

CASE 6073: CITIES SERVICE COMPANY FOR  
(TWO UNORTHODOX GAS WELL LOCATIONS,  
EDDY COUNTY, NEW MEXICO

Case Number

6073

Application

Transcripts.

Small Exhibits

ETC.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
October 26, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Cities Service  
Company for two unorthodox gas well  
locations, Eddy County, New Mexico.)

CASE  
6073

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil      Lynn Teschendorf, Esq.  
Conservation Commission:    Legal Counsel for the Commission  
State Land Office Building  
Santa Fe, New Mexico

For the Applicant:          W. Thomas Kellahin  
Kellahin & Fox  
500 Don Gaspar  
Santa Fe, New Mexico

sid morrish reporting service  
General Court Reporting Service  
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501  
Phone (505) 982-9212

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MR. E. F. MOTTER

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Direct Examination by Mr. Kellahin

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Cross Examination by Mr. Nutter

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EXHIBITS

Applicant's Exhibit No. 1, Plat

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Applicant's Exhibit No. 2, Document

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Applicant's Exhibit No. 3, Document

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Applicant's Exhibit No. 4, Document

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MR. NUTTER: Call next Case No. 6073

MS. TESCHENDORF: Case 6073, Application of  
Cities Service Company for two unorthodox gas well locations,  
Eddy County, New Mexico.

MR. KELLAHIN: Tom Kellahin, of Kellahin and Fox,  
appearing on behalf of the applicant, and I have one witness  
to be sworn.

(Witness sworn.)

E. F. MOTTER

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Will you please state your name, by whom you're  
employed, and in what capacity?

A E.F. Motter; Cities Service Company. I'm  
engineering manager for the southwest region.

Q What professional degree do you hold, Mr. Motter?

A I have a degree in mechanical engineering, but I'm  
also a petroleum engineer.

Q In your capacity as a petroleum engineer, have  
you previously testified for the Commission and had your  
qualifications as an expert witness accepted and made a  
matter of record?

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1 A Yes, numerous times.

2 Q Have you made a study of, and are you familiar  
3 with the facts surrounding this particular application?

4 A Yes.

5 MR. KELLAHIN: If the Examiner please, are the  
6 witness' qualifications acceptable?

7 MR. NUTTER: Yes, they are. Please proceed.

8 Q (By Mr. Kellahin) Mr. Motter, please refer to  
9 what we have marked as Applicant's Exhibit Number One,  
10 identify it, and tell me what you're seeking to accomplish.

11 A This is a plat of what we call our Magruder unit.  
12 It's a drilling unit put together in about 1974, composed of  
13 eight sections immediately northeast of Carlsbad, New Mexico.  
14 It's basically in a Township 21 South, Range 27 East.

15 You'll notice there are two arrows pointing to  
16 the Cities Service Government AD No. 2, and Cities Service  
17 Government AE No. 1 in Section 27, that is the subject of this  
18 hearing.

19 Q Would you describe the requested unorthodox  
20 footage location for the Government AD No. 2 well?

21 A Right. The Government AD No. 2 is 2130 from the  
22 north line, 660 from the west at 27. And I'll just go ahead  
23 and Government AE No. 1 is 2130 from south, and 1980 from  
24 west.

25 Q You said 2130. Do you mean 2310?

1 A. I'm sorry, yeah, 2310.

2 Q. 2310 from the south line?

3 A. Both of those are, should be 2310.

4 Q. And the location for the AE No. 1 Well is 1980  
5 from the East line?

6 A. Correct.

7 Q. Okay. Let's go to Exhibit No. 2, and have you  
8 identify that.

9 A. Okay. Exhibit No. 2 is an enlarged portion of  
10 Section 27, or the entire section, showing the offsets, and  
11 the orange outline indicates the proration unit which Cities  
12 Service has proposed to dedicate to these two wells. The  
13 Government AD No. 2, being 2310 from the north, is, would  
14 have been a legal location for a Morrow Pennsylvanian test of  
15 gas in this area. And we proposed to dedicate the west half.  
16 I might comment that this well has been drilled and completed.  
17 It was approved by the USGS as full completion and everything  
18 on April 11th -- excuse me, 1977; that was the completion.  
19 The well was later completed in the Wolfcamp, dry on the  
20 Morrow, and this completion was filed and approved by the  
21 USGS on August 12th, 1977.

