

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

EXAMINER HEARING

IN THE MATTER OF:

Application of Cities Service Oil Company and Late Oil Company for a 320-acre non-standard gas proration unit. Applicant, in the above-styled cause, seek the establishment of a 320-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the S/2 of Section 17, Township 24 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to Late Oil Company's Thomas Well No. 1, located 660 feet from the South and West lines of said Section 17.

Case 1795

BEFORE:

Daniel S. Nutter, Examiner

## TRANSCRIPT OF HEARING

MR. PAYNE: Application of Cities Service Oil Company  
and Late Oil Company for a 320-acre non-standard gas proration unit.

MR. KELLAHIN: Jason Kellahin, Kellahin and Fox, Santa Fe, New Mexico, representing the Applicants in this case. I have associated with me as co-counsel Mr. Donald G. Stevens, a member of the Texas Bar. We will have one witness to present.

(Witness sworn.)

E. F. MOTTER

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



DIRECT EXAMINATION

BY MR. KELLAHIN:

Q State your name, please. A E. F. Motter.

Q By whom are you employed, Mr. Motter?

A Cities Service Oil Company.

Q What is your position?

A Division Engineer for West Texas-New Mexico.

Q Have you testified before this Commission as an expert petroleum engineer and had your qualifications accepted?

A Yes.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. NUTTER: Yes, sir. Please proceed, Mr. Kellahin.

Q Are you familiar with the application in Case No. 1795?

A Yes, sir, I am.

Q Would you state briefly what is proposed in this application?

A We have communitized both the working interest and royalty interest in the South Half of Section 17, Township 34, 37, and we desire to dedicate all that acreage to the Late Thomas No. 1 which is 660 from the west and 660 from the south in said section, for the purpose of producing gas from the Jalmat Gas Pool.

Q Now, referring to --

MR. KELLAHIN: Would you have the exhibits marked, please?

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(Marked Cities Service's Exhibits  
1, 2 and 3, for identification.)

Q Referring to what has been marked as Applicant's Exhibit No. 1, will you discuss that exhibit, please?

A Yes, sir, this is a plat of the area showing the proposed non-standard unit in the South Half of Section 17. Also on this plat we show by crosshatched marks the Jalmat units in the area. There are a couple of Langley-Mattix gas units. Also for each well in the area we have a symbol whether it is producing from the Jalmat Langley-Mattix or there are two or three Fowler wells in the area.

Q That is designated by the letters?

A J and L on the right-hand side of the wells. As you will note, nearly all of the surrounding area around Section 17 is under production in the Jalmat Gas Pool with a few small exceptions.

Q The only factor insofar as the hearing involved in this case is the well location?

A Yes, that's right. If the well were located 1980, 660, administrative approval could be obtained without hearing.

Q Were all the offset owners notified by the Applicant in this case?

A Yes, sir, also by the applicant and by advertisement.

Q Referring to what has been marked as Exhibit No. 2, will you discuss that exhibit, please?

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A Yes, sir, this is a west to east cross section beginning with the well in Section 16. It's Well No. 1-8, used to be on the log, you can't see on this small print, but it's not Southern California Company, and proceeds east to the Pan American well there in Section 16. It's the Southeast, Southeast Quarter, 40 Range.

This plat is on a common datum and shows the tops of the Tancil, Yates, Seven Rivers and the top of the Queen. We have the base of the Jalmat pay marked, and you'll notice there are very few electric logs available in the area. We had to rely on sample logs almost entirely for this cross section.

The subject well is Well No. 3 on this cross section, and that well is the Late Thomas No. 1. It is perforated in 3282 to 3317, approximately 80 feet below the top of the Seven Rivers. I believe that's about all I have to offer on that.

Q Referring to what has been marked as Exhibit No. 3, will you discuss that exhibit, please?

A Yes, sir, this is, well, the way we have the wells numbered it's a south to north cross section starting with the well in the Southwest of the Northeast of Section 20, which is Continental Oil Company's Jack A. 20 and proceeds on north to the Amerada Petroleum Company's Hodges No. 1 which is located in the Northeast of the Southwest. Pardon, it's Northeast of the Southeast, Section 8. This cross section is to show that the

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Southeast Quarter of 17 is productive of gas in the Jalmat Pool. Also of the top of the Tancil, Yates, Seven Rivers, Queen, marked on this with a common datum and the base of the Jalmat pay.

Q In your opinion, and based upon the information contained on Exhibits 2 and 3, is the producing formation of the Jalmat contiguous and of the area proposed to be dedicated to the well?

A Yes.

Q In your opinion is all the acreage proposed to be dedicated productive of gas from the gas in the Jalmat Gas Pool?

A Yes, I think that is pretty well proved by the acres surrounding the unit.

Q Do you have any tests on the subject well?

