

CASE 7319: CONSOLIDATED OIL & GAS, INC. *Inc.*
FOR SIX 160-ACRE MESAVERDE PRORATION
UNITS, SAN JUAN COUNTY, NEW MEXICO

Case No.

7319

Application

Transcripts

Small Exhibits

ETC



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION

BRUCE KING
 GOVERNOR
 LARRY KEHOE
 SECRETARY

POST OFFICE BOX 2088
 STATE LAND OFFICE BUILDING
 SANTA FE, NEW MEXICO 87501
 (505) 827-2434

August 27, 1981

Ms. Lynn Teschendorf, Attorney Re:
 Consolidated Oil & Gas, Inc.
 Suite 1300
 1850 Lincoln Street
 Denver, Colorado 80295

CASE NO. 7319
 ORDER NO. R-6760

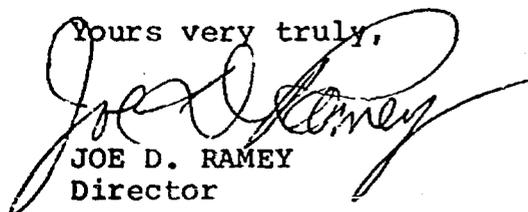
Applicant:

Consolidated Oil & Gas, Inc.

Dear Sir:

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

Yours very truly,



JOE D. RAMEY
 Director

JDR/fd

Copy of order also sent to:

Hobbs OCD x
 Artesia OCD x
 Aztec OCD x

Other _____

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7319
Order No. R-6760

APPLICATION OF CONSOLIDATED OIL
& GAS, INC. FOR SIX 160-ACRE
MESAVERDE PRORATION UNITS, SAN
JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 12, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nuttor.

NOW, on this 26th day of August, 1981, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Consolidated Oil & Gas, Inc., seeks approval of six 160-acre non-standard gas proration units in the Blanco Mesaverde Pool, said units to comprise the NW/4 and SW/4 of Section 18 and the SW/4 and SE/4 of Section 7, both in Township 31 North, Range 12 West, and the NE/4 and SE/4 of Section 3, Township 31 North, Range 13 West, each unit to be dedicated to an existent well already drilled thereon.

(3) That the aforesaid six non-standard proration units would be created by splitting three standard 320-acre units, each of which has an original well, and an infill well thereon, and is occasioned by certain administrative problems relating to well names and numbers.

(4) That the creation of the six non-standard units out of three standard units will not cause waste nor impair correlative rights and should be approved provided however provision

-2-

Case No. 7319

Order No. R-6760

should be made for administrative abolishment of the non-standard units and reversion to standard units in the event allowable and over/under production problems should render the smaller size units impracticable.

IT IS THEREFORE ORDERED:

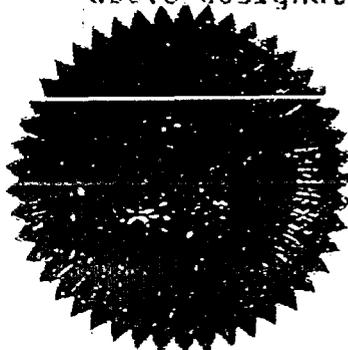
(1) That six 160-acre non-standard gas proration units in the Blanco Mesaverde Pool, San Juan County, New Mexico, are hereby created and dedicated to wells as follows:

<u>Unit Description</u>	<u>Dedicated Well</u>
SW/4 Sec. 07, Twp 31N, Rge 12W	Owen No. 1, Unit M
SE/4 Sec. 07, Twp 31N, Rge 12W	Gross No. 1, Unit I
NW/4 Sec. 18, Twp 31N, Rge 12W	Arnstein No. 1, Unit C
SW/4 Sec. 18, Twp 31N, Rge 12W	Reid No. 1, Unit M
NE/4 Sec. 03, Twp 31N, Rge 13W	Alberding No. 1, Unit A
SE/4 Sec. 03, Twp 31N, Rge 13W	Landauer No. 1, Unit I

(2) That the Division Director shall have the authority to administratively cancel any pair of the aforesaid non-standard proration units and revert the affected lands back to a standard 320-acre proration unit upon a showing by the operator that allowable and/or over/under production problems are resulting from the size of the non-standard units, in which case the Division's standard well name and number system will be applicable.

