowable. It has just been completed within the past six months.

Q. The Closson "B", the Cities Service Closson "B" No. 4 in the same section, is it capable of producing its allowable of gas?

A. Yes, the Closson "B" 4 was a Jalmat Oil Well and the well has been plugged within the past two or three weeks, all pipe has been pulled and it is now abandoned.

Q. It was a Jalmat oil well?

A. Yes that is correct.

Q. I have it shown here as a gas—it has a gas symbol on the well?

A. That wasn't "B" 4?

MR. NUTTER: What are you referring to Mr. Fischer which shows that that well is a gas well?

MR. FISCHER: Its a ~~built~~ ^{circle} in circle with gas star all around it -- The Closson "B" 4.

MR. NUTTER: Is this on one of the applicant's exhibits?

MR. FISCHER: Yes Exhibit E.

MR. MOTTER: Mr. Fischer, I didn't prepare this exhibit, this was prepared by our geologists but this well has been an oil well -- I can't tell you exactly how long but it has been carried on the proration schedule I am sure, as an oil well since last being produced.

MR. NUTTER: Mr. -- Motter, your Exhibit No. D portrays that well as being a temporarily abandoned oil well, was that the status of the well

prior to being plugged and abandoned?

MR. MOTTER: Yes it was and it was when we prepared these plats.

Q. So Exhibit "E" is in error in depicting that well?

A. Yes thats correct.

MR. NUTTER: Do you have any other questions Mr. Fischer?

A. No.

Q. Mr. Motter, I wonder if you could tell me what the productive capacity of the two wells is?

A. Yes, I can give you the past record of Closson "B" 3. This well had not produced its assigned allowable for quite some time and for the past six months it has averaged slightly over 200 MCF per day.

Q. Are you referring to "B"-3?

A. Yes, excuse me the "B"-6.

Q. Average about 200—

A. Slightly over 200 MCF per day.

Q. What is the allowable assigned to that well averaged?

A. Well, I can read off some of the allowables for the last six months if you like.

Q. If you would read those six allowables that were assigned to the well.

A. I will start in October, 1956: 21,917,000, November — 17,864,000, December — 25,904,000, January — 14,803,000, February — 28,952,000, March — 13,452,000. I might point out to the Examiner that at the time this well was under — I do not think it was entirely the fault of the well, I think that part of it was because the purchasers were not taking the gas that it was capable of producing.

Q. What amount of acreage is presently assigned to this well, 160 or 320?

A. 160, it presently has the NW/4 of Section 20 assigned to it.

Q. So actually the application here is for enlarging the unit to 320 acres and for assigning the "B-3" and "B-6" to the 320 acre unit?

A. That is correct.

Q. Where you presently have 160 acres assigned to the "B-6"?

A. That is correct.

Q. Mr. Motter, you stated that the "B" No. 6 Well has averaged producing 200 MCF per day for the last six months?

A. That is approximately correct production figures.

Q. In other words it has averaged approximately 6,000,000 feet per month production.

A. Yes, for the past six months it has averaged between 5,200,000 to a maximum of 6,700,000.

Q. And the allowables have ranged from 13,000,000 to 28,000,000 over the same six month period.

A. That is correct. That well should possibly be declared marginal some time back but it was not done.

Q. What is the current status of the well, is the well underproduced or overproduced?

A. The well is underproduced, I believe some 390,000,000.

Q. What is your recommendation as to what the Commission should do with this 390,000,000 feet of gas which the well has underproduced?

A. Well naturally if the Commission sees fit to assign it to us we will be glad to take it and try to produce it, however, I believe the

balancing period is due in just a few months and also the pipeline company will probably not take but very little more gas than what would be assigned to the 320 acre unit if it were assigned so rather than to make a suggestion I would leave that up to the Commission to what they see fit to do with it.

Q. Do you have any recent tests on this well which indicate what the "B No. 6" well can produce — if the pipeline can take it?

A. That well is producing some water and I have a copy of a letter which I wrote to Mr. Utz in January, 1957, in fact it is January 23, would you like for me to read that letter?

Q. Please.

A. Mr. Elvis A. Utz, Gas Engineer, New Mexico Oil Commission, Santa Fe, New Mexico. Dear Sir: In compliance with Rule 401 of the New Mexico Oil Conservation Commission regarding the annual back-pressure tests of gas wells, an attempt was made to test our Closson No. 8, a Jalmat Gas Well located in Section 6, 22 South, 36 East, which is not just happens to be in this letter, and the Closson "B" No. 6, a Jalmat gas well located in Section 20, 22S-36E. Both of the mentioned wells make considerable water and if shut-in for any period of time will load up and die. An attempt to run a 4 point test was made but due to the excessive water being made no accurate data could be obtained. It is therefore requested that we be permitted to omit testing Closson "B" No. 8 and Closson "B" No. 6 for the above reasons. Respectfully yours, D. F. Motter, District Engineer.

