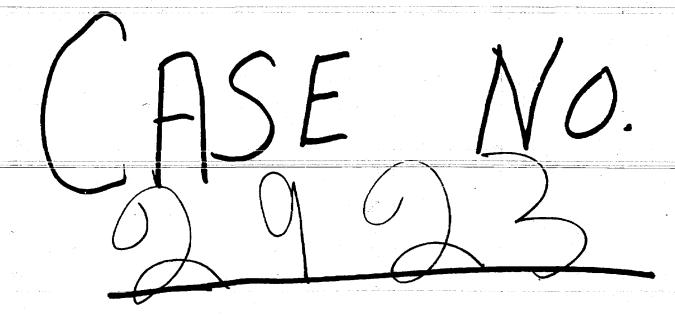
CASE 2923: Application of CITIES SERVICE for special gas-lift gas allocation, Lea County, N. Mex.



APPlication,
Transcripts,
SMAIL Exhibits
ETC.

OIL CONSERVATION COMMISSION P. O. BOX 871

SANTA FE. NEW MEXICO

aprel 14, 1964

Cities Service 011 Company 2:0. Tex 65 Tybbo, New Hesico

Attention: Nr. E. F. Hetter

37.

Administrative Order FC-385

Reference is made to your application dated December 12, 1963, for administrative approved of an enception to Rule 303 (a) of the Commission Rules and Regulations to possit the commingling of Drinkerd, Blinebry, and Hare old and Tubb distillate at your State "6" Leans comprising the \$/2 Ni/A of Section 15, Township 22 South, Rouge 37 Rest, Lea County, Nor Hexico, after apparetally metering the Blinebry production and determining the total remainder of the production by assess of the subtraction method, allocating the same to each well and to each pool on the basis of periodic well tests.

Photosting of this application was delayed pending disposition of Case to, 2923 Minostring the Blinebay production on this losse and pending discussion of this installation by representatives of Cities Service and the Countseion.

It now opposes that the proposed comingling will be accuptable, provided that the Blinebry production from Well No. 6 is separated and the gas measured prior to blinding the recembined production from this well with that from Well No. 35 and provided further that the combined production from Wells Nos. 3 and 6 shall then We separated and the ell production continuously measured before being completed with that from any other pool; and provided further, that monthly tests shall be token to determine the producing capabilities of Hells Nos. 3 and 6, and the results of such tests included in the monthly report required for the State "5" Lease by Order No. R-2653.

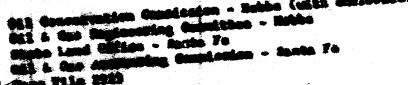
Pursuant to the authority granted me under the provisions of Commission Rule 303 (b), Cities Service Oil Company is hereby authorized to commingle the aforesaid production on the subject lease in the above-described manner; provided, however, that this installation shall be operated in accordance with Commission Order No. R-2653 and with the Commission's "Hannel for the Installation and Operation of Commingling Facilities," including the requirement for non-reset counters on the meters; and provided further that you shall notify the Commission at any time that any wall in the Hare or Drinkard Pools becomes capable of top allowable production.

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

Year Bruly years,

A. L. Poster, Jr. Secretary-Director

APIDER OF



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O Blinebry Oil Well

O Blinebry Gas Well

BEFORE EXAMINER NUTTE	
OIL CONSERVATION COMMISSION	4
CASE NO. 2923	- -



MAIN OFFICE OCC

CONTINENTAL OIL COMPANY B: 29

- C. BOX 1377

ROSWELL, NEW MEXICO

PRODUCTION DEPARTMENT
NEW MEXICO DIVISION
A. B. SLAYBAUGH
DIVISION SUPERINTENDENT
V. C. EISSLER

October 28, 1963

825 PETROLEUM BUILDING TELEPHONE: MAIN 2-4202

New Mexico Oil Conservation Commission Post Office Box 871 Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr., Secretary-Director

Gentlemen:

Re: CASE NO. 2923 - APPLICATION OF CITIES SERVICE OIL COMPANY

Continental Oil Company has reviewed the application of Cities Service Oil Company in Case No. 2923. It is our understanding that the applicant desires to utilize for gas lift purposes an amount of gas from the Blinebry Gas Pool represented by the difference between the daily gas limit and the produced gas from the Blinebry oil well located on the same proration unit. It is further our understanding that applicant is willing to receive a penalty for gas produced above this amount to the same extent as if the Blinebry oil well had produced the excess volume of gas.

We should like to call to your attention that this is a departure from the Blinebry Pool Rules in that there will be production from both a Blinebry oil well and a Blinebry gas well located on the same acreage. It is further pointed out that the production of Blinebry gas up to the gas limit for Blinebry oil wells is not a privilege accorded to all operators of Blinebry oil wells.

Continental Oil Company is aware of the operating problem of Hare Pool wells and is sympathetic with applicant's purpose. In view of the unusual circumstances involved, however, Continental suggests that if the Commission sees fit to grant this application, the gas produced by both the oil well and the gas well, located in Unit E, be measured so that the actual gas produced from the unit will be accurately reported rather than being estimated. We do not believe that it would be proper for the applicant to be permitted to produce the difference between the daily gas limit

PIONEERING IN PETROLEUM PROGRESS SINCE 1875

New Mexico Oil Conservation Commission Page 2

for both Blinebry oil wells on this lease and the actual gas produced from those oil wells, but should be strictly limited to the gas limit of the one 40-acre tract.

