

CASE 3819: Application of CITIES
SERVICE for institution of gas
prorationing, Chaves County, N.M.

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Case Number

3819

Application
Transcripts.

Small Exhibits

ETC.

State of New Mexico
Oil Conservation Commission



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

August 1, 1968

Re: Case No. 3819
Order No. R-3465
Applicant:
CITIES SERVICE OIL COMPANY

A. L. Porter, Jr.
A. L. PORTER, Jr.
Secretary-Director

Hobbs OCC x
 Artesia OCC x
 Aztec OCC
 Other

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 3819
Order No. R-3465

APPLICATION OF CITIES SERVICE OIL
COMPANY FOR THE INSTITUTION OF GAS
PRORATIONING IN THE BUFFALO VALLEY-
PENNSYLVANIAN GAS POOL, CHAVES
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 24, 1968,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 1st day of August, 1968, the Commission, a
quorum being present, having considered the record and the
recommendations of the Examiner, and being fully advised in the
premises,

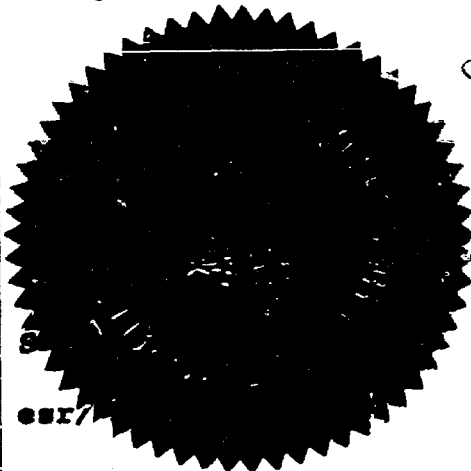
FINDS:

That the applicant's request for dismissal should be
granted.

IT IS THEREFORE ORDERED:

That Case No. 3819 is hereby dismissed.

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

David P. Cargo
DAVID P. CARGO, Chairman

Guston B. Hays
GUSTON B. HAYS, Member

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

JASON W. KELLAHIN
ROBERT E. FOX

KELLAHIN AND FOX
ATTORNEYS AT LAW
54 1/2 EAST SAN FRANCISCO STREET
POST OFFICE BOX 1769
SANTA FE, NEW MEXICO 87501

TELEPHONE 982-4315
AREA CODE 505

July 19, 1968

Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico

Re: Case No. 3819, Application of
Cities Service Oil Company

Gentlemen:

This is to request that the above application,
presently set for hearing on July 24, 1968,
before the Commission's examiner, be dismissed,
at the request of applicant.

Yours very truly ,

JASON W. KELLAHIN

jwk;peg

22 JUL 1968



Southwest Production Corporation

EXECUTIVE OFFICE
BIRMINGHAM, ALABAMA

XX
XX
XX

P. O. Box 936
Roswell, New Mexico 88201
July 15, 1968

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

ATTENTION: Mr. Dan S. Nutter, Examiner

Dear Mr. Nutter:

Re: Examiner Hearing
Docket No. 22-68

Please send copy of Cities Service Oil Company Application
for Proration of Gas Production in Buffalo Valley Gas Field, Chaves County,
New Mexico, Case No. 3819.

Very truly yours,

SOUTHWEST PRODUCTION CORPORATION

H. Lee Harvard
H. Lee Harvard
Exploration Manager

HLH/eg

Copy of Cities Service application mailed July 16, 1968. MAIL OFFICE

ir/

'68 JUL 16 AM 8 33

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 24, 1968

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

The following cases will be heard before Daniel S. Nutter, Examiner, or
A. L. Porter, Jr., Alternate Examiner:

- CASE 3809: Application of Solar Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Travis Well No. 2 located in Unit J of Section 21, Township 23 South, Range 37 East, Lea County, New Mexico, to produce oil from the Teague-Blinebry and undesignated Tubb-Drinkard pools through parallel strings of tubing.
- CASE 3810: Application of Bronco Oil Corporation for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Saltmount Well No. 2 located in Unit O of Section 21, Township 23 South, Range 37 East, Lea County, New Mexico, to produce oil from the Teague-Blinebry and undesignated Tubb-Drinkard pools through parallel strings of tubing.
- CASE 3811: Application of Charles B. Read for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill his Marathon State Well No. 1 at a location 1980 feet from the South line and 660 feet from the West line of Section 7, Township 19 South, Range 35 East, Scharb-Bone Springs Pool, Lea County, New Mexico, in exception to the pool rules which require the first well drilled on a unit to be located in the NE/4 or the SW/4 of the quarter section.
- CASE 3812: Application of Tenneco Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Southwest Henshaw (Premier) Unit Area comprising 1720 acres, more or less, of Federal lands in Township 16 South, Range 30 East, West Henshaw-Grayburg Pool, Eddy County, New Mexico.
- CASE 3813: Application of Tenneco Oil Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Southwest Henshaw (Premier) Unit Area by the injection of water into the Premier sand through nine injection wells in Sections 7, 8, 17, 18 and 19, Township 16 South, Range 30 East, West Henshaw-Grayburg Pool, Eddy County, New Mexico.