Q. So what is the most recent test you have taken on the well?

A. Apparently this test was run in December, prior to this letter, we were able to get one rate and ^{at} the ----- pressure in which we must deliver — we were able to obtain 223 MCF per day.

Q. That test was taken in December, 1956?

A. This test was taken by El Paso Gas Company, I have a copy here and I notice here where it says date of test, they left it blank but I am sure that it was shortly before I sent this letter in to Mr. Utz.

Q. So it would have been approximately the latter part of 1956.

A. That's right, the latter part of 1956 or the early part of 1957.

Q. And the tests you obtained on the well indicated that you could deliver 223 MCF against the working back pressure in that area?

A. That is correct.

Q. And the well has average producing about 200 MCF over the last six months?

A. 200 MCF, I might point this one thing out, I believe that at the time this test was run we tried to shut that well in for a short time and I am sure it was probably loaded up, I think I can safely say that the well actually has greater capacity than what it has shown in this test.

Q. In other words the apparent inability of the well to produce much more than it has produced isn't necessary accurate?

A. No, that is correct.

Q. Now, what is your proposal for dividing the allowable to be assigned to this 320 acre unit, Mr. Motter?

A. Well if is assigned, what we were planning to do of course would be to put in a metering devices at each well and produce the well with what we have produced the Closson "B" No. 6 in the past and probably try to make up the remainder of the daily allowable from the "B"-3 throughout this month.

Q. In other words, the "B" No. 6 would be produced at capacity?

A. Yes, that is correct.

Q. And the unproduced allowable would be — then be transferred to the "B" No. 3 and you will make it up on that well?

A. That is correct, I might point out that we have not run a back-pressure test on the Closson "B" No. 3, we have tested it several days and we have found it is capable of producing well over what a 320 acre gas allowable would be for this unit.

Q. Do you believe that the entire 320 acres which you propose to assign to these two wells is productive of gas?

A. I believe that the two wells will drain 320 acres whether it would be exactly under the unit I couldn't say, I might point out in Exhibit "E", the contour line of plus 300 would indicate that this formation from top of the Yates is up-dip of the Closson "B" No. 3. However, if you will notice the radioactive log of that particular well, you will see that we have a section of porosity a little bit higher in that well than we do in No. 6 which we do not call top or in the Yates formation it is considered in the Mansill and therefore we feel that since it is perforated that much higher we probably will have drainage from that portion of the 320 acre unit to the East of that well.

Q. Do you feel that the S/2—that the SW/4 of Section 20 is productive of gas?

A. Yes, I think that we can reasonably presume that. If you will refer to Exhibit "D" you will notice that there are gas wells all the way around this particular quarter. We have our Closson "B" 11 in Section 30, Continental has its Meyer — I believe that is indicated as Section 29, State Well No. 4, their No. 5 in the same section, Lamar Lunt has their

well in the SE/4 of Section 20, and these wells are all from the Yates formation or the Tansill-Yates formation and I believe that we can reasonably be assured that it is productive of gas.

Q. Is it characteristic of the wells in this area to load up with water and have low productive capacity such as the No. 6 well has?

A. No not perhaps as fast as No. 6, we really believe that that well might be a local condition -- might be a physical property of the well or something that is limiting the capacity of that well and I don't know whether further workover expense would warrant the testing of additional capacities.

Q. In the event that the Commission sees fit to grant this application, to approve this application and grant Cities Service a 320 acre unit with the allowable to be divided among the two wells thereon, would Cities Service be willing to cancel the large amount of underage which has accrued the No. 6 well and start from scratch with a clean slate for the two wells?

A. I don't know if I can speak for the Company, for myself I would see no reason why we wouldn't be in agreement to that.

Q. From all indications this well should have been declared marginal and some underage cancelled previous to now, though?

A. That is correct, yes.

Q. Does anyone have a question, Mr. Cooley?

MR. COOLEY: Mr. Motter, in direct testimony you referred to an application by the Ohio Oil Company to permit two wells in this area to be placed on a single proration unit.

A. Yes, sir.

Q. Are you aware Mr. Motter that there was in the application and in the order a restriction on the amount of gas that could be produced from either of the two wells?

A. Yes, I am fully aware of that and I believe that Ohio in their application asked for that restriction to be made. 75% of the allowable production could not be taken from one well only.

Q. And are you aware that the order as written further restricted beyond that in the application that no more than 60% of the allowable for the entire unit shall be taken from either of the two wells?

A. Yes, I have read that order, that refreshes my memory on it now. I have seen the order, yes.

Q. And you feel that it would be feasible to impose a similar restriction in this case? The restriction would be—was in the Ohio case on both wells for the reason both were unorthodox locations. In this case it would be a necessity for restriction of only one well following the same theory since the "B" 3 is the only well that is unorthodox.