Yours very truly

VTL-pr

cc: Cities Service Oil Co. RGP

MAIN OFFICE OCC

OIL CONSERVATION COMMISSION SANTA FE, NEW LEXICO

Date____1/27/64 2923 9 au 10/30/63 My recommendations for an order in the above numbered cases Enter an order authorizing Cities Service to produce gas from its state 5" brue no. Its located in Chief E, See 15, 1 21 S, R 37E, Blinkey Jan Pool, Frea Co., MM, and to utilize said gas ar a Partion thereof for gar lift qualin on its Street S" livred he 4 located in said Minh E, Have Oil Pool. REquire that gar used to gas lift with where he separacily measured prior to using far gar Also permit lities Service to produce ail and gar from its state "5" Wred Oil Pool provided however that the share gar produced from said week week that gas produced from said well shall also be separately measured Expore being combined with the gas from any other well or pool. Provide from that the state 5" no I kned the State "5" to 6 shall not exceed that figure attained by multiplying to print allactable for the Blinks Oil Pade Thinks the himting gar ail ratio for

Blunky Pil Pool (6000 abie feet of gamper barrel of ail)

Blushy

The toil ellowable for the link of the shall be determined on the besie of the similar production each month from the two write, no. I and to 6. This production shall be reported monthly to the Commission on a form presented by the Commission, soid form to be filed such later than the 15th lay of sech month. But members the 15th lay of sech month, but he smouthly suport but what was he to the with the smouthly suport but when so the treatment in the office of the private to the lay representative applicant for single time by representatives of the Commission.

DOVERNOR

JACK M. GAMPBELL

CHAIRMAN

State of News Mexico

Bil Conserbation Commission

LAND COMMISSIONER

C. S. JOHNNY WALKER

ACCURATE



BANTA FE

February 17, 1964

STATE SECLOSIST
A. L. PORTER, JR.

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

Ne: Case No. 2923
Order No. R-2653
Applicant:

Cities Service Oil Company

Dear Sire

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

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

Carbon copy of order also sent to:

Bobbs OCC ___x

Artesia OCC

Astec OCC ___

OTHER

BEFORE THE OIL COMSERVATION CONMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE CIL COMMENVATION COMMISSION OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

> CASE No. 2923 Order No. R-2653

APPLICATION OF CITIES SERVICE OIL COMPANY FOR A SPECIAL GAS-LIFT GAS ALLOCATION, LEA COUNTY, MEN MEXICO.

ONDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for bearing at 9 o'clock a.m. on October 30, 1963, at Santa Fe, New Hexico, before Examiner Daniel S. Mutter.

MOW, on this 17th day of Pebruary, 1964, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the examiner, and peing fully advised in the premises,

PIMDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Cities Service Oil Company, seeks authority to produce up to 20 MCF per day of Blinebry gas from its State "S" Well No. 1 in Unit E of Section 15, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, and to utilize said gas for Hare Pool gas-lift operations on its State "S" Well No. 4 in said Unit E.
- (3) That the applicant proposes to meter the gas produced from its State "S" Well No. 1 and to charge said gas to the Blimebry Oil Pool casinghead gas production from its State "S" Well No. 6 in said Unit E.
- (4) That approval of the subject application will prevent waste and protect correlative rights, provided the applicant is required to separately measure the gas production from its State "S" Well No. 1 and its State "S" Well No. 6, the total combined gas production from both wells is restricted to top unit allowable for the Blinebry Oil Pool times the limiting gas-oil ratio for said pool, and the Blinebry Oil Pool allowable for Unit B of said Section 15 is determined on the basis of the combined Blinebry gas production each month from the State "S" Well No. 1 and the State "S" Well No. 6.

-2-CASE No. 2923 Order No. R-2653

IT IS THEREFORE ORDERED:

(1) That the applicant, Cities service Oil Company, is never without to produce up to 20 MCF per day of Blinebry gas from its State "8" Well No. 1 in Unit E of Section 15, Township 21 South, Range 37 East, MMPM, Lea County, New Mexico, and to utilize said gas for Hare Pool gas-lift operations on its State "8" Well No. 4 in said Unit E;

PROVIDED HOWEVER, that the gas production from the State "S" Well No. I shall be metered prior to utilization for gas—lift operations and shall be charged to the Blinebry Oil Pool casinghead gas production from applicant's State "S" Well No. 6 in said Unit E;

PROVIDED FURTHER, that the gas production from applicant's State "S" Well No. 6 in Unit B of said Section 15 shall be metered prior to commingling with gas from any other well;

FROVIDED FURTHER, that the total combined gas production from applicant's State "S" Well No. 1 and applicant's State "S" Well No. 6 shall not exceed top unit allowable for the Blinebry Oil Pool times the limiting gas-oil ratio for said pool.

- (2) That the Blinebry Oil Pool allowable for Unit E of said Section 15 shall be determined each month on the basis of the combined Blinebry gas production from applicant's State "S" Well No. 1 and from applicant's State "S" Well No. 6.
- (3) That the applicant shall report the Blinchry gas production from its State "S" Well No. 1 and from its State "S" Well No. 6 to the Commission's Hobbs District Office on a form prescribed by the Commission and that said production shall be reported on or before the 15th day of each month.
- (4) That the applicant shall retain all gas measurement charts from the subject wells and shall make the same available for examination upon request by any representative of the Commission.
- (5) 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.

esr/

STATE OF NEW MEXICO PIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

E S. WALKER, Member

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

Memo

D. S. NUTTER

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Cities Service State "5"

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Memo

D. S. NUTTER

411/64

To E. J. matter Oil Co.

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AFFIDAVIT: I, the undersigned, state that I am the of the



MAIN OFFICE OCC

CITIES SERVICE OIL COMPANY . BOX 97,500 BROADMOOR BLDG. 11 PM 5 1 03

HOBBS, NEW MEXICO

November 8, 1963

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

Attention: Mr. Daniel S. Nutter

Gentlemen:

Attached is a proposed form which we recommend to be used to account for gas produced from the Blinebry zone of the State S #1 and State 5 #0, SW/4 NW/4 Section 15-215-3/E, Lea County, New Mexico.

A proposed form was requested in Case 2923 and we believe this will adequately serve in accounting for all gas produced from the Blinebry zone thus permitting the gas-oil ratio to be calculated for the 40 acre proration unit. This form could be filed with the Commission by the 10th of each succeeding month.