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

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



S E A L
fd/

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

Dockets Nos. 26-81 and 27-81 are tentatively set for August 26 and September 9, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 12, 1981

9 A.M. - OIL CONSERVATION DIVISION 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:

- ALLOWABLE:** (1) Consideration of the allowable production of gas for September, 1981, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for September, 1981, for four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 7319:** Application of Consolidated Oil & Gas, Inc. for six 160-acre Mesaverde proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of six non-standard gas proration units in the Blanco Mesaverde Pool, said units to comprise the NW/4 and SW/4 of Section 18, and the SW/4 and SE/4 of Section 7, both in Township 31 North, Range 12 West, and the NE/4 and SE/4 of Section 3, Township 31 North, Range 13 West, each unit to be dedicated to an existent well already drilled thereon.
- CASE 7320:** Application of Harvey E. Yates Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Cisco-Canyon formation thru one well located in the NW/4 NE/4 of Section 13, Township 18 South, Range 28 East, Travis-Upper Pennsylvanian Pool.
- CASE 7129:** (Readvertised)
- Application of Koch Exploration Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the N/2 of Section 28, Township 28 North, Range 8 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7169:** (Readvertised)
- Application of Koch Exploration Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the S/2 of Section 22, Township 28 North, Range 8 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7321:** Application of Enserch Exploration, Inc. for special pool rules, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Peterson-Mississippian Pool including provisions for 80-acre spacing units and special well location requirements.
- CASE 7322:** Application of Coleman Oil & Gas, Inc. for downhole commingling and a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gallegos-Gallup, Greenhorn, and Dakota production in the wellbore of its Navajo-Smith Well No. 1 located in Unit C of Section 24, Township 26 North, Range 12 West. Applicant further seeks approval of a 160-acre non-standard Basin Dakota proration unit comprising the NE/4 of said Section 24.
- CASE 7323:** Application of Clements Energy Inc. for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the E/2 of Section 32, Township 15 South, Range 27 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
12 August 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Consolidated Oil & Gas,
Inc., for six 160-acre Mesaverde pro-
ration units, San Juan County, New
Mexico.

CASE
7319

BEFORE: Daniel S. Nutter

*By Register
in this
Transcript*

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

Lynn Teschendorf, Esq.
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1860 Lincoln Street
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NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date

AUGUST 12, 1981

Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
William J. Fall THOMAS E. BROWN DANIEL C. PEIBOLT	Campbell, Boyd & Glade, Ltd. ENSERCH EXPLORATION INC ENSERCH EXPLORATION	Santa Fe MIDLAND, TX MIDLAND, TX
A.R. Kendrick	John Schalk	Apt. 22, N.M.
W T Kellahin	Kellahin & Kellahin	Santa Fe
George X. Hunter	Hunter, Fedric PA	Roswell, NM
Lynn Teschendorf	Consolidated Oil & Gas	Denver, Co.
Paul W. Bunchel	El Paso Natural Gas Co.	El Paso, TX
Sue Vinsler	USGS, Conservation Div.	Albuquerque, NM
T Calder Ezell, Sr	Energy Reserves Group	
W.R. GREEN	ENERGY RESERVES GROUP, INC	MIDLAND, TX
RG Elliott	Energy Reserves Group Inc	Midland TX
Thomas S. Schult	John E. Schult	Wichita Falls, TX
Bob Hillier	Byram	Santa Fe
RC Maynard	USGS, Conservation Div	Albuquerque
Wayne Newland	Clements Energy	Okla City, Okla
Henry Rose	Enserch Exploration	Midland