A Yes, we have the deliverability test run February 27, 1959. It was 3,065,000. This well was drilled in August, 1953 and also potentialized that same month for approximately 50,000,000 cubic foot per day.

Q Has it been on production since drilling?

A Yes, and this well makes no fluids to my knowledge, either water or oil. It's tied into El Paso although we are not the operator I have no knowledge of it making any fluid.

Q Has a communitization agreement been entered into which covers the working interest in the area to be dedicated?

A Yes, sir, and also the royalty interest.

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Q All the royalty interest has been communitized?

A That's correct.

Q Were Exhibits 1, 2 and 3 prepared by you or under your direction and supervision?

A Yes, sir, they were.

MR. KELLAHIN: At this time we would like to offer Exhibits 1, 2 and 3.

MR. NUTTER: City Service and Late Oil Companies' Exhibits No. 1, 2 and 3 will be entered.

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

MR. NUTTER: Does anyone have any questions of Mr. Motter?

MR. PAYNE: Yes, sir.

MR. NUTTER: Mr. Payne.

CROSS EXAMINATION

BY MR. PAYNE:

Q What is the status of the subject well at the present time? Is it in balance, overproduced or underproduced?

A It's in balance. It's not on the schedule, as you probably noticed, for the last couple of months due to an error in filing the deliverability, but it has been given allowables by supplement and also for the past two months, so actually its latest status I would only have to find through your office or here.



It's not shown on the proration schedule.

Q You say it is substantially in balance though?

A Yes, sir, I believe so.

BY MR. NUTTER:

Q What was the last month that it appeared on the proration schedule, Mr. Motter?

A I'm not sure, but I believe it was July the last time it had an allowable assigned to it. Not being the operator of the well, I'm not quite sure, but in October it continued, of course, to have, it was continuing to produce without allowable and it does have some overage. However, I think that probably has been adjusted. I talked to Mr. Montgomery at the Hobbs Office about this and he tells me I'll have to check with your accounting up here to see the exact figures on it.

Q In the event the well should be underproduced, would it be possible to get the well back in balance prior to the time the order would be effective?

A I believe it would be because it's quite capable of it.

Q What did you say was the I.P., 15,000,000 or 50,000,000?

A 50,000,000.

Q Five 0?

A Five 0.

MR. NUTTER: Does anyone have any further questions?

BY MR. PAYNE:

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Q What is the location of the No. 3 J. Well, is that comparable to this location or is it a 1980, 660?

A Pardon me. Are you referring to the Continental well in the Northeast of the Northeast of Section 17?

Q Yes.

A I'm not sure about that location, Mr. Payne. From our plat it looks like it may be a 330 location out of the Southwest corner of the Northeast to the Northeast. I may have that information here.

Q You feel though that the one O-J T. Well that will be dedicated to your proposed non-standard unit is capable of draining the entire South Half of Section 17?

A Yes, I think that we're suffering drainage if we don't get this communitized. That was our main point in this thing.

Q Because the Southeast Quarter of Section 17 is not dedicated to any Jalmat gas well at present?

A That's correct.

MR. NUTTER: What are the other two wells there in the Southeast Quarter of Section 17?

A They're Langley-Mattix oil wells. Our well produces currently approximately 7 barrels of oil a day, about 2 barrels of water on a pump.

Q Is the well capable of making a 320 acre allowable?

A Yes, sir. I believe, to the best of my knowledge, it is.

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It has a very good deliverability and showed up good on the tests.

MR. NUTTER: Any further questions? The witness may be excused.

(Witness excused.)

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

MR. KELLAHIN: That's all we have.

MR. NUTTER: Does anyone have anything further for Case 1795?

MR. HOOVER: Yes, sir.

MR. HOOVER: John Hoover, appearing on behalf of Gulf Oil Corporation, Roswell, New Mexico. Gulf has submitted an 80-acre tract to this proposed unit. The granting of this unit will afford Gulf the opportunity to recover their fair share of the gas reserves without having to provide an unnecessary well. We concur in the application and urge approval by the Commission.

MR. NUTTER: Mr. Stevens, you are with Late Oil Company?

MR. STEVENS: Yes, sir.

MR. NUTTER: Give us your address, please.

MR. STEVENS: Box 1826, Hobbs.

MR. NUTTER: What are your initials, please?

MR. STEVENS: D. G. In that respect, Late Oil Company concurs in the application as co-applicant, and urges the approval of this.

MR. NUTTER: Thank you. If there is nothing further in

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Case 1795 we will take this case under advisement and take a ten minute recess.

(Whereupon a short recess was taken.)

STATE OF NEW MEXICO )  
: ss  
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 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 4<sup>th</sup> day of November, 1959.

*Ada Dearnley*  
Notary Public - Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1795, heard by me on 10-28, 1959.

*[Signature]*, Examiner  
New Mexico Oil Conservation Commission

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