Should you find this form satisfactory in accounting for Blinebry gas produced from the proration unit, we will begin submitting the data following approval of the Cities Service application heard in Case 2923.

E. F. Motter Division Engineer

EFM/sjb

cc: Mr. Jason Kellahin P. O. Box 1713 Santa Fe, New Mexico

CITIES SERVICE OIL COMPANY 500 Broadmoor Building P. O. Box 69 Hobbs, New Mexico 88240 Char 2923

MAIN OFFICE OCC

1963 OCT 4 AM 8 : 13

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

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

Gentlemen:

Cities Service Oil Company requests the Oil Conservation Commission schedule a hearing at the earliest possible date to consider this application to use gas from the Blinebry formation from the State S #1 located 1980' FNL, 660' FWL for gas lift operations on the State S #4 located 1980' FNL, 760' FWL producing from the Hare Pool. The State S #6 located 2310' FNL, 990' FWL is being recompleted as a Blinebry oil well. All three wells are located in Section 12-215-37E, Lea County, New Mexico, on the same 40 acre proration unit.

The State S #4 has been gas lifted for several years utilizing gas from the State S #1 Blinebry gas well. The allocated acreage for Blinebry production from the State S #1 will be transferred to the State S #6 when recompleted as a Blinebry oil well resulting in no production allocation for the State S #1. It has been found through experience that it is uneconomical to artificial lift the State S #6 by any method other than gas lift because of the high volume of sandproduced with the crude. The gas volume necessary to lift the State S #4 averages about 20 MCF per day.

Cities Service proposes to meter the gas used from the State S #1 for lift purposes and add this volume to the casinghead gas produced from the State S #6 to determine the total gas produced from the Blinebry formation from Unit E, Section 12-215-37E. This production would not exceed that volume as determined by the limiting gas-oil ratio for oil wells in the Blinebry oil pool.

Attached is a plat of a portion of the Blinebry Pool for the Cities Service State S lease outlined in yellow. A copy of this application has been sent to all offset operators shown on the attached plat.

Very truly yours,

CITIES SERVICE OIL COMPANY

E. F. Motter Division Engineer DOCKET MAILED

10-75-63

EFM/sjb

Attachment

OFFSET OPERATORS

Amerada Petroleum Corporation Broadmoor Building Hobbs, New Mexico

Gulf Oil Corporation P. O. Drawer 1938 Roswell, New Mexico

Marathon Oil Company P. O. Box 2107 Hobbs, New Mexico

Shell Oil Company P. O. Box 1858 Roswell, New Mexico

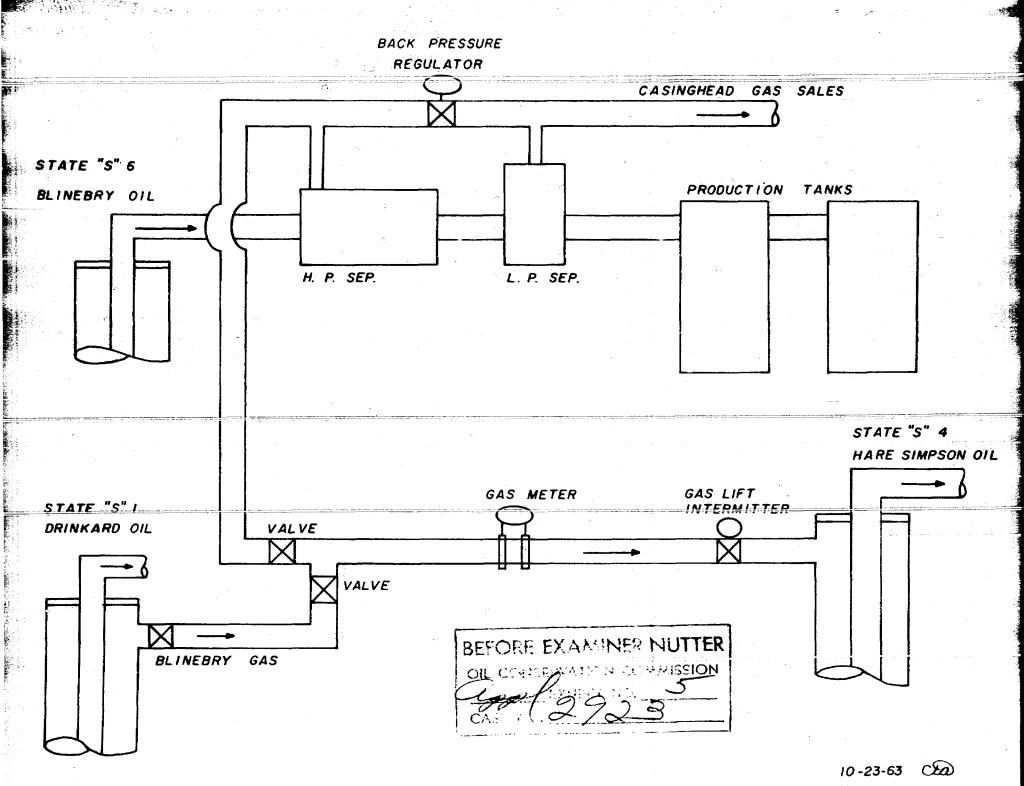
Tidewater Oil Company P. O. Box 1231 Midland, Texas

