

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
May 23, 1956

IN THE MATTER OF:

CASE NO. 1073

TRANSCRIPT OF PROCEEDINGS

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IN THE MATTER OF:

Case 1073: Application of Cities Service Oil Company for an order granting a 200 acre non-standard gas proration unit in exception to Rule 5 (a) of the Special Rules and Regulations for the Jalmat Gas Pool as set out in Order No. R-520. Applicant, in the above-styled cause, seeks an order granting the establishment of a 200 acre non-standard gas proration unit in the Jalmat Gas Pool comprising the S/2 SE/4, NW/4 SE/4, SW/4 NE/4, SE/4 SW/4 Section 36, Township 24 South, Range 36 East; said unit to be dedicated to applicant's State "W" No. 1 Well located 660 feet from the South line and 660 feet from the East line of Section 36, Township 24 South, Range 36 East, Lea County, New Mexico.

BEFORE:

Mr. Warren W. Mankin, Examiner.

EXAMINER MANKIN: The next case on the docket is Case 1073, application of Cities Service Oil Company for an order granting a 200-acre non-standard gas proration unit in exception to Rule 5 (a) of the Special Rules and Regulations of the Jalmat Gas Pool. Proceed.

JOHN D. ALBRIGHT

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

MR. MANKIN: Will you identify yourself first?

MR. ALBRIGHT: John D. Albright, District Engineer, Cities Service Oil Company, Hobbs, New Mexico.

MR. MANKIN: Mr. Albright, you have previously testified, as an expert Petroleum Engineer, before this Commission, have you not?

MR. ALBRIGHT: Yes Sir.

MR. MANKIN: Your qualifications are acceptable. Proceed.

MR. ALBRIGHT: This is the application of Cities Service Oil Company for an order granting a 200-acre non-standard gas proration unit in exception to Rule 5 (a) of the Special Rules and Regulations for the Jalmat Gas Pool as set out in Order No. R-520. Applicant seeks an order granting the establishment of 200 acre non-standard gas proration unit in the Jalmat Gas Pool, comprising the S/2 of the SE/4, NE/4 SE/4, SW/4 NE/4, SE/4 SW/4 of Section 36, 24 South, 36 East. This unit is to be dedicated to the State "W" No. 1, located 660 feet from the South line and 660 feet from the East line, Section 36, 24 South, 36 East, Lea County, New Mexico. The State "W" No. 1 was formerly a Langlie-Mattix oil well and was recompleted as a Jalmat Pool Gas Well during May, 1955. It was assigned an 80-acre non-standard gas proration unit by NSP-163, dated June 30, 1955. Cities Service has entered into a gas operating agreement with Phillips Petroleum Company and John M. Kelly to include the 200 acres as ascribed above. The State "W" no. 1 is to be the unit well and the agreement will be effective when a non-standard gas proration unit of 200 acres is assigned to this unit well by the New Mexico Oil Conservation Commission. In support of our application, I would like to submit a radio-activity log on the State "W" No. 1. Formation tops, perforated intervals are indicated on this log. This log indicates that the State "W" No. 1 is producing from within the vertical limits of the Jalmat gas pool.

MR. MANKIN: Would you like to have this marked as Exhibit 1?

MR. ALBRIGHT: Marked as Exhibit 1. I would like to submit as Exhibit 2, a plat of this area, indicating the present oil and gas wells and indicating the proposed non-standard gas proration unit. I would like to submit as Exhibit 3 a contour plat on top of the Yates Sands which indicates that the acreage to be assigned to this unit is presumably productive of gas over the entire unit. This contour plat indicates that there are no abnormal formation changes that would lead us to believe otherwise.

MR. MANKIN: Mr. Albright, I notice from your Exhibit No. 1 which is a radio-activity log that there is certain information given on the bottom of it indicating a certain plugged-back and work-over.

MR. ALBRIGHT: Yes, sir.

MR. MANKIN: You show a date there, May 15, 1956, should that not be 1955 rather than 1956?