NEW MEXICO OIL CONSERVATION COMMISSION
EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date AUGUST 12, 1981 Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
Paul Kautz	OCD	HOBBS
Jeff A. Edmister	II	Aztec
RALPH H VINNY	Harvey E Yates Company	Midland.
J. W. LAW	NEW MEXICO STATE LAND OFFICE	SANTA FE
Thomas M. Hatter	Harvey E. Yates Co.	Roswell
Carlton M. Jones	Harvey E. Yates Co.	Roswell
Don Paul	Cotton Pet	Denver
Richard Tully	Richard Tully, A.	Farmington, NM
D.L. MOTECH	TEWNECO Oil Co	SAN ANTONIO, TX

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I N D E X

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HAROLD GARCIA	
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E X H I B I T S

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MR. NUTTER: Call next Case Number 7319.

MR. PADILLA: Application of Consolidated Oil and Gas, Inc., for six 160-acre Mesaverde proration units, San Juan County, New Mexico.

MS. TESCHENDORF: Lynn Teschendorf, appearing on behalf of Consolidated.

I have two witnesses, myself, and Mr. Garcia.

MR. NUTTER: Yourself and who?

MS. TESCHENDORF: Mr. Harold Garcia.

MR. NUTTER: Our Garcia?

MS. TESCHENDORF: Your Garcia.

MR. NUTTER: Okay, Mr. Padilla, would you swear Teschendorf and Garcia?

(Witnesses sworn.)

MS. TESCHENDORF: Mr. Examiner, my name is Lynn Teschendorf. I'm an attorney representing Consolidated Oil and Gas, and by way of introduction to this case I'd like to refer you to what has been marked Exhibit One, which is a location plat. The left side of the plat is Township 31 North, Range 13 West, and the right side is 31 North, 12 West.

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The three proration units that we are concerned with in this case are outlined in red and I'd like to use this plat to explain to you what our problem is in this case.

First, if you'd refer to Section 3 in 31, 13, the first well in this unit was the Alberding Well. It was drilled in 1959 and it was a Mesaverde completion.

Then Consolidated drilled a second well on the unit to the Dakota and they called it the Landauer rather than the Alberding No. 2.

Then we came back in 1979 and drilled an infill well and no one really knew what to call it because it was completed in both the Mesaverde and the Dakota. So they ended up calling it the Landauer 1-M.

And this is the situation in the other two proration units.

In Section 7 of 31, 12, the first well was the Owen. That was to the Mesaverde.

Then they drilled the Gross, which was Dakota.

Then they came back with the infill and called it the Gross 1-M, completed in both formations.

And in Section 18 the original well was the Reid. It was a Mesaverde. Then they drilled the Arnstein,

1
2 which is the Dakota; then came back with the infill completed
3 in both formations and called it the Arnstein 1-M.

4 Now this has created a problem for the
5 Division's proration people and we first became aware of the
6 problem, or we first -- I first heard of the problem through
7 a letter, dated June 17th, 1981, from Frank Chavez, and that's
8 your Exhibit Number Two.

9 He wrote to Consolidated's Farmington
10 office, and they had been talking about how to take care of
11 this problem.

12 So after I received a copy of this letter
13 I contacted Mr. Garcia and we discussed various ways to cor-
14 rect the problem. And at this time I'd like to call him
15 and he will explain what the problem is with the Division's
16 proration schedule.

17
18 HAROLD GARCIA

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

21
22 DIRECT EXAMINATION

23 BY MS. TESCHENDORF:

24 Q Mr. Garcia, would you state your name,
25 by whom you're employed, and in what capacity?

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A. Harold Garcia, employed by the Oil Conservation Division as a computer programmer analyst.

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Q And you handle the calculation of the allowables and preparation of the Division's proration schedule, is that true?

5

6

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A. Yes, ma'am.

8

Q Would you explain to the Examiner what the problem is that's caused by Consolidated having wells on the same proration unit with different names?

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A. Our State naming convention has been to place records in the proration schedule in pool operator and lease order, followed by well number.