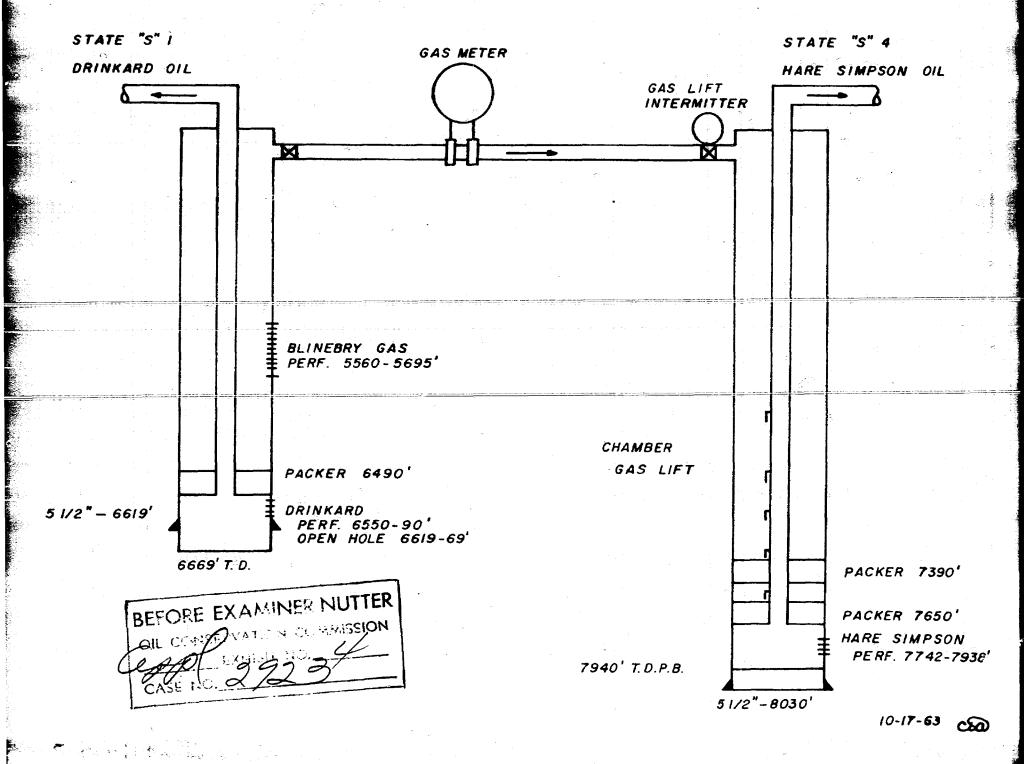
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O Blinebry Oil Wells
O Blinebry Gas Wells

Case 2923





JMD/esr

February 11, 1964

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. 2923

Order No. R- 265

APPLICATION OF CITIES SERVICE OIL COMPANY FOR A SPECIAL GAS-LIFT GAS ALLOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on october 30, 1963, at Santa Fe, New Mexico, before in the Santa Fe of New Mexico, before in the Santa Fe 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 <u>February</u>, 1964, the Commission, a quorum being present, having considered the application attention the recommendations of the Framiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Cities Service Oil Company, seeks up to 20 MCF per lay of authority to produce Blinebry gas from its State "S" Well No. 1 in Unit E of Section 15, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, and to utilize said gas for Hare Pool gas-lift operations on its State "S" Well No. 4 in said Unit E.
- (3) That the applicant proposes to meter the gas produced from its State "S" Well No. 1 and to charge said gas to the Blinebry Oil Pool casinghead gas production from its State "S" Well No. 6 in said Unit E.
- (4) That approval of the subject application will prevent waste and protect correlative rights, provided the applicant is

"S" Well No. 1 and its State "S" Well No. 6, the total gas production from both wells is restricted to top unit allowable for the Blinebry Oil Pool times the limiting gas-oil ratio for said pool, and the Blinebry Oil Pool allowable for Unit E of said Section 15 is determined on the basis of the combined Blinebry gas production each month from the State "S" Well No. 6.

IT IS THEREFORE ORDERED:

(1) That the applicant, Cities Service Oil Company, is up to 20 MCF per day of hereby authorized to produce Blinebry gas from its State "S" Well No. 1 in Unit E of Section 15, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, and to utilize said gas for Hare Pool gas-lift operations on its State "S" Well No. 4 in said Unit E:

PROVIDED HOWEVER, that the gas production from the State
"S" Well No. 1 shall be metered prior to utilization for gas—
lift operations and shall be charged to the Blinebry Oil Pool
casinghead gas production from applicant's State "S" Well No. 6
in said Unit E;

PROVIDED FURTHER, that the gas production from applicant's State "S" Well No. 6 in Unit E of said Section 15 shall be metered prior to commingling with gas from any other well;

PROVIDED FURTHER, that the total dry gas production from applicant's State "S" Well No. 1 and applicant's State "S" Well No. 6 shall not exceed top unit allowable for the Blinebry Oil Pool times the limiting gas-oil ratio for said pool.

- (2) That the Blinebry Oil Pool allowable for Unit E of said Section 15 shall be determined on the basis of the combined Blinebry gas production each menth from applicant's State "S".

 Well No. 1 and applicant's State "S" Well No. 6.
- (3) That the applicant shall report the from its gas production from its State "S" Well No. 1 and State "S" Well

- No. 6 to the Commission's Hobbs District Office on a form prescribed by the Commission and that said production shall be reported on or before the 15th day of each month.
- (4) That the applicant shall retain all gas measurement charts from the subject wells and shall make the same available for examination upon request by any representative of the Commission.
- (5) 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.

Docket No. 30-63 Docket No. 31-63

DOCKET: EXAMINER HEARINGS OCTOBER 18, 1963, AND OCTOBER 30, 1963

BOTH-HEARINGS 9:00 A.M. OIL CONSERVATION COMMISSION CONFERENCE ROOM, STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

Examiner: Daniel S. Nutter; Alternate Examiner: Elvis A. Utz

DOCKET NO. 30-63 - OCTOBER 18, 1963:

CASE 2910: (Continued from the October 9, 1963, examiner hearing)

Application of Big (6) Drilling Company for extension of an existing oil pool and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the Scharb Bone Spring Oil Pool to comprise the W/2 of Section 5, all of Section 6, and the N/2 of Section 7, Township 19 South, Range 35 East, Lea County, New Mexico, and for special rules therefor, including 80-acre spacing and proration units to comprise any two contiguous 40-acre tracts, and for fixed well locations.