MR. ALBRIGHT: Should be 1955, yes, sir.

MR. MANKIN: I believe that work was done about a year ago.

MR. ALBRIGHT: That is right.

MR. MANKIN: Do you have any present producing characteristics of this well as to gas and oil that it is now making.

MR. ALBRIGHT: Yes, sir, I have the production of this well through the months January, February, March and April, 1956. At the present time this well does not produce any oil or any water. It produces dry gas. Dry gas production during January was 4431 MCF, During February it was 13958 MCF, during March it was 2108 MCF, during April it was 13486 MCF. The variation in this monthly production is due to the control of this well by the Gas Transmission Company.

MR. MANKIN: What is the latest open flow test that you have on that well? Has it had one since it was originally completed in 1955?

MR. ALBRIGHT: No, sir, we do not have an open flow test since it was originally completed.

MR. MANKIN: In 1955 when this well was recompleted as a gas well,,it made some oil at that time. Will you explain why that was making oil at that time and why it is now dry.

MR. ALBRIGHT: At that time we had fractured the well and we used oil as a fracturing fluid. At that time it was making a small amount of fracture fluid. Since that time we have moved the stock tanks and separator from this lease , it is making dry gas.

MR. MANKIN: Then from the open flow of the well which was about a million and 312 (1,000,312) in 1955, do you feel that this well will now adequately support the 200-acre rather than the 80-acre unit which it now has.

MR. ALBRIGHT: Yes, sir.

MR. MANKIN: With the present allowables that are assigned in the Jalmat Pool?

MR. ALBRIGHT: Yes, sir.

MR. MANKIN: Is there further question of the witness in this case? If not, the witness may be excused. Is there statements to be made in this case?

MR. NEAL: Mr. Examiner, I am J. W. Neal, Box 278, Hobbs, New Mexico, Attorney at Law, I represent R. Olson. We have no protest to this application of Cities Service. We are protesting the Shell application and R. Olson Oil Company, in Cases No. 1031 and 1032 which involves adjacent sections of land. The cases have been continued. At this time we request the Examiner to defer any determination on this application until such time that Cases Nos. 1031 and 1032 can be heard for the reason that the application sought by Shell Oil Company and R. Olson Oil Company, if this application were granted to this unit that it would perhaps set a pattern in that section which will force the Commission to set up a Shell and R. Olson application. We would like to have the matters determined at the same time. In other words there is a situation where perhaps they can all be put into one. The only thing we are requesting is that the determination be withheld until the other cases are heard.

MR. MANKIN: Is there any other statements in this case?

MR. ALBRIGHT: I'd like to make a statement. It is the opinion of the Cities Service on this case that since these two cases which Neal refers to have been carried on the docket for some time and since the actual well status of both wells in question is still in doubt as to whether or not they will be classified as an oil well or a gas well. I believe the Olson well is now an oil well and the Shell well is now a Jalmat gas well but it is being tested to determine whether or not it will keep that classification. I think that

due to the indeterminate status of these wells that to delay this case pending an outcome could conceivably delay this for a period which would be beyond what any of us think at this time. We started working on this gas operating agreement whenever we worked this well over in May of 1955. It has taken us one year to get this far and we would certainly appreciate consideration of the case now on its own merits.

MR. MANKIN: Is there any other statement?

MR. NEAL: If the Examiner pleases, we have no hopes that Cases No. 1031 and 1032 will be heard as soon as possible. We agree with Mr. Albright that it needs to be wound up.

MR. MANKIN: Any other statements? I believe we have officially introduced these Exhibits as evidence. Do you wish to enter Exhibits 1, 2, and 3 in evidence in this case?

MR. ALBRIGHT: Yes, sir.

MR. MANKIN: Is there objection in entering Exhibits 1, 2, and 3 in this case? If not they will be so entered. We will take the case under advisement.

STATE OF NEW MEXICO)

COUNTY OF SANTA FE)

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

Dated this 23rd day of May, 1956.

Gloria Alvarado