A. I don't believe that this nature of the wells — that we could produce well—our two wells in that proportion, I do feel that at such time as our No. 6 becomes more limited and we have shut it in—it would probably appeal to the Commission to perhaps plug this particular well but we feel there is considerable gas to be taken from the "B" 6 yet and we feel that premature abandonment will leave it in the formation.

Q. Do you have any other wells on this 320 acres?

A. No we do not have.

Q. Do you feel that due to the location on the "B" 3 Well, that you be permitted to produce by far the greatest percentage of the 320 acre

allowable would cause drainage of offset leases?

A. If there is drainage from offset leases I feel that would probably come from—to the west from our Section 19, this is all one lease—it all belongs to the federal government, so if there was drainage from there, nobody would be harmed.

Q. So Cities Service is the working interest owner to the west also?

A. Yes that is correct.

Q. So the working interest as well as the royalty interest are identical?

A. That is correct.

Q. Who owns the working interest to the northwest marked on as Exhibit "A" — as Tom Closson "AFC", I believe?

A. That is the Tom Closson "A and C" lease, again that belongs to the federal government and it is our lease. It is strictly a different lease, I believe if you can check the records of the Commission you will find that recently these wells were changed from the Closson "A" to the Closson "C" lease to take in the wells 1 and 3 which are Jalmat gas wells also.

Q. The "B" 3 well is located 660 feet from the north line of Section 20, is that correct?

A. Yes that is correct.

Q. Who owns the working interest and royalty interest immediately to the North of the "B" 3 Well?

A. Apparently that is State minerals and Continental is the lease holder in that case. We have received no objection from Continental, in

fact I talked to several of their men before I made this application and they informed me they knew of no reason why they would enter an objection at any time. I might point out one thing while we are talking about Continental, there is an error on my plat, Exhibit "D", we were informed that those were dually completed wells, that is, the wells in Section 17, No. 4 and 5 and checking just the past two days since this plat was made I find that those are strictly single completions in the Jalmat Pool.

Q. Are they Jalmat oil wells?

A. No, Jalmat gas pools.

Q. Then there is counter drainage taking place, in your professional opinion, from the wells drilled in Section 17 by Continental Oil Company?

A. Yes, I believe since they are 330 from the line, they are probably getting drained a little bit up there to the west.

MR. NUTTER: Does anyone else have any questions to the witness, if not, the witness may be excused. Does anyone have anything further they wish to offer in Case 1260? If not, we will take the case under advisement and the hearing is adjourned.

STATE OF NEW MEXICO)
COUNTY OF SANTA FE) ss.

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

Dated at Santa Fe, New Mexico this 28th day of June, 1957.

Ola M. Garcia

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1260 heard by me on 5-28, 1957.

Samuel H. Miller, Examiner
New Mexico Oil Conservation Commission

**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. 1260
Order No. R-1020**

**APPLICATION OF CITIES SERVICE OIL
COMPANY FOR A 320-ACRE NON-STANDARD
GAS PROBATION UNIT IN THE JALMAT GAS
POOL IN EXCEPTION TO RULE 5 (a) OF
THE SPECIAL RULES AND REGULATIONS
FOR THE JALMAT GAS POOL, SAID UNIT
TO BE DEDICATED JOINTLY TO THE
APPLICANT'S CLOSSON "B" NO. 3 WELL,
LOCATED IN THE NW/4 NW/4, AND THE
CLOSSON "B" NO. 6 WELL, LOCATED IN
THE SW/4 NW/4 OF SECTION 20, TOWNSHIP
22 SOUTH, RANGE 36 EAST, NMPH, LEA
COUNTY, NEW MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 1 o'clock p.m. on May 28, 1957, at Hobbs, New Mexico, before Daniel S. Nutter, 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 17th day of July, 1957, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Cities Service Oil Company, is the owner of an oil and gas lease, a portion of which consists of the W/2 of Section 20, Township 22 South, Range 36 East, NMPH, Lea County, New Mexico.

(3) That the applicant is the owner and operator of the Closson "B" No. 3 Well, located 660 feet from the North line and 330 feet from the West line of said Section 20, and the Closson "B" No. 6 Well, located 1980 feet from the North line and 660 feet from the West line of said Section 20.

-2-

Case No. 1260
Order No. R-1020

(4) That the aforementioned Closson "B" No. 6 Well is presently assigned a 160-acre non-standard gas proration unit consisting of the NW/4 of said Section 20.

(5) That the applicant proposes to increase the size of the aforementioned non-standard gas proration unit from 160 acres to 320 acres by the inclusion of the SW/4 of said Section 20 in the unit and to dedicate said unit jointly to the aforementioned Closson "B" No. 3 and Closson "B" No. 6 Wells.