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In the case of Consolidated's wells, where we have dissimilar lease names the infill well, the original well, and the proration unit summary for the infill unit do not fall and cannot fall together where we have such disparity between the names.

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Q And how are you currently handling this problem in the schedule?

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A. Right now, until we get everything resolved, we have been handling it by taking the original well name and applying it to both wells, thereby losing the identity of the infill well.

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Q So, for example, the Reid Well, for the

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2 Mesaverde proration unit you have the Reid in the schedule
3 but then instead of having the Arnstein 1-M, you have an M
4 allowed but it's under the Reid --

5 A. Under the Reid.

6 Q. -- lease.

7 And so what we are trying to do in this
8 hearing is work out some solution so that your computer can
9 work in with your lead convention, is that right?

10 A. Yes.

11 Q. And you and Consolidated have worked
12 out a solution whereby the Mesaverde units would be split
13 into 160-acre units so that there would be two smaller pro-
14 ration units, so that the only changing that would have to
15 occur would be that the infill wells would be designated a
16 1-E instead of a 1-M, is that correct?

17 A. Yes.

18 Q. And that would be workable within your
19 programming system?

20 A. Yes. It would tend to dissolve the pro-
21 ration type of structure with the infills being added together.
22 Each well would be handled as a separate record and be allo-
23 cated separately and would maintain their own lease identity.

24 MS. TESCHENDORF: That's all the ques-
25 tions I have of this witness, Mr. Examiner.

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CROSS EXAMINATION

4

BY MR. NUTTER:

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Q. Mr. Garcia, why it wouldn't have been

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feasible for Consolidated to change the name of the well that

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has the odd name in this batch?

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A. As I was advised, the cost was prohibitive.

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Q. Of changing the name?

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A. Of changing the name.

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Q. I'll ask this question: It's more expen-

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sive to file the forms to change the name and reprogram it

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in your computer, and so forth, than it is to have a hearing

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to create nonstandard units?

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MS. TESCHENDORF: It was expensive; I

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think, even more the problem was that we have used these

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names for thirty years and to get everything changed with our

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purchasers, all our little interest owners, get our lease

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records changed, get everything changed, was just more of a

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hassle than coming down and having the hearing and doing it

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with this type of --

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MR. NUTTER: and then you have a senti-

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mental value attached to the names here that you don't want

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to lose.

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MS. TESCHENDORF: Right.

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2 Q So what are these wells, Mr. Garcia, are
3 they marginal or are they non-marginal, or what?

4 A Let's see.

5 MS. TESCHENDORF: I'm going to have
6 another exhibit about the different proration units, if you
7 want to wait and direct those questions to me.

8 MR. NUTTER: Okay. Okay, are there any
9 questions now of Mr. Garcia? He may be excused subject to
10 later recall, possibly.

11 MS. TESCHENDORF: Mr. Examiner, if you
12 would refer to what I've marked as Exhibit Number Three, in
13 this exhibit I've taken the old proration unit. For example,
14 the first one on there is Section 18 in 31, 12, it was the
15 old 320-acre Mesaverde unit. The current unit status is
16 marginal.

17 There are two wells on that unit, the
18 Reid No. 1 and the Arnstein No. 1-M, both are Mesaverde wells.

19 The July allowable for that unit was
20 5,881 Mcf.

21 Then I've shown how we would divide the
22 320 into two 160-acre Mesaverde proration units and, as
23 directed by Mr. Garcia, I worked up the formula and calculated
24 new allowables based on those 160's for July and then com-
25 pared it back to May production, and as you can see, the Reid

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2 proration unit would remain marginal. The Arnstein unit would
3 be over-produced for May.

4 And the other units on this exhibit are
5 similarly calculated. In each case the infill wells are over-
6 produced for May.

7 But then if you would look at Exhibit
8 Four, now this was based on August proration. And again,
9 taking the same unit as an example, the August allowable was
10 3,038 Mcf. Divided into the new --

11 MR. NUTTER: Now you've calculated this
12 August allowable. Is this --

13 MS. TESCHENDORF: It's out of the schedule.

14 MR. NUTTER: -- a 160-acre allowable or
15 is this the 320-acre allowable?

16 MS. TESCHENDORF: It's the 320.

17 MR. NUTTER: So the allowable for each
18 well would be divided by -- into that figure. I mean those
19 two wells would share that amount.