DOCKET NO. 31-63 - OCTOBER 30, 1963:

CASE 2678: (Reopened and continued from the October 9, 1963, examiner hearing)

In the matter of Case No. 2678 being reopened pursuant to provisions of Order No. R-2359, which order established temporary 160-acre proration units for the East Saunders Permo-Pennsylvanian Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

CASE 2903: (Continued from the October 9, 1963, examiner hearing)

Application of Coastal States Gas Producing Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Gulf State Well No. 1, located in Unit F of Section 20, Township 17 South, Range 36 East, Lea County, New Mexico, to produce oil from the Double-A Abo Pool and an undesignated Lower Leonard pool through parallel strings of tubing.

CASE 2921:

Application of Robert G. Hanagan for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a non-standard gas proration unit comprising the S/2 SW/4 of Section 1 and the N/2 NW/4 of Section 12, Township 12 South, Range 34 East, Four Lakes-Devonian Gas Pool, Lea County, New Mexico, to be dedicated to a well to be drilled 660 feet from the South and West lines of said Section 1.

Docket No. 30-63 Docket No. 31-63

CASE 2922:

Application of Consolidated Oil & Gas, Inc. for an unorthodox location and a dual completion, Rio Arriba County, New Mexico. Applicant, in the above-styled cause seeks approval of the dual completion (conventional) of its Jicarilla No. C-1-11 to produce gas from the Blanco Mesaverde and Basin Dakota Gas Pools. Said well is at an unorthodox Blanco Mesaverde Pool location 890 feet from the South line and 990 feet from the East line of Section 11, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

CASE 2923:

Application of Cities Service Oil Company for a special gaslift gas allocation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to produce Blinebry gas from its State "S" Well No. 1 located in Unit E of Section 15, Township 21 South, Range 37 East, Lea County, New Mexico, and to utilize said gas for Hare Pool gas-lift operations on its State "S" Well No. 4 located in said Unit E. Gas produced from said State "S" Well No. 1 would be metered and charged to the Blinebry Oil Pool casinghead gas production from applicant's State "S" Well No. 6 also located in the said Unit E.

CASE 2924:

Application of Socony Mobil Oil Company for a dual completion and for a tubing exception. Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its State Bridges No. 58-DD in Unit M of Section 24, Township 17 South, Range 34 East, Lea County, New Mexico, to produce oil from the Vacuum Glorieta and Vacuum Blinebry Oil Pools through parallel strings of tubing. Applicant further seeks an exception to Commission Rule 107(d) 4 to produce the Glorieta formation through the casing-tubing annulus from perforations at approximately 6000 feet up to 2 3/8-inch tubing landed in a dual packer at approximately 4020 feet.

CASE 2925:

Application of Sunray DX Oil Company for the creation of a Strawn Gas Pool and for Special Temporary Pool Rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Strawn Gas Pool for its New Mexico State "AH" Well No. 1, located in Unit K of Section 30, Township 18 South, Range 23 East, Eddy County, New Mexico, and the establishment of temporary pool rules therefor, including a provision for 640-acre proration units and for fixed well locations.

PAGE -3-

Docket No. 30-63 Docket No. 31-63

CASE 2926:

Application of Sinclair Oil & Gas Company for an exception to Order No. R-1670, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order permitting its Barber Gas Unit Well No. 1, located in Unit E of Section 8, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to produce 600 MCF of gas per month in exception to the shut-in provisions of Rule 15(A) of Order No. R-1670, Southeast New Mexico Gas Pool Rules, said gas to be utilized in the oil well gas-lift system on applicant's B. J. Barber Lease.

CASE 2927:

Application of Skelly Oil Company for gas commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 21(A) of Order No. R-1670, Northwest New Mexico Gas Pool Rules, to permit the commingling of gas produced from its Jicarilla "C" Wells Nos. 3, 7, 4, 8 and 6, located in Units M and P of Section 21, Unit A of Section 28 and Units E and J of Section 27 respectively, Township 25 North, Range 5 West, South Blanco-Pictured Cliffs Pool, Rio Arriba County, New Mexico, allocating said gas to the individual wells on the basis of periodic testing. Applicant further proposes to meter said commingled gas and to commingle it with commingled casinghead gas produced from seven Otero-Gallup oil wells on its Jicarilla "C" lease.

CASE-2928:

Application of Texaco Inc. for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the triple completion (combination) of its State of New Mexico "O" NCT-1 Well No. 14, located in Unit J of Section 36, Township 17 South, Range 34 East, Lea County, New Mexico, to produce oil from the Vacuum-Wolfcamp and North Vacuum-Abo Pools through parallel strings of 2-7/8 inch casing and to produce oil from the Vacuum-Blinebry Pool through 1-1/2 inch tubing run inside 3-1/2 inch casing, all casing strings to be cemented in a common well bore.

CASE 2929:

Application of Texaco Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the Basal San Andres formation through its State of New Mexico "O" NCT-1 Well No. 12 located in Unit J of Section 36, Township 17 South, Range 34 East, Vacuum Field, Lea County, New Mexico.

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Docket No. 30-63 Docket No. 31=63

CASE 2930:

