

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 11, 1962

EXAMINER HEARING

IN THE MATTER OF:

Application of Cities Service Petroleum
Company for a non-standard gas proration unit,
Lea County, New Mexico. Applicant, in the
above-styled cause, seeks the establishment
of a 320-acre non-standard gas proration unit
in the Jalmat Gas Pool, comprising the E/2 of
Section 19, Township 24 South, Range 37 East,
Lea County, New Mexico; said unit is to be
dedicated to the Thomas Well No. 2 located
at an unorthodox location 2310 feet from the
North line and 2210 feet from the East line
of said Section 19.

CASE 2524

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF PROCEEDINGS

MR. NUTTER: We call Case 2524.

MR. WHITFIELD: Case 2524: Application of Cities
Service Petroleum Company for a non-standard gas proration unit,
Lea County, New Mexico.

MR. KELLAHIN: Jason Kellahin, Kellahin and Fox, Santa
Fe, representing the Applicant. We have one witness I would like
to have sworn.

(Witness sworn.)

(Whereupon, Applicant's Exhibits
1 through 6 marked for identi-
fication.)

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E. F. MOTTER

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A E. F. Motter.

Q By whom are you employed and in what position?

A Cities Service Petroleum Company, Division Engineer, Hobbs Division.

Q Have you testified before the Oil Conservation Commission and had your qualifications made a matter of record?

A Yes, numerous times.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. NUTTER: Yes, sir.

Q (By Mr. Kellahin) Mr. Motter, are you familiar with the application of Cities Service in Case No. 2524?

A Yes. On March 16th I filed a letter for administrative approval of a 320-acre non-standard gas proration unit to be dedicated to the Thomas No. 2, and inadvertently didn't realize at the time that it was a location which could not be approved administratively, and the Commission therefore set it for this hearing.

Q Referring to what has been marked as Exhibit 1, would



you discuss the information on that exhibit?

A Yes. This Exhibit No. 1, with the Thomas lease shaded yellow, indicates the wells thereon. Previously we have had two 160 non-standard proration units with acreage dedicated to the No. 1 and to the No. 2 Well. We now desire that the entire acreage be dedicated to the No. 2 Well.

Q What is the situation as to the No. 1 Well at the present time?

A Well, the No. 1 Well for several months failed to make its allowable, and actually the last time it made its allowable was in March of 1961. So we went in to frack that well and fracked it with 20,000 pounds of sand, 10,000 gallons of water, and 1500 gallons of acid in three stages. Actually, we plugged this well back and fracked mainly the Yates, plugged it back 3170 prior to fracking; its previous total depth was 3440. We had considerable trouble getting that well to respond after fracking. It was necessary to swab it repeatedly, so we went in and cleaned out the plug-back material and cleaned out the whole total depth of 3440, and again attempted to make a satisfactory well out of it and were unsuccessful for nearly the whole month of November. We swabbed and shut it in and tried to take tests, and this water that we had fracked with kept coming in on us and the well would die.

In the early part of this year, in January, actually, we went in with some water block removal agent, thinking that we had caused a water block in the formation; and treated it with

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3,000 gallons of this material, and again we have had repeated swabbing and the well would flow for four or five hours and load up and die again. Actually, it indicates that there's pretty good pressure; usually in twelve to fourteen hours it will build up to five or six hundred pounds of surface pressure, but when we open it up it will flow maybe ten, fifteen barrels of water and then die.

We shut it in, the same thing, and several times it has been necessary to swab to induce flow. We don't feel that the fracking has at all condemned the particular acreage for gas production. I think we probably have a water block and have been unable to remove it. We have spent so much time and money on the well that it appears now that any more money we spent would probably just be lost; and for that reason, we would like to have the entire acreage dedicated to the No. 2 Well.

Q There's nothing in the No. 1 Well, in your opinion, that would indicate that acreage is not productive of gas from the Jalmat?

A No, it does flow gas, but just for a short period of time, and loads up and dies.

Q Is there production in the Jalmat in acreage offsetting your acreage?

A Yes. If you will refer to my map that we are discussing, it has a legend down there indicating all the wells completed at different intervals in that particular area. The J. G. indica-



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tion is the Jalmat gas wells. There's a Jalmat gas well to the south, Continental Jack B-30 No. 1, and to the west, in the Southwest Quarter of Section 19 is the Amerada Falby No. 3, and over to the northeast is the Late Oil Company Thomas No. 1.

The lease is pretty well surrounded with Jalmat gas wells. There are some Langley-Mattix gas wells on to the east.

The next couple of exhibits, and also all the cross sections, will tend to show that we are right on the very top of a high there, is the reason why we are producing gas and some of the same zones are producing oil downdip.

Q Exhibit No. 1 shows a dry hole for El Paso?

A This is a well that was drilled by El Paso about two years ago. This particular lease of Cities Service, we hold only the gas rights and the other company holds the oil rights. El Paso took a farmout and drilled this well to the Queen and attempted to produce oil, and if my memory serves me right, I don't think they ever got a ratio less than 120,000 to 1. Naturally, since we had the gas rights, they couldn't have a dual dedication of acreage, so they subsequently plugged the well.

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

A Yes, Exhibit No. 2 is a contour map on the top of the Yates. I would like to direct your attention to the East Half of Section 19, this high that we have coming in from the Southeast. Exhibit No. 4 is a contour map on top of the Queen.