22 The original application on that well was approved,  
23 along with the plat which was submitted -- I think I have that  
24 wrong. It was originally approved and drilled January 11,  
25 1977, but we did submit a plat showing that we were going to

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1 dedicate the west half of Section 27. We indicated it was  
2 to be communitized, and as I say, everything came back  
3 approved. So the well was subsequently drilled, and has  
4 been completed in the Wolfcamp. There was potential recently  
5 for about three million a day.

6 We then proposed to drill the AE No. 1. It was  
7 approved, and approval was granted on March 24th.

8 Q That's indicated as Applicant's Exhibit No. 3?

9 A Right. I'm a little bit ahead of you here.

10 Q Go ahead and discuss what's contained on that.

11 A It was approved on March 24th, but the approval  
12 expired on June the 24th, 1977. We had a problem in there  
13 securing necessary drilling equipment to move on this well  
14 as soon as we had planned. We filed, then, on September 13th  
15 1977, for reinstatement of the approval to drill this well,  
16 and again I have complete copies of the original application  
17 here for the AE No. 1, which in this case shows that the  
18 east half will be dedicated to -- east half of Section 27  
19 will be dedicated as well.

20 MR. NUTTER: And the well was a standard location  
21 again, for the dedication --

22 A Yes, it would have been a standard location. Now  
23 I might comment, we did move it 330 feet north, because the  
24 original location fell right on the railroad right-of-way.  
25 We moved it.

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1 MR. NUTTER: But it still would be a standard  
2 location?

3 A Still to be a standard location for the east half  
4 to the Pennsylvanian depth.

5 Q Please continue, Mr. Motter.

6 A All right. As I said, we filed for reinstatement  
7 on September 13th, and on September 23rd we received a phone  
8 call from the USGS in Artesia, stating that this was an  
9 improper location, and we would have to rededicate acreage  
10 because of the lease situation, which I'll explain in a minute.  
11 We did get the letter back with additional notes on it, and  
12 they say that they will approve of the drilling of AE No. 1,  
13 subject to rededicating the south half of Section 27 for  
14 this well; and NMOCC approval as unorthodox location -- and  
15 so on and so forth. You can read it on there.

16 Going back to -- I guess it's Exhibit No. 2 --  
17 I might try to explain, if I can, the situation here. This  
18 was a former Amoco lease, and the Federal lease number  
19 was 0553785. It included all but the southwest quarter of  
20 Section 27. This lease is a rather large lease. In fact,  
21 if you'll notice over there to Section 26 where we say  
22 Amoco, that's a portion of the face lease. And even if you  
23 want to go back to Exhibit 1, there are several portions of  
24 our drilling unit which are included in this face lease. Now,  
25 some of them are 160-acre tracts, some of them are 80. It's

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1 just rather scattered. But anyway, apparently Amoco -- and  
2 we haven't tracked all these down -- whether they segregated  
3 this north half from the entire lease of Section 27, I don't  
4 know at this time, but you can see it's been given a  
5 designation of A to the north half. Well, we had asked, of  
6 course, to communitize, using the, what was the Flag Redford  
7 lease, southwest quarter, and the northwest quarter of the  
8 former Amoco lease to be communitized for a regular location  
9 to be dedicated to the west half. We were advised by the  
10 USGS that any time the face lease contains enough acreage for  
11 a proration unit, it must be dedicated to that first. They  
12 tell me this is in their rules and regulations. The owners  
13 felt -- this is the first time I've run into it. We knew  
14 nothing about this.

15 So, I guess we could move on to Exhibit No. 4  
16 there.

17 Q Sure. Would you identify that?

18 A To move on to Exhibit No. 4, what we propose,  
19 then, is to dedicate the north half of Section 27, which will  
20 then keep us in compliance with the USGS rule, and we will  
21 dedicate the south half of 27 to our well to be drilled as  
22 Government AE No. 1. Now, we'll have to communitize the  
23 acreage. It is all Federal acreage. It's all Federal surface.  
24 However, in so doing, this makes both locations unorthodox,  
25 and that's the reason we're here today.

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1 Q Were or Exhibits 1, 2 and 4 prepared by you directly  
2 or under your direct supervision?