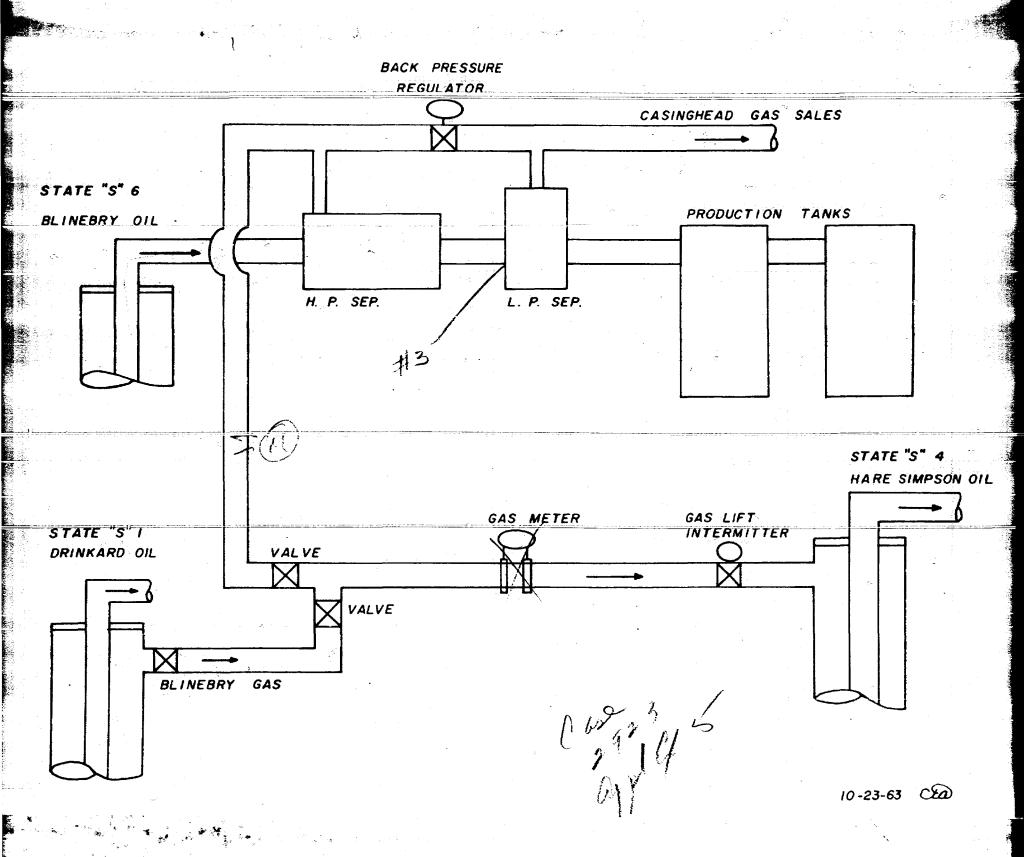
Application of William G. Ross for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the South Wilson Deep Unit Area comprising 3,920 acres, more or less, of State and Fee lands in Township 21 South, Range 34 East, Lea County, New Mexico.

State of New Mexico Oil Conservation Commission SCALE IN # 2200 FT.) NINE SECTION PLAT

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- O Hare Oil Well
- O Blinebry Oil Well
- O Blinebry Gas Well



NEW MEXICO OIL CONSERVATION COMMISSION Santa Fe, New Mexico October 30, 1963

EXAMINER HEARING

Application of Cities Service Oil Company for a special gas-lift gas allocation, Lea County,) New Mexico. Applicant, in the above-styled cause, seeks authority to produce Blinebry gas from its State "S" Well No. 1 located in Unit E of Section 15, Township 21 South, Range 37 Rast, Lea County, New Mexico, and to utilize said gas for Hare Pool gas-lift operations on its State "S" Well No. 4 located in said Unit E. Gas produced from said State "S" Well No. 1 would be metered and charged to the Blinebry Oil Pool casinghead gas production from applicant's State "S" Well No. 6 also located in the said Unit E.

Case No. 2923

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

DEARNLEY MEIER REPORTING SERVICE,

BOUE, N. M.

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
October 30, 1963

EXAMINER HEARING

IN THE MATTER OF:

Application of Cities Service Oil Company)
for a special gas-lift gas allocation, Lea

County, New Mexico. Applicant, in the above-)
styled cause, seeks authority to produce

Blinebry gas from its State "S" Well No. 1

located in Unit E of Section 15, Township 21

South, Range 37 East, Lea County, New Mexico,)
and to utilize said gas for Hare Pool gas-lift)
operations on its State "S" Well No. 4 located)
in said Unit E. Gas produced from said State)
"S" Well No. 1 would be metered and charged to)
the Blinebry Oil Pool casinghead gas production)
from applicant's State "S" Well No. 6 also
located in the said Unit E.

Case No. 2923

BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: We will call Case Number 2923.

MR. DURRETT: Application of Cities Service Oil

Company for a special gas-lift gas allocation.

MR. KELLAHIN: Jason Kellahin of Kellahin and Fox, Santa Fe, appearing for the applicant. We have one witness I would like to have sworn, please.

(Witness sworn.)

E. F. MOTTER

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



LEY-MEIER REPORTING SERVICE,

PURROUE, N. M. MF 949 640:

DIRECT EXAMINATION

BY MR. KELLAHIN:

- Q Would you state your name, please?
- A E. F. Motter.
- Q By whom are you employed and in what position, Mr. Motter?
- A Cities Service Oil Company, Division Engineer, West Texas Division.
- Q Have you testified before the Oil Conservation

 Commission and made your qualifications as a petroleum engineer
 a matter of record?
 - A Yes, I have.

MR. KELLAHIN: Are the witness's qualifications acceptable?

MR. NUTTER: Yes.

(Whereupon, Applicant's Exhibits 1 through 5 marked for identification,)

- Q (By Mr. Kellahin) Mr. Motter, are you familiar with the application of Cities Service Oil Company in Case 2923?
 - A Yes.
 - Q What does Cities Service propose in this case?
- A We propose to use supplemental gas from our State "S" Number 1, which is currently a Blinebry-Drinkard dual to lift the Hare production from the State "S" Number 4.
 - Q You say that's a Blinebry-Drinkard dual. From what



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zone is the gas going to come?

- The gas would be produced from the annulus of the Blinebry.
- Q Referring to what has been marked as Exhibit Number 1, would you state what that is?

This is a plat of a portion of the Blinebry Pool. We have the Hare oil wells circled in a purple color, the Blinebry oil wells in a red color, and the Blinebry gas wells in a green color. As you will note on the Cities Service 80-acre State "S" lease composed of the South half of the Northwest quarter of Section 15, 21 South, 27 East, that the State "S" No. 1 is a Blinebry well; it really is a dual with a Drinkard. No. 2 is a Tubb gas well; No. 3 is a Blinebry oil well; No. 5 is a Hare well; No. 4 is a Hare oil well and No. 6 is a recently completed Blinebry oil well.