20 MS. TESCHENDORF: Right. Right. As it
21 is now.

22 MR. NUTTER: And they'd share 6000.

23 MS. TESCHENDORF: As it is now.

24 MR. NUTTER: Would they share the 6000
25 or would they share the 3000?

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MS. TESCHENDORF: They would share the

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3000.

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MR. NUTTER: Okay.

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MS. TESCHENDORF: But really, as I'm sure you are aware, on the marginal unit the allowable that's in the schedule is nearly total production.

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MR. NUTTER: Right.

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MS. TESCHENDORF: And I did figure the -- what the actual allowable would have been for that unit. It's much larger than what they were producing.

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MR. NUTTER: Okay, so for August here, this 3,038 is the sum of the productions for June, then.

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MS. TESCHENDORF: That's correct.

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MR. NUTTER: For marginal -- for two marginal wells.

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MS. TESCHENDORF: That's correct.

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MR. NUTTER: Okay.

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MS. TESCHENDORF: Then based on the 160, I calculated the new allowable for August, and as you can see the Reid Well is still way under-produced, so it's still marginal. And in August the Arnstein 1-M, the infill well, was also way under-produced, as is the case with all the other infill wells.

So based on this, to me it appears that

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over the 6-month balancing period we're probably going to come out with the new -- with both 160's still remaining marginal. However, if we do run into a problem on this infill, I would ask the Examiner if he could make some kind of provision for doing, you know, for not being penalized for that over-production with the new allowable, and in that case I have two different solutions.

One is that Consolidated, on these particular 160's, would be exempt from make-up requirements; or that if we are over-produced on a 6-month basis, that we go back and calculate what the allowable would have been for the 320 and see if we're still over-produced or under-produced, and go from there.

MR. NUTTER: I don't think we could make a special provision for not accounting for the gas; however, we might be able to make a provision in the order that it be rescinded and revert back to the 320 status in the event that the allowable should go down and you suddenly find yourself with an over-produced well subject to a shut-in. Then it would be a simple matter just to revert back to 320, and you are going to have to change the names of the wells if you want to keep them that way.

MS. TESCHENDORF: Yes. Then we'd have to work out some other solution.

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MR. NUTTER: Right, uh-huh.

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MS. TESCHENDORF: We couldn't -- we couldn't exempt the wells from balancing or curtailment of --

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MS. TESCHENDORF: Okay.

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MR. NUTTER: But as of now, you don't foresee that the allowables would be such as to cause the better well on a 160 to be able to exceed a 160-acre allowable.

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MS. TESCHENDORF: Well, you can see from comparing the July and August, the August allowables are so high in comparison to the July that they really, you know, they're still under-produced at this point.

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MR. NUTTER: Right.

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MS. TESCHENDORF: Within the allowable, so it looks like we're not going to have a problem at all.

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The only other thing I would like to add is that we're requesting this with the understanding that is for prorating purposes only and would not affect leases, any communitization, or any other agreements or legal relationships that might exist.

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In other words, we don't want to be changing ownership in these 160's at this point.

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MR. NUTTER: And you still would keep a 320-acre Dakota unit in each of the three cases.

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MS. TESCHENDORF: That's correct.

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2 MR. NUTTER: And it would have an original
3 well and an infill well.

4 MS. TESCHENDORF: That's correct.

5 MR. NUTTER: Okay.

6 Are there any further questions of Ms.
7 Teschendorf? She may be excused.

8 MS. TESCHENDORF: Then as an attorney,
9 I'd like to offer Exhibits One through Four, which I prepared
10 and none of them require any particular expertise.