3 A They were under my supervision.

4 Q And Exhibit 3 is a copy of the --

5 A Well, it's sundry notices for the Department of  
6 the Interior.

7 Q Mr. Motter, in your opinion, will the approval  
8 of the application be in the best interests of conservation,  
9 the prevention of waste, and the protection of correlative  
10 rights?

11 A Yes, it will. We're anxious, of course, as I  
12 said previously, that AD No. 2 has been tied in, and the  
13 pipeline people are anxious to get their hands on the gas.  
14 And we're anxious to drill the well. The location was already  
15 built at the time we, I got this word.

16 MR. KELLAHIN: I move the introduction of  
17 Exhibits 1, 2, 3, and 4.

18 MR. NUTTER: Applicant's Exhibits 1 through 4  
19 will be admitted in evidence. I presume you're through with  
20 the witness?

21 MR. KELLAHIN: Yes, sir.

22  
23 CROSS EXAMINATION

24 BY MR. NUTTER:

25 Q Mr. Motter, I believe that you stated that the

1 government AD was dry in the Morrow?

2 A. Yes, it was.

3 Q. And has been completed in the Wolfcamp with a  
4 potential of 3 million.

5 A. 2.88.

6 Q. So what we're seeking here is non-standard location  
7 for the Wolfcamp formation?

8 A. That's correct.

9 Q. All right. The Government AE No. 1 is not then  
10 drilled, as yet, is that correct?

11 A. No, we propose to drill it to the Morrow. We  
12 of course will test all Pennsylvanian formations.

13 Q. So what we're looking for here is a non-standard  
14 location for Wolfcamp, for --

15 A. Possibly Wolfcamp, Morrow --

16 Q. Wolfcamp or Pennsylvanian?

17 A. I might add a little bit to the comment, I  
18 believe it was in November of '75 that you added the Wolfcamp  
19 to the Pennsylvanian, and I inquired whether, you know, we  
20 might dedicate even 160 of this, so we could get it onstream.  
21 Apparently, those other rules prevailed, so --

22 Q. Right. The Wolfcamp was changed to 325 on  
23 November of '75.

24 MR. NUTTER: Are there any other questions of the  
25 witness?

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1 MR. RANEY: Mr. Motter, what would be the effect  
2 if the Commission decided to deny your application?

3 MR. MOTTER: That is a good question. We'd  
4 probably have to ask you for a rehearing. Maybe get a little  
5 help from the USGS. I think there may be other means of  
6 doing this, but it would take perhaps a lot longer to do it.  
7 I'd rather not go into them at this time.

8 MR. NUTTER: Are there any further questions?  
9 The witness can be excused. Do you have anything further,  
10 Mr. Kellahin? Does anyone have anything they wish to offer  
11 on Case No. 6073? We'll take the case under advisement.

12 (Hearing concluded.)  
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REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Certified Shorthand Reporter,  
do hereby certify that the foregoing and attached Transcript  
of Hearing before the New Mexico Oil Conservation Commission  
was reported by me, and the same is a true and correct record  
of the said proceeding, to the best of my knowledge, skill,  
and ability.

Sally Walton Boyd  
Sally Walton Boyd, CSR

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I do hereby certify that the foregoing is  
a true and correct record of the proceedings in  
the Examiner Hearing of Case No. 6073  
heard by me on 10/26, 1977.  
[Signature] Examiner  
New Mexico Oil Conservation Commission



# OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO  
P. O. BOX 2088 - SANTA FE  
87501



DIRECTOR  
JOE D. RAMEY

LAND COMMISSIONER  
PHIL R. LUCERO  
November 7, 1977

STATE GEOLOGIST  
EMERY C. ARNOLD

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

Re: CASE NO. 6073  
ORDER NO. R-5563


Applicant:

Cities Service Company

Dear Sir:

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

Yours very truly,

  
JOE D. RAMEY  
Director

JDR/fd

Copy of order also sent to:

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. 6073  
Order No. R-5563

APPLICATION OF CITIES SERVICE  
COMPANY FOR TWO UNORTHODOX GAS WELL  
LOCATIONS, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 26, 1977, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 1st day of November, 1977, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Cities Service Company, seeks approval for two unorthodox gas well locations of its Government AD Well No. 2 located 2310 feet from the North line and 660 feet from the West line, and its Government AE Well No. 1 located 2310 feet from the South line and 1980 feet from the East line, both in Section 27, Township 21 South, Range 27 East, Burton Flat Field, Eddy County, New Mexico.

