

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

February 14, 1958

Mr. Eugene Motter  
Cities Service Oil Company  
P.O. Box 97  
Hobbs, New Mexico

Dear Mr. Motter:

We enclose a copy of Order R-1125 issued February 12, 1958, by the Oil Conservation Commission in Case 1364, which was heard on January 7th at Santa Fe.

Very truly yours,

A. L. Porter, Jr.  
Secretary - Director

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Encl.

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# CITIES SERVICE OIL COMPANY

BOX 97  
HOBBS, NEW MEXICO

January 13, 1958

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

Attn: Mr. Daniel S. Nutter

Gentlemen:

Attached are four corrected copies of Exhibit "H", Case No. 1364, which was heard January 7, 1958.

If additional information or exhibits are needed, please call on me.

Very truly yours,

E. F. Motter  
District Engineer

EFM/gb  
Attach.

# Comparison of Single Completion

## Versus Dual Completion

State "K" No. 2

	<u>Single</u>	<u>Dual</u>
Gross Recoverable Oil - Bbls.	35,000	35,000
Net Recoverable Oil - Bbls.	30,750	30,750
Gross Earnings at \$2.86/Net Bbl.	\$87,945	\$87,945
Operating Expense - \$0.50/Net Bbl.	15,375	
" " - \$0.60/Net Bbl.		18,450
Tax Expense at \$0.16/Net Bbl.	4,920	4,920
Net Earnings	67,650 ✓	64,575 ✓
Development Expense	47,336	26,694
Net Profit	20,314 ✓	37,881 ✓
Payout	143%	242%

### Calculation of Gross Recoverable Oil

Average Stock Tank Oil in Place - Bbls.	440
Net Pay in State K #2 - Feet	10
Area Drained by State K #2 - Acres	40
Estimated Primary Recovery	20%

$$\text{Recoverable Oil - Bbls.} = 440 \times 10 \times 40 \times .20 = 35,000$$

EXHIBIT H



Case 1364

# CITIES SERVICE OIL COMPANY

BOX 97

HOBBS, NEW MEXICO

December 18, 1957

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

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

Re: Dual complete State "K" No. 2,  
Vacuum Pool, Lea County, New  
Mexico

Gentlemen:

On November 6, 1957, Cities Service requested a hearing to consider dual completion of the State "K" No. 1, located 1980' FNL, 1980' FEL, Section 27, T-17-S, R-35-E, Vacuum Pool, Lea County, New Mexico. It is respectfully requested that this application be amended to allow dual completion of the State "K" No. 2, located 1980' FNL, 660' FEL, Section 27, T-17-S, R-35-E, Vacuum Pool, Lea County, New Mexico.

Logs have been run on these two wells since the application of November 6, 1957, was submitted and it was found that the State "K" No. 2 is more favorably located on structure for completion as an oil well from the Yates formation than the State "K" No. 1. Dual completion of the State "K" No. 2 will be the same method as described in the application for dualling the State "K" No. 1.

A copy of this application for amendment has been sent to each of the offset operators named on the attached list.

Very truly yours,

E. F. Motter  
District Engineer

EFM/gb  
Attach.

M A I L I N G   L I S T

Drilling & Exploration Co., Inc.  
Box 2075  
Hobbs, New Mexico

Magnolia Petroleum Company  
Lea County State Bank Bldg.  
Hobbs, New Mexico

Penrose, Neville G., Inc.  
Eunice, New Mexico

Phillips Petroleum Company  
Box 2105  
Hobbs, New Mexico

Shell Oil Company  
Box 845  
Roswell, New Mexico

Standard of Texas  
Box 1660  
Midland, Texas

Oil Conservation Commission  
Box 871  
Santa Fe, New Mexico

Oil Conservation Commission  
Box 2045  
Hobbs, New Mexico