11 MR. NUTTER: Exhibits One through Four
12 will be admitted in evidence.

13 Does anyone have anything they wish to
14 offer in Case 7319?

15 We'll take the case under advisement.

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17 (Hearing concluded.)
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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7319, heard by me on 8/12 1981.

[Signature], Examiner
Oil Conservation Division

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
12 August 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Consolidated Oil & Gas,
Inc., for six 160-acre Mesaverde pro-
duction units, San Juan County, New
Mexico.

CASE
7319

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

Lynn Teschendorf, Esq.
Consolidated Oil & Gas, Inc.
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1860 Lincoln Street
Denver, Colorado 80295

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I N D E X

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HAROLD GARCIA	
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E X H I B I T S

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MR. NUTTER: Call next Case Number 7319.

MR. PADILLA: Application of Consolidated Oil and Gas, Inc., for six 150-acre Mesaverde proration units, San Juan County, New Mexico.

MS. TESCHENDORF: Lynn Teschendorf, appearing on behalf of Consolidated.

I have two witnesses, myself, and Mr. Garcia.

MR. NUTTER: Yourself and who?

MS. TESCHENDORF: Mr. Harold Garcia.

MR. NUTTER: Our Garcia?

MS. TESCHENDORF: Your Garcia.

MR. NUTTER: Okay, Mr. Padilla, would you swear Teschendorf and Garcia?

(Witnesses sworn.)

MS. TESCHENDORF: Mr. Examiner, my name is Lynn Teschendorf. I'm an attorney representing Consolidated Oil and Gas, and by way of introduction to this case I'd like to refer you to what has been marked Exhibit One, which is a location plat. The left side of the plat is Township 31 North, Range 13 West, and the right side is 31 North, 12 West.

1
2 The three proration units that we are
3 concerned with in this case are outlined in red and I'd like
4 to use this plat to explain to you what our problem is in
5 this case.

6 First, if you'd refer to Section 3 in
7 31, 13, the first well in this unit was the Alberding Well.
8 It was drilled in 1959 and it was a Mesaverde completion.

9 Then Consolidated drilled a second well
10 on the unit to the Dakota and they called it the Landauer
11 rather than the Alberding No. 2.

12 Then we came back in 1979 and drilled
13 an infill well and no one really knew what to call it because
14 it was completed in both the Mesaverde and the Dakota. So
15 they ended up calling it the Landauer 1-M.

16 And this is the situation in the other
17 two proration units.

18 In Section 7 of 31, 12, the first well
19 was the Owen. That was to the Mesaverde.

20 Then they drilled the Gross, which was
21 Dakota.

22 Then they came back with the infill and
23 called it the Gross 1-M, completed in both formations.

24 And in Section 18 the original well was
25 the Reid. It was a Mesaverde. Then they drilled the Arnstein,

1

5

2 which is the Dakota; then came back with the infill completed
3 in both formations and called it the Arnstein 1-M.

4 Now this has created a problem for the
5 Division's proration people and we first became aware of the
6 problem, or we first -- I first heard of the problem through
7 a letter, dated June 17th, 1981, from Frank Chavez, and that's
8 your Exhibit Number Two.

9 He wrote to Consolidated's Farmington
10 office, and they had been talking about how to take care of
11 this problem.

12 So after I received a copy of this letter
13 I contacted Mr. Garcia and we discussed various ways to cor-
14 rect the problem. And at this time I'd like to call him
15 and he will explain what the problem is with the Division's
16 proration schedule.

17

18

HAROLD GARCIA

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

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DIRECT EXAMINATION

23

BY MS. TESCHENDORF:

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Q Mr. Garcia, would you state your name,

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by whom you're employed, and in what capacity?

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A. Harold Garcia, employed by the Oil Conservation Division as a computer programmer analyst.

Q And you handle the calculation of the allowables and preparation of the Division's proration schedule, is that true?

A. Yes, ma'am.

Q Would you explain to the Examiner what the problem is that's caused by Consolidated having wells on the same proration unit with different names?

A. Our State naming convention has been to place records in the proration schedule in pool operator and lease order, followed by well number.