The State "S" No. 3 was completed a few months back in the Blinebry oil zone and the 40 acres of Unit F, or the Southeast of the Northwest of Section 15 was dedicated to that well, leaving 40 acres to the Blinebry gas well, the State "S" 1. We have recently gone in and successfully worked over the State "S" 6. which was an abandoned Ellenburger well, and I don't know whether the forms have reached the Commission yet, but we're filing for an oil allowable on the State "S" 6. The latest test was 158 barrels of oil, 14 barrels of water in 24 hours; gas-oil ratio



- Q Do you have a log of the State "S" No. 6?
- A Yes, we have, on the bottom of this log.
- Q That's marked as Exhibit Number 2?

A Exhibit Number 2. The bottom or detailed section of this has a Blinebry top and also the perforations that are presently open in this well are designated in red. The base of the perforations on the State "S" 1 which is also producing from the Blinebry formation is 5,695, which is some 200 feet above the -- Excuse me -- about a hundred feet above the perforations in the State "S" No. 6.

Q Referring to what has been marked as Exhibit Number 3 would you identify that exhibit and discuss the information on it?

A Yes, this is a production history of the State "S" No. 4 of the Simpson formation. I would like to point out right now that since the latter part of 1959 we have been gas-lifting this well with gas from the State "S" No. 1 Blinebry gas well. Prior to that time the well flowed until, or flowed from its completion in the latter part of 1951 until early 1954, when a pump was installed.

In the latter part of 1955 we began to have a tremendous amount of difficulty with sand production, which normally follows water production, in the Simpson sand, and down at the bottom of the production curve there are some small dashes in there. Those indicate times that the pump was pulled because of sand trouble.



The little bit longer slashes which are designated, indicate that in early 1956 we cleaned the sand out of the well, again in about May of 157 and in the latter part of -- or excuse me, the early part of 1959 we had a complete workover on this well which included cleaning out, plugging back and recompletion in the upper portion of the Hare Pool.

As you will note, that within the next five-six months we had to pull the pump on that well five times for sand problems; so in September of 1959 we installed gas-lift, and have been fairly successful in producing this well. (As you will note, right after we installed the gas-lift we restored production up in the neighborhood of seven or eight hundred barrels a month. Some of the times it's indicated we were down is because the gas well was over-produced, and we had no gas to lift this well. But for the last year it's averaged about, oh, a year and a half it's averaged about 200 barrels a day; and also on this same curve we had plotted the dotted line, which indicates the MCF gas-lift gas that were used in producing this oil. As you will note, the past seven or eight months this gas-lift gas has run from about a hundred MCF up to slightly over 400 MCF per month.

Would you anticipate that the gas-lift gas would remain on the same level?

Yes, I would assume it would. I believe on our application we were a little bit on the safe side, stating that approximately 20 MCF a day would be used. Actually I think it would be



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closer to ten, and later in my testimony I hope to point out where it might be less than that.

Q Would you identify what has been marked as Exhibit 4 and discuss it?

A Yes. This is the present installation, which I have probably already discussed, indicating that we're pulling gas off the annulus in the State "S" No. 1 from the Blinebry formation, it is metered, and used to lift the Simpson oil or the Hare oil from the State "S" No. 4. This gas, in the past, has been charged back to the allowable on State "S" No. 1. It is sold as casinghead gas with the Hare-Simpson oil rather than dry gas.

Q But it is charged against the Blinebry zone, is that

A Yes, it is.

Q Referring to Eahibit Number 5, would you discuss that exhibit?

A This is what we propose to install with a recompletion of the State "S" No. 6. The State "S" No. 4 gas-lift valves are set to operate at 800 pounds, which we have found to be fairly efficient for this depth. We would like to utilize the casinghead gas of State "S" No. 6 for lift purposes, but we have a couple of ifs along with this. In the event that the State "S" No. 6 does not have adequate surface pressure, the 800 pounds, while it's flowing, well, we could not lift the Hare Pool well, or, if, for some particular reason the oil allowable were reached



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in, say, 24 or 25 days and we had to be shut in because of allowable production, the remainder of the time we would have no source of gas-lift gas for the State "S" Number 4. So we propose to tie into this system a Blinebry gas from the State "S" No. 1 and use this to supplement the lift gas from the State "S" No. 6. Of course, all this gas will be used for lift purposes would be metered and could be charged back against the State "S" No. 6.

- Q Would that be the manner in which you would account for the Blinebry gas?
- A Yes, oh, where it would be charged to "S" No. 6 or "S" No. 1, I should say it would be charged to Unit E of Section 15.
- Q In that connection are all the interests in the unit common?
 - A Yes, they are.
 - Q Are they common as to all the owners?
 - A Yes.
 - Q And as to riding and over-riding royalties?
 - A Right, no over-riding royalties.
 - Q Cities Service has all of the working interest then?
 - A That is correct.
 - Q How much oil is being produced from the State "S" No.

4?

A Well, this gas well does produce a little bit of distillate from time to time. Actually, I feel with the small



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amount of gas we'll use, we'll probably not see any because --

Q You are discussing the No. 1, aren't you?

MR. NUTTER: The question was, how much oil was coming from No. 4?

A Last month we produced only 97 barrels. That was due to the fact we were shut in on some of the Blinebry gas. It has been averaging slightly over 200 barrels a day.

- Q Two Hundred barrels a --
- A A month, I'm sorry.
- Q Is that a marginal operation?
- A Yes, we could not afford to lift this on the pump.

 We would probably have to abandon this well if we couldn't gas
 lift it.
- Q That would be on account of your experience with sand as much as anything?
 - A Right.
- Q How will you account for the oil that is produced from the State No. 1?