(3) That the N/2 and S/2 of said Section 27 are to be dedicated, respectively, to the wells.

(4) That no offset operator objected to the proposed unorthodox locations.

(5) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.



-2-

Case No. 6073  
Order No. R-5563

IT IS THEREFORE ORDERED:

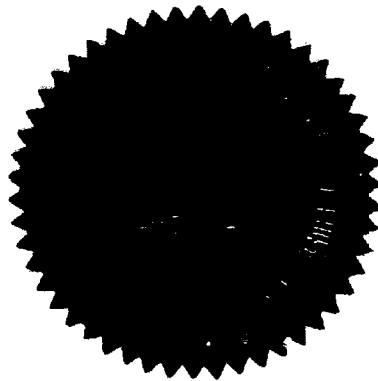
(1) That two unorthodox gas well locations for the Wolfcamp and Pennsylvanian formations are hereby approved for the Cities Service Company Government AD Well No. 2 located 2310 feet from the North line and 660 feet from the West line, and its Government AE Well No. 1 located 2310 feet from the South line and 1980 feet from the East line, both in Section 27, Township 21 South, Range 27 East, Burton Flat Field, Eddy County, New Mexico.

(2) That the N/2 and S/2 of said Section 27 shall be dedicated, respectively, to the above-described wells.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



PHIL R. LUCERO, Chairman

  
EMERY C. ARNOLD, Member

  
JOE D. RAMEY, Member & Secretary

S E A L

jr/

OPERATOR'S COPY, UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEYSUBMIT IN TRIPlicate  
(Other instructions on reverse side)Form approved.  
Budget Bureau No. 42-01421.  
5. LEASE IDENTIFICATION AND SERIAL NO.

NM-0553785

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

## SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.  
Use "APPLICATION FOR PERMIT" for such proposals.)

1. <input type="checkbox"/> OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <i>Re-instate</i>	7. UNIT AGREEMENT NAME
2. NAME OF OPERATOR Cities Service Company	8. FARM OR LEASE NAME Government AE
3. ADDRESS OF OPERATOR P.O. Box 1919 Midland, Texas 79702	9. WELL NO. 1
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. See also space 17 below.) At surface 2310' FSL, 1980' FEL, Section 27, T-21-S, R-27-E, Eddy County, New Mexico	10. FIELD AND FOOT, OR WILDCAT Und. LaHuerta Morrow
14. PERMIT NO.	15. ELEVATIONS (Show whether OF, RT, GR, etc.) 3181.5' GR
12. COUNTY OR PARISH Eddy	13. STATE New Mexico

## 16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF	<input type="checkbox"/>	WATER SHUT-OFF	<input type="checkbox"/>
FRAC TURE TREAT	<input type="checkbox"/>	FRAC TURE TREATMENT	<input type="checkbox"/>
SHOOT OR ACIDIZE	<input type="checkbox"/>	SHOOTING OR ACIDIZING	<input type="checkbox"/>
REPAIR WELL	<input type="checkbox"/>	(Other)	<input type="checkbox"/>
FILL OR ALTER CASING	<input type="checkbox"/>	REPAIRING WELL	<input type="checkbox"/>
MULTIPLE COMPLETE	<input type="checkbox"/>	ALTERING CASING	<input type="checkbox"/>
ABANDON*	<input type="checkbox"/>	ABANDONMENT*	<input type="checkbox"/>
CHANGE PLANS	<input type="checkbox"/>		

(Other) Reinstatement of Drilling approval.

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Approval to drill this well was granted March 24, 1977, and expired June 24, 1977. Cities Service Company requests the reinstatement of the approval to drill this well. The drilling program and location features will be the same as set out on the original application.

RECEIVED

SEP 14 1977

U.S. GEOLOGICAL SURVEY  
ARTESIA, NEW MEXICO

\* By phone conference / Elmer Stahley on 9-23-77, Cities Service was advised that the No. 2 Dr. AD, located 2310' N 66° W sec. 27, would have to be re-located for N 2 sec. 27 because the N 2 is all some lease.