Q That is No. 3, is it not?

A Excuse me, yes, No. 3, which actually shows the continuity of the high that remains in the area. As you know, the limits of the Jalmat Pool are from 100 foot above the top of the Queen to the Tansil, and that's the reason why these two exhibits indicate the general trend of the formation throughout that interval.

Q On the basis of the information shown on this exhibit, in your opinion is all of the acreage in the East Half of Section 19 productive from the Jalmat?

A Yes, I would say; and rather than spend any time on the cross sections that we have prepared, we have two from north to south, one east to west across the lease, and they substantially show the same thing that Exhibits 2 and 3 show.

Q Those are Exhibits 4, 5, and 6?

A Yes. I would like to point out one thing, as a matter of record, that No. 2 Well in 1955 was plugged back to 3480 so as to conform within the limits of the Jalmat Pool. I think that the log there shows a total depth of some 3600 some feet.

Q That well, when was it drilled?

A 1950.

Q Was it drilled to the Queen Formation?

A Yes, sir, it was.

Q As you say, it was plugged back in 1955?

A Yes.



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Q Is it presently completed in the vertical limits of the Jalmat Gas Pool?

A Yes, sir, it is. This particular well has never been treated. It's been a natural completion ever since it was drilled and has been a fairly good gas well. We recently had a deliverability test run by El Paso which indicated a deliverability of 1.356 MCF per day.

Q Would that well make the allowable which would be assigned to a 320-acre unit?

A Yes. I tried to make some calculations on what the allowable would be, and considered it with relation to the entire field, and I came up that the allowable would be slightly less than twice, which runs from 15 to 16 million a month; or this would make allowables probably around 30 million a month.

On the deliverability it shows about 1.8 million a day, and we feel that it has adequate capacity to produce this gas.

Q Now at the present time the Northeast Quarter is dedicated to that well, is that correct?

A To the No. 2.

Q And the Southeast Quarter is dedicated to the No. 1?

A That is correct.

Q What is the status of the two wells as to over or underproduction?

A Well, of course, the No. 1 was being underproduced prior to the time we made the workover, and of course we have had no



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production at all from it in the months of December, January, February, and March. So according to the schedule that just came out, it has a March allowable -- or, excuse me, this would be the March allowable, is 35,507,000, which none was produced, and the April allowable was 5,412,000, so it has about 41,000,000 assigned to it right now.

The No. 2 Well has an overage of 15,182,000 at the end of March, but was assigned 10 million in April, so its current allowable situation is about 5 million over. I have no idea how much they produced in April, but I would like to point out one thing about the No. 2 Well. This well was underproduced considerably, and in November this well was placed on intermediate line, and since that time they have taken large amounts of gas out to bring it from an underproduced to overproduced status in that short length of time.

Q What do you propose in regard to handling this allowable situation in this unit?

A We would recommend and prefer that if the entire acreage is assigned to the No. 2 Well, and since the allowables have been assigned to this acreage, we would like to see all the allowables assigned to the No. 2 Well, which would give it currently a net allowable of probably some 20 million underproduction, which I have reason to believe could be made up in not too long a time.

Q If the Commission did elect to approve this unit subject to the No. 2 Well being brought into balance, would you object to



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that?

A No, we would not.

Q Were Exhibits 1 through 6 prepared by you or under your supervision?

A Yes, sir, they were.

MR. KELLAHIN: I would like to offer in evidence Exhibits 1 through 6.

MR. NUTTER: The Cities Service Exhibits 1 through 6 will be admitted in evidence.

MR. KELLAHIN: That's all I have from this witness.

CROSS EXAMINATION

BY MR. NUTTER:

Q As I understand it, your No. 2 Well currently has an overproduced status of 5 million, less what they took in April?

A Yes. If you would like, I'll read it from the record here.

Q Well, these round numbers are all right. I just wanted to get the drift.

A At the end of March, it had an overage of 15,182,000, and its April allowable was 10,012,000. So right now it should be about 5 million over.

Q If they take the allowable in April?

A Well, now, no, if they don't take any in April -- I have no idea how much they have taken in April, I am sure they have taken some, I'm sure its overage status would probably remain



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15 million. I feel they will go ahead and take this during April, we haven't requested them not to bring it in balance, at least.

Q Now the No. 1 has an underproduction of 35 million?

A At the end of March it had an underproduction of 35 million, and had an April allowable assigned to it of 5,412,000, so adding these two together -- I know there'll be no gas taken out of that well -- adding them together it will be 41 million. If we deduct the 15 from 41, what would it be, 25 million.

Q So what Cities Service requests is that the status of both be consolidated to get a new net for the 320-acre unit?

A Right, and be assigned to the No. 2 well.

MR. NUTTER: Off the record.

(Whereupon, a discussion off the record was held.)

MR. NUTTER: Now, back on the record.

Q (By Mr. Nutter) Is the ownership of the gas rights in the Jalmat Gas Pool identical throughout this entire 320-acre unit?

A Yes, sir, it is. It's all Thomas lease.

Q Did the El Paso well make any test of the Jalmat Pool when they went through the Jalmat?

A They tested the entire interval from, I believe -- I don't have the record here with me, but as I recall, they tested nearly everything that showed any porosity from the Yates through the Queen. If you will notice, there are wells offsetting this particular well to the west, Continental, for instance, their No. 4, Jack No. 4 and 8, one is a Jalmat oil well and the other is