A I don't believe we will have hardly any oil to account for. This small amount, I feel relatively sure there will be a relatively small amount of distillate production, because in 1962 we produced distillate only about seven months and the most we produced was two barrels a day, and this is when we were taking anywhere from a million or more out of the gas well. In 1963 we only produced distillate the first four months of the



year and this has been down as low as ten barrels a month, so it's practically insignificant.

Would you again outline how you are going to account for the Blinebry gas that is used for lift purposes on this well from the other two wells?

Well, Blinebry gas will be metered that is being used for gas-lift purpose. Of course, the casinghead sales of gas from the Blinebry separator will be metered and taken from this volume to determine the overall Blinebry gas produced from the lease.

What alternatives is there if this application is not approved?

Well, we could possibly use Tubb gas. This would mean a rather expensive setup which I don't think would be justified. We do feel there is a considerable amount of oil to be produced although at low rates, from the "S" No. 4, should we be permitted to use the Blinebry gas from the State "S" No. 1 for lift purposes.

In your opinion is this application, or the approval of the application in the interest of conservation?

Yes, I think so.

Will it prevent waste?

Yes, it will.

Were Exhibits 1 through 5, inclusive, prepared by you or under your supervision?



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A Yes, they were.

MR. KELLAHIN: I would like to offer in evidence Exhibits 1 through 5.

MR. NUTTER: Exhibits 1 through 5 will be admitted in evidence.

(Whereupon, Exhibits Nos. 1 through 5 were admitted in evidence.)

MR. KELLAHIN: That's all the questions I have.

MR. NUTTER: Any questions of Mr. Motter?

CROSS EXAMINATION

BY MR. NUTTER:

Q It's my understanding, Mr. Motter, that you want a single oil allowable assigned to Unit E.

A Right.

Q As far as the Blinebry is concerned?

A Right.

Q Will there be any actual physical limitation on the amount of gas that's withdrawn from the "S" No. 1?

A It would only be that amount that we would need to gas-lift the well, State "S" No. 4, at such times when the State "S" No. 6 casinghead gas of Blinebry was either inadequate pressure to lift, or the well may be shut in for allowable purposes.

Q Is the arrangement of valves and back-pressure valves such an automatic control then on how much gas would come from



A No, sir. As you will notice, this is a proposed installation, and actually it would be up to our switcher to switch valves; if the pressure were inadequate to lift the Hare well he would know this, of course, and he would probably close the valve to the separator from the Blinebry oil well and open the valve from the Blinebry gas well.

- Q If the amount of gas that is produced from the "S" No l is such that the GOR limit assigned to the No. 6 would be exceeded by adding the gas from the No. 6 and the No. 1?
 - A Right.
- Q We can understand how the Commission would determine the allowable on the basis of a test.
 - A Right.
- Q Give the well a penalized allowable or the unit a penalized allowable. How is the Commission going to know if this amount has been exceeded, and how will the Commission make an adjustment?
 - A Well, I have only a suggestion.
 - Q I would appreciate hearing it.

A The way I would look at this is that the allowable for the State "S" No. 6 would be set according to it's GOR, and as I have stated, it has a ratio right now in excess of 6,000 to 1, so I believe I have calculated that the allowable would be 38 barrels a day instead of the 52.

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ALBUQUEROUE, N. M. PHONE 243.6691

Right. My suggestion would be that perhaps the Commission would work a month behind, or perhaps the allowable for State "S" No. 6 would be determined for, we'll say, the month of November on the basis of the GOR filed. The amount of gas then that we would take from the State "S" No. 1 would be accumulated to the end of the month. This would be added to the overall gas limit, but could be produced from the Unit E, and this amount of oil which would be, off-handedly, about a barrel of oil a day, which I would calculate would be authorized would be deducted from the December oil allowable. In other words, we might have to work a month back each time.

The way I have it figured out, with the current allowable of 52 barrels unpenalized, you should be able to produce 312 MCH of gas a day without penalty, so we could deduct from this daily, or actually, we should multiply this times the number of days in the month, deduct from that the amount of gas produced from the State "S"No. 1, divide the ratio of the State "S" No. 6 into this figure to give you the daily oil allowable.

You will be metering the gas yourself, as far as the Cities Service itself will be metering the gas that comes from the No. 4?

- No, not from No. 4.
- From the No. 1 I mean?
- Right.

- Q Will you be metering the casinghead gas that's used?
- No, sir.
- You will have to wait until you get your charts from the gas purchaser?
 - Skelly will meter that.
- It might be that you will have to run two months behind?

There's a possibility of that. I was hoping we could do it one month behind.

- In the event that the Commission should approve this arrangement that you have proposed, would you be willing to work a separate little monthly report on the amount of gas from each pool, and the amount of liquids produced from each well?
 - Yes, this would be possible.
- O So that it could be used in the assignment of the following month's allowable then?

Right. Maybe to even further assist you we are proposing to submit an application to comingle all the zones on this lease, and since the other Blinebry well is a top allowable well, it will have to be tested each month, and perhaps we can even test this No. 6 each month.

- At the present time is the casinghead gas from the wells comingled?
 - No, it's all from separator meters.

MR. NUTTER: Are there any other questions of Mr.



Motter? He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: That's all I have.

MR. NUTTER: Does anyone have anything they wish to offer in Case 2923?

MR. DURRETT: If the Examiner please, I would like to state that the Commission has received a letter from Continental Oil Company, which is quite lengthy. I would say the important part reads as follows: "If the Commission sees fit to grant the application, the gas produced by both the oil well and the gas well located in Unit E be measured so that the actual gas produced from the unit will be accurately reported rather than being estimated."

MR. NUTTER: If nothing further for Case 2923 we'll take the case under advisement.

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STATE OF NEW MEXICO

55.

COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission Examiner 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 3rd day of November, 1963.

Notary Public - Court Reporter

My Commission Expires:

June 19, 1967.

New Mexico Oil Conservation Commission



GUERQUE, N. M.