18. I hereby certify that the foregoing is true and correct

SIGNED

*E. J. Spindler*

TITLE: Region Operation Manager

DATE: September 13, 1977

(This space for Federal or State office use)

APPROVED BY  
CONDITIONS OF APPROVAL, IF ANY:

*Subject to re-locating the 5' sec. 27 (320 ac) for this well and have approval as somewhat location or moving well to other location (note above)*

\*See Instructions on Reverse Side

THIS APPROVAL IS REVOKED IF OPERATIONS  
ARE NOT COMMENCED WITHIN 3 MONTHS.  
EXPIRES DEC 23 1977

Case 6073

SEP 29 1977

TELEPHONE 482-4318  
AREA CODE 505

JASON W. KELLAHIN  
ROBERT E. FOX  
W. THOMAS KELLAHIN

KELLAHIN and FOX  
ATTORNEYS AT LAW  
800 DON GASPAR AVENUE  
P. O. BOX 1769  
SANTA FE, NEW MEXICO 87501

September 28, 1977

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

Dear Mr. Ramey:

Enclosed please find the application of Cities Service Company for approval of two unorthodox well locations in Eddy County. We would appreciate this being set for the first available hearing.

Yours very truly,

*Jason Kellahin*

Jason W. Kellahin

CC: Mr. E. F. Motter  
Mr. Robert LeBlanc  
Mr. Charles Mitchell

JWK:kfm

Enclosure

Dockets Nos. 36-77 and 37-77 are tentatively set for hearing on November 16 and 30, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 26, 1977

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 Richard L. Stamets, Alternate Examiner:

CASE 6052: (Continued from October 12, 1977 Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Western Energy Corporation and all other interested parties to appear and show cause why the Ute Well No. 2 located in Unit O of Section 23, Township 31 North, Range 16 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 6047: (Continued from October 12, 1977 Examiner Hearing)

Application of Continental Oil Company for capacity allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a capacity allowable for its Pearl "B" Wells Nos. 5 and 6, located in Units M and O, respectively, of Section 25, Township 17 South, Range 32 East, and its Pearl "B" Well No. 7 located in Unit M of Section 30, Township 17 South, Range 33 East, Maljamar Grayburg-San Andres Pool, Lea County, New Mexico.

CASE 6071: Application of Dewey Sparger for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant permit for the purpose of treating oil at a site in the NW/4 SW/4 of Section 5, Township 18 South, Range 39 East, Lea County, New Mexico.

CASE 6072: Application of Harvey E. Yates Company for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Canyon production for its Travis Deep Unit Well No. 2, located in Unit G of Section 13, Township 18 South, Range 28 East, Eddy County, New Mexico, and the promulgation of special rules therefor, including a provision for 80-acre spacing.

CASE 6073: Application of Cities Service Company for two unorthodox gas well locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox locations of its Government AD Well No. 2 located 2310 feet from the North line and 660 feet from the West line, and its Government AE Well No. 1 located 2310 feet from the South line and 1980 feet from the East line, both in Section 27, Township 21 South, Range 27 East, Burton Flat Field, Eddy County, New Mexico, the N/2 and S/2 of said Section 27 to be dedicated, respectively, to said wells.

CASE 6074: Application of Amerada Hess Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of South Blanco-Pictured Cliffs and Otero-Chacra production in the wellbores of its Jicarilla Apache "A" Well No. 8 located in Unit N of Section 26 and its Jicarilla Apache "F" Well No. 12 located in Unit B of Section 22, both in Township 25 North, Range 5 West, Rio Arriba County, New Mexico.

CASE 6075: Application of Arco Production Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its South Mattix Unit Well No. 30 located 330 feet from the South and East lines of Section 15, Township 24 South, Range 37 East, Fowler-Upper Yeso Pool, Lea County, New Mexico.

CASE 6076: Application of E. L. Latham, Jr., Roy G. Barton, Jr., and R. L. Foree for a gas well curtailment and gas pool prorationing, Chaves County, New Mexico. Applicants, in the above-styled cause, seek an order temporarily shutting in, or limiting production from the La Rue and Muncy Nola Well No. 1, located in Unit O of Section 8, Township 14 South, Range 28 East, Sams Ranch Grayburg Gas Pool, Chaves County, New Mexico. Applicants further request that the Commission institute gas prorationing in said pool retroactively to date of first production and direct the gas purchaser(s) in said pool to take ratably from all wells in said pool.