- CASE 3814: Application of Humble Oil & Refining Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Penrose zone of the Queen formation in the perforated interval from 3818 feet to 3638 feet in its New Mexico "G" State Well No. 17 located 330 feet from the South line and 1850 feet from the West line of Section 23, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico. If said Penrose zone does not prove satisfactory, then the applicant proposes to deepen said well and dispose into the San Andres formation.
- CASE 3815: Application of Humble Oil & Refining Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Abo formation in the interval from 5670 feet to 6030 feet in its Chalk Bluff Draw Unit (A) Well No. 19 located 990 feet from the South line and 1650 feet from the West line of Section 16, Township 18 South, Range 27 East, Empire Abo Pool, Eddy County, New Mexico.
- CASE 3816: Application of Humble Oil & Refining Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Wolfcamp formation in the interval from 10,199 feet to 10,530 feet in its H. A. Townsend Well No. 6 located 1980 feet from the North and East lines of Section 9, Township 16 South, Range 35 East, Townsend Wolfcamp Pool, Lea County, New Mexico.
- CASE 3817: Application of Continental Oil Company for reinstatement of cancelled underproduction, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the general rules and regulations for prorated gas pools of Southeastern New Mexico promulgated by Order No. R-1670, as amended, to permit the reinstatement of underproduction accumulated by its Stevens A-35 Well No. 2 located in Unit J of Section 35, Township 23 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, cancelled December 31, 1967. Applicant requests that its Stevens A-35 Well No. 1 located in Unit L and its Stevens A-35 Well No. 2 located in Unit J, both in the aforesaid Section 35 and dedicated to the same non-standard gas proration unit, be permitted to produce the aforesaid cancelled underproduction.

CASE 3818: Application of Continental Oil Company for an exception to Rule 506, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the statewide limiting gas-oil ratio of 2,000 feet of gas per barrel of oil as promulgated by Commission Rule 506 for its Warren Unit Well No. 11, located in Unit A of Section 35, Township 20 South, Range 38 East, Warren-Drinkard Pool, Lea County, New Mexico.

CASE 3819: Application of Cities Service Oil Company for the institution of gas prorationing in the Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the limitation of gas production from the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, to reasonable market demand and to the capacity of gas transportation facilities, and that the subject pool be governed by the general rules and regulations for the prorated gas pools of Southeastern New Mexico insofar as said general rules and regulations are not inconsistent with the special rules and regulations governing the subject pool. Further, the applicant proposes that the allowable production from the pool be allocated among the wells in the pool on a 100% surface acreage basis.

CASE 3820: Application of El Paso Natural Gas Company for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Harvey "A" Well No. 3 at a point 890 feet from the South line and 1650 feet from the East line of Section 32, Township 27 North, Range 7 West, Blanco-Mesaverde Pool, Rio Arriba County, New Mexico, in exception to the pool rules which require locations to be in either the Northeast or Southwest quarter of the section.

CASE 3821: Application of Marathon Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp formation underlying the SE/4 of Section 22, Township 20 South, Range 35 East, Lea County, New Mexico. Said acreage to be dedicated to a well to be drilled 660 feet from the South and East lines of said Section 22, and within one mile of the Southeast Lea-Wolfcamp Gas Pool.

Case 3822: Application of Aztec Oil & Gas Company for commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle San Andres production from its State "AJ" lease comprising the SW/4 and the W/2 NE/4 of Section 1 and its Amerada State lease comprising the N/2 NW/4 of Section 12, all in Township 18 South, Range 36 East, Arkansas Junction-San Andres Pool, Lea County, New Mexico, allocating production to each lease on the basis of periodic well tests.

CASE 3805: CONTINUED FROM THE JULY 10, 1968, EXAMINER HEARING

Application of Benson-Montin-Greer Drilling Corporation and Lloyd B. Taylor for Pressure Interference Tests and Back Allowable, San Juan County, New Mexico. Applicants, in the above-styled cause, seek authority to extend for an additional 60-day period from July 8, 1968, the shut-in test period authorized for one well in the La Plata Gallup Oil Pool, San Juan County, New Mexico, by Commission Order No. R-3399 and to also extend the back allowable make-up period for said well. Applicants further seek authority to drill three additional La Plata oil wells in Section 6 of Township 31 North, Range 13 West, and Sections 31 and 32, Township 32 North, Range 13 West, and to shut said wells in immediately after recovery of load oil and the establishment of initial potentials, for a period of up to 180 days for the purpose of conducting pressure interference tests, and to make-up the production lost during said test period at a later date. Applicants further seek a provision for administrative extension of the shut-in test period and the make-up period.