In the case of Consolidated's wells, where we have dissimilar lease names the infill well, the original well, and the proration unit summary for the infill unit do not fall and cannot fall together where we have such disparity between the names.

Q And how are you currently handling this problem in the schedule?

A. Right now, until we get everything resolved, we have been handling it by taking the original well name and applying it to both wells, thereby losing the identity of the infill well.

Q So, for example, the Reid Well, for the

1
2 Mesaverde proration unit you have the Reid in the schedule
3 but then instead of having the Arnstein 1-M, you have an M
4 allowed but it's under the Reid --

5 A Under the Reid.

6 Q -- lease.

7 And so what we are trying to do in this
8 hearing is work out some solution so that your computer can
9 work in with your lead convention, is that right?

10 A Yes.

11 Q And you and Consolidated have worked
12 out a solution whereby the Mesaverde units would be split
13 into 160-acre units so that there would be two smaller pro-
14 ration units, so that the only changing that would have to
15 occur would be that the infill wells would be designated a
16 1-E instead of a 1-M, is that correct?

17 A Yes.

18 Q And that would be workable within your
19 programming system?

20 A Yes. It would tend to dissolve the pro-
21 ration type of structure with the infills being added together.
22 Each well would be handled as a separate record and be allo-
23 cated separately and would maintain their own lease identity.

24 MS. TESCHENDORF: That's all the ques-
25 tions I have of this witness, Mr. Examiner.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Garcia, why it wouldn't have been feasible for Consolidated to change the name of the well that has the odd name in this batch?

A As I was advised, the cost was prohibitive.

Q Of changing the name?

A Of changing the name.

Q I'll ask this question: It's more expensive to file the forms to change the name and reprogram it in your computer, and so forth, than it is to have a hearing to create nonstandard units?

MS. TESCHENDORF: It was expensive; I think, even more the problem was that we have used these names for thirty years and to get everything changed with our purchasers, all our little interest owners, get our lease records changed, get everything changed, was just more of a hassle than coming down and having the hearing and doing it with this type of --

MR. NUTTER: and then you have a sentimental value attached to the names here that you don't want to lose.

MS. TESCHENDORF: Right.

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2 Q So what are these wells, Mr. Garcia, are
3 they marginal or are they non-marginal, or what?

4 A Let's see.

5 MS. TESCHENDORF: I'm going to have
6 another exhibit about the different proration units, if you
7 want to wait and direct those questions to me.

8 MR. NUTTER: Okay. Okay, are there any
9 questions now of Mr. Garcia? He may be excused subject to
10 later recall, possibly.

11 MS. TESCHENDORF: Mr. Examiner, if you
12 would refer to what I've marked as Exhibit Number Three, in
13 this exhibit I've taken the old proration unit. For example,
14 the first one on there is Section 18 in 31, 12, it was the
15 old 320-acre Mesaverde unit. The current unit status is
16 marginal.

17 There are two wells on that unit, the
18 Reid No. 1 and the Arnstein No. 1-M, both are Mesaverde wells.

19 The July allowable for that unit was
20 5,881 Mcf.

21 Then I've shown how we would divide the
22 320 into two 160-acre Mesaverde proration units and, as
23 directed by Mr. Garcia, I worked up the formula and calculated
24 new allowables based on those 160's for July and then com-
25 pared it back to May production, and as you can see, the Reid

1
2 proration unit would remain marginal. The Arnstein unit would
3 be over-produced for May.

4 And the other units on this exhibit are
5 similarly calculated. In each case the infill wells are over-
6 produced for May.

7 But then if you would look at Exhibit
8 Four, now this was based on August proration. And again,
9 taking the same unit as an example, the August allowable was
10 3,038 Mcf. Divided into the new --

11 MR. NUTTER: Now you've calculated this
12 August allowable. Is this --

13 MS. TESCHENDORF: It's out of the schedule.

14 MR. NUTTER: -- a 160-acre allowable or
15 is this the 320-acre allowable?

16 MS. TESCHENDORF: It's the 320.

17 MR. NUTTER: So the allowable for each
18 well would be divided by -- into that figure. I mean those
19 two wells would share that amount.