Case 6073  
P 29 1977  
TI

BEFORE THE  
OIL CONSERVATION COMMISSION OF NEW MEXICO

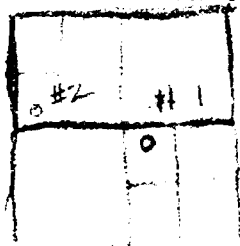
IN THE MATTER OF THE APPLICATION  
OF CITIES SERVICE COMPANY FOR  
APPROVAL OF TWO UNORTHODOX WELL  
LOCATIONS, EDDY COUNTY, NEW MEXICO

A P P L I C A T I O N

Comes now Cities Service Company and applies to the Oil Conservation Commission of New Mexico for approval of two unorthodox well locations, Eddy County, New Mexico, and in support thereof would show the Commission:

Applicant has drilled its Government AD No. 2 well at a location 2310 feet from the North line, and 660 feet from the West line of Section 27, Township 21 South, Range 27 East, N.M.P.M., Eddy County, New Mexico. The well was projected to the Morrow formation, but was dry in the Morrow and has been completed in the Wolfcamp. Applicant proposed to dedicate the West half of the section as the proration unit, but the United States Geological Survey has declined to approve this dedication, and applicant now proposes to dedicate the North half, with the approval of the U.S.G.S. This dedication renders the well location unorthodox under the Commission's rules and regulations.

Applicant further proposes to drill its Government AE No. 1 well at a location 1980 feet from the East line, and 2310 feet from the South line of Section 27, Township 21 South, Range 27 East, dedicating the South half of the section to the well. The well will be projected as a Morrow test, but if productive in the Wolfcamp, applicant will complete in either the Morrow, the Wolfcamp, or as a dual in both zones. The unorthodox well



location is necessitated by the dedication of the North half of the section to the AE No. 2 well, and the existence of a railroad right-of-way running through the South half of the section.

Approval of this application will enable applicant to produce its just and equitable share of the hydrocarbons underlying Section 27, is in the interests of conservation, the prevention of waste, and will not impair correlative rights.

WHEREFORE applicant prays that this application be set for hearing before the Commission or the Commission's duly appointed examiner, and that after notice and hearing as required by law the Commission enter its order approving the unorthodox well locations as prayed for.

Respectfully submitted,

CITIES SERVICE COMPANY

By Jason Kellahin  
KELLAHIN & FOX  
P. O. Box 1769  
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

DRAFT

dr/

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. 6073

Order No. R- 5563

APPLICATION OF CITIES SERVICE  
COMPANY FOR TWO UNORTHODOX GAS WELL  
LOCATIONS, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 26,  
1977, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter

NOW, on this \_\_\_\_\_ day of \_\_\_\_\_, 1977, the Commission,  
a quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

(1) That due public notice having been given as required by  
law, the Commission has jurisdiction of this cause and the subject  
matter thereof.

(2) That the applicant, Cities Service Company, seeks approval  
for two unorthodox gas well locations of its Government AD Well No. 2  
located 2310 feet from the North line and 660 feet from the West line,  
and its Government AE Well No. 1 located 2310 feet from the South  
line and 1980 feet from the East line, both in Section 27, Township 21  
South, Range 27 East, Burton Flat Field, Eddy County, New Mexico.

(3) That the N/2 and S/2 of said Section 27 <sup>are</sup> ~~is~~ to be dedicated, respectively, to the wells.

~~(4) That wells at said unorthodox locations will better enable applicant to produce the gas underlying the proration unit.~~

(4) That no offset operator objected to the proposed unorthodox locations.

(5) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That two unorthodox gas well locations for ~~applicant's~~ the Wolfcamp and Permian formations are hereby approved for the Cities Service Company applicant's Government AD Well No. 2 located 2310 feet from the North line and 660 feet from the West line, and its Government AE Well No. 1 located 2310 feet from the South line and 1980 feet from the East line, both in Section 27, Township 21 South, Range 27 East, Burton Flat Field, Eddy County, New Mexico.

(2) That the N/2 and S/2 of said Section 27 shall be dedicated, respectively, to the above-described wells.

(3) 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.