JASON W. KELLAHIN
ROBERT E. FOX

KELLAHIN AND FOX
ATTORNEYS AT LAW
54 1/2 EAST SAN FRANCISCO STREET
POST OFFICE BOX 1769
SANTA FE, NEW MEXICO 87501

TELEPHONE 982-4315
AREA CODE 505

June 24, 1968

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Can 3819

Oil Conservation Commission of New Mexico
Post Office Box 2088
Santa Fe, New Mexico

Re: Cities Service Oil Company

Gentlemen:

Enclosed please find original and two copies of
application on behalf of Cities Service Oil
Company for an amendment to Order No. R-1670,
as amended, which please set for hearing.

Thank you.

Yours very truly,

Jason W. Kellahin

JASON W. KELLAHIN

jwk;peg

Enc.

cc Mr. R. E. Adams

cc Mr. Gene Motter

DOCKET MAILED

7-11-68

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF CITIES SERVICE OIL COMPANY FOR
AN AMENDMENT TO ORDER NO. R-1670,
AS AMENDED, TO INSTITUTE GAS PRO-
RATIONING IN THE BUFFALO VALLEY-
PENNSYLVANIAN GAS POOL, CHAVES
COUNTY, NEW MEXICO

68 JUN 26 AM 8 44

Case 3819

A P P L I C A T I O N

Comes now CITIES SERVICE OIL COMPANY and applies to the Oil Conservation Commission of New Mexico for an order amending Order No. R-1670, as amended, to institute gas prorationing in the Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico, and in support thereof would show the Commission:

1. That by Order No. R-2349, dated November 1, 1962, the Commission created the Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico, and promulgated special rules and regulations governing said pool.
2. That by said special pool rules, the Commission provided that any well completed or recompleted in said Buffalo Valley-Pennsylvanian Gas Pool shall be located on a standard proration unit consisting of any two contiguous quarter sections of a single governmental section, consisting of 316 through 324 contiguous surface acres.
3. That five wells are presently completed in said pool, an additional well is presently being drilled to said pool, and that it is applicant's information and belief that other wells are projected or, will be projected to said pool in the near future.

4. That a market demand presently exists for gas from subject pool, and that two gas purchasers, Phillips Petroleum Company and Southern Union Gas Company, are presently purchasing gas from wells in the subject pool.

5. That the wells presently completed in the pool are capable of producing in excess of the reasonable market demand for gas from the pool, and are capable of producing in excess of the capacity of the gas transportation facilities available.

6. That in order to prevent waste and protect correlative rights in the pool, the total allowable natural gas production from gas wells producing from the Buffalo Valley-Pennsylvanian Gas Pool should be restricted to reasonable market demand and the capacity of the gas transportation facilities available.

7. That due to lack of reservoir information, it is impracticable to attempt to compute recoverable tract reserves or recoverable pool reserves in the subject pool at the present time.

8. That considering available reservoir information, a 100% acreage formula is the most reasonable basis for allocating the allowable production among the wells delivering to a gas transportation facility in the pool.

9. That the adoption of a 100% surface acreage formula for allocating allowable production in the pool will, insofar as is practicable, afford the owner of each property in the pool the opportunity to produce his just and equitable share of the gas in the pool, and to use his just and equitable

share of the reservoir energy, and such formula will prevent waste.

WHEREFORE, applicant prays that this application be set for hearing before the Commission or before the Commission's duly appointed examiner, and that after notice and hearing as required by law the Commission enter its order amending Order No. R-1670, as amended, to provide for the prorationing of gas production in the Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico, as applied for.

Respectfully submitted,

CITIES SERVICE OIL COMPANY

BY: Jason W. Kellahin
Jason W. Kellahin

KELLAHIN & FOX
Post Office Box 1769
Santa Fe, New Mexico

ATTORNEYS FOR APPLICANT

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMAS BLDG. • P. O. BOX 1092 • PHONE 243-4491 • ALBUQUERQUE, NEW MEXICO



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
July 24, 1968

EXAMINER HEARING

IN THE MATTER OF:

Application of Cities Service Oil
Company for the institution of gas
prorationing in the Buffalo Valley-
Pennsylvanian Gas Pool,
Chaves County, New Mexico.

Case No. 3819

BEFORE: Daniel S. Nutter
Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: The next case will be Case Number 3819.

MR. HATCH: Case 3819. Application of Cities Service Oil Company for the institution of gas prorationing in the Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico.

If the Examiner please, I have a letter dated July the 19th, 1968 from Jason W. Kellahin representing the Applicant in that case requesting the case be dismissed.

MR. NUTTER: Case Number 3819 will be dismissed.

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

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

Witness my Hand and Seal this 16th day of September, 1968.

Charlotte Macias
Notary Public

My Commission Expires:
February 10, 1971.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 3819
heard by me on 7/24 1968.

Johnathan, Examiner
New Mexico Oil Conservation Commission