(6) That the creation of the proposed 320-acre non-standard gas proration unit will not cause waste nor impair correlative rights.

(7) That no objections to the approval of the subject application have been registered with the Commission.

(8) That the underage accrued to the presently existing 160-acre non-standard gas proration unit referred to above should be transferred to the net status of the proposed 320-acre non-standard gas proration unit.

(9) That the applicant should endeavor to produce as much as possible of the 320-acre allowable from the aforementioned Closson "B" No. 6 Well.

IT IS THEREFORE ORDERED:

(1) That a non-standard gas proration unit in the Jalmat Gas Pool consisting of the W/2 of Section 20, Township 22 South, Range 36 East, NMPN, Lea County, New Mexico, be and the same is hereby created, said unit to be jointly dedicated to the Cities Service Oil Company Closson "B" No. 3 Well, located in the NW/4 NW/4, and the Closson "B" No. 6 Well located in the SW/4 NW/4 of said Section 20.

(2) That the aforementioned Closson "B" No. 3 and Closson "B" No. 6 wells be assigned an allowable in the proportion that the acreage in the above-described non-standard gas proration unit bears to the acreage in a standard proration unit, for the Jalmat Gas Pool, subject to the provisions of Rule 8 of the Special Rules and Regulations for the Jalmat Gas Pool as set forth in Order R-520.

(3) That the net status of the presently existing 160-acre non-standard gas proration unit consisting of the NW/4 of said Section 20, be transferred to the above created 320-acre non-standard gas proration unit as of August 1, 1957.

-2-

Case No. 1260
Order No. R-1020

(4) That the aforementioned Closson "B" No. 6 Well is presently assigned a 160-acre non-standard gas proration unit, consisting of the NW/4 of said Section 20.

(5) That the applicant proposes to increase the size of the aforementioned non-standard gas proration unit from 160 acres to 320 acres by the inclusion of the SW/4 of said Section 20 in the unit and to dedicate said unit jointly to the aforementioned Closson "B" No. 3 and Closson "B" No. 6 Wells.

(6) That the creation of the proposed 320-acre non-standard gas proration unit will not cause waste nor impair correlative rights.

(7) That no objections to the approval of the subject application have been registered with the Commission.

(8) That the underage accrued to the presently existing 160-acre non-standard gas proration unit referred to above should be transferred to the net status of the proposed 320-acre non-standard gas proration unit.

(9) That the applicant should endeavor to produce as much as possible of the 320-acre allowable from the aforementioned Closson "B" No. 6 Well.

IT IS THEREFORE ORDERED:

(1) That a non-standard gas proration unit in the Jalmat Gas Pool consisting of the W/2 of Section 20, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, be and the same is hereby created, said unit to be jointly dedicated to the Cities Service Oil Company Closson "B" No. 3 Well, located in the NW/4 NW/4, and the Closson "B" No. 6 Well located in the SW/4 NW/4 of said Section 20.

(2) That the aforementioned Closson "B" No. 3 and Closson "B" No. 6 wells be assigned an allowable in the proportion that the acreage in the above-described non-standard gas proration unit bears to the acreage in a standard proration unit, for the Jalmat Gas Pool, subject to the provisions of Rule 8 of the Special Rules and Regulations for the Jalmat Gas Pool as set forth in Order R-520.

(3) That the net status of the presently existing 160-acre non-standard gas proration unit consisting of the NW/4 of said Section 20, be transferred to the above created 320-acre non-standard gas proration unit as of August 1, 1957.

-3-
Case No. 1200
Order No. R-1020

(4) That the applicant shall produce as much as possible of the allowable assigned to the above created non-standard gas proration unit from the aforementioned Closson "B" No. 6 Well.

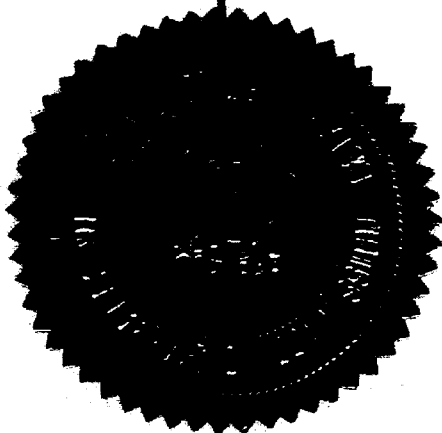
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


EDWIN L. MECHEM, Chairman


MURRAY E. MORGAN, Member


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



ir/

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

July 19, 1957

C
O
P
Y

Mr. Emmett Williams
Cities Service Oil Company
200 West First Street
Roswell, New Mexico

Dear Sir:

We enclose a copy of Order R-1020 issued July 17th, 1957,
by the Oil Conservation Commission in Case 1260, which was heard
on May 28th at Hobbs.

Very truly yours:

A. L. Porter, Jr.
Secretary - Director

ALP:bp
Encl.