20 MS. TESCHENDORF: Right. Right. As it
21 is now.

22 MR. NUTTER: And they'd share 6000.

23 MS. TESCHENDORF: As it is now.

24 MR. NUTTER: Would they share the 6000
25 or would they share the 3000?

1
2 MS. TESCHENDORF: They would share the
3 3000.

4 MR. NUTTER: Okay.

5 MS. TESCHENDORF: But really, as I'm sure
6 you are aware, on the marginal unit the allowable that's in
7 the schedule is nearly total production.

8 MR. NUTTER: Right.

9 MS. TESCHENDORF: And I did figure the --
10 what the actual allowable would have been for that unit. It's
11 much larger than what they were producing.

12 MR. NUTTER: Okay, so for August here,
13 this 3,038 is the sum of the productions for June, then.

14 MS. TESCHENDORF: That's correct.

15 MR. NUTTER: For marginal -- for two
16 marginal wells.

17 MS. TESCHENDORF: That's correct.

18 MR. NUTTER: Okay.

19 MS. TESCHENDORF: Then based on the 160,
20 I calculated the new allowable for August, and as you can see
21 the Reid Well is still way under-produced, so it's still
22 marginal. And in August the Arnstein 1-M, the infill well,
23 was also way under-produced, as is the case with all the
24 other infill wells.

25 So based on this, to me it appears that

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over the 6-month balancing period we're probably going to come out with the new --- with both 160's still remaining marginal. However, if we do run into a problem on this infill, I would ask the Examiner if he could make some kind of provision for doing, you know, for not being penalized for that over-production with the new allowable, and in that case I have two different solutions.

One is that Consolidated, on these particular 160's, would be exempt from make-up requirements; or that if we are over-produced on a 6-month basis, that we go back and calculate what the allowable would have been for the 320 and see if we're still over-produced or under-produced, and go from there.

MR. NUTTER: I don't think we could make a special provision for not accounting for the gas; however, we might be able to make a provision in the order that it be rescinded and revert back to the 320 status in the event that the allowable should go down and you suddenly find yourself with an over-produced well subject to a shut-in. Then it would be a simple matter just to revert back to 320, and you are going to have to change the names of the wells if you want to keep them that way.

MS. TESCHENDORF: Yes. Then we'd have to work out some other solution.

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MR. NUTTER: Right, uh-huh.

MS. TESCHENDORF: We couldn't -- we couldn't exempt the wells from balancing or curtailment of --

MS. TESCHENDORF: Okay.

MR. NUTTER: But as of now, you don't foresee that the allowables would be such as to cause the better well on a 160 to be able to exceed a 160-acre allowable.

MS. TESCHENDORF: Well, you can see from comparing the July and August, the August allowables are so high in comparison to the July that they really, you know, they're still under-produced at this point.

MR. NUTTER: Right.

MS. TESCHENDORF: Within the allowable, so it looks like we're not going to have a problem at all.

The only other thing I would like to add is that we're requesting this with the understanding that is for prorating purposes only and would not affect leases, any communitization, or any other agreements or legal relationships that might exist.

In other words, we don't want to be changing ownership in these 160's at this point.

MR. NUTTER: And you still would keep a 320-acre Dakota unit in each of the three cases.

MS. TESCHENDORF: That's correct.

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MR. NUTTER: And it would have an original well and an infill well.

MS. TESCHENDORF: That's correct.

MR. NUTTER: Okay.

Are there any further questions of Ms. Teschendorf? She may be excused.

MS. TESCHENDORF: Then as an attorney, I'd like to offer Exhibits One through Four, which I prepared and none of them require any particular expertise.

MR. NUTTER: Exhibits One through Four will be admitted in evidence.

Does anyone have anything they wish to offer in Case 7319?

We'll take the case under advisement.

(Hearing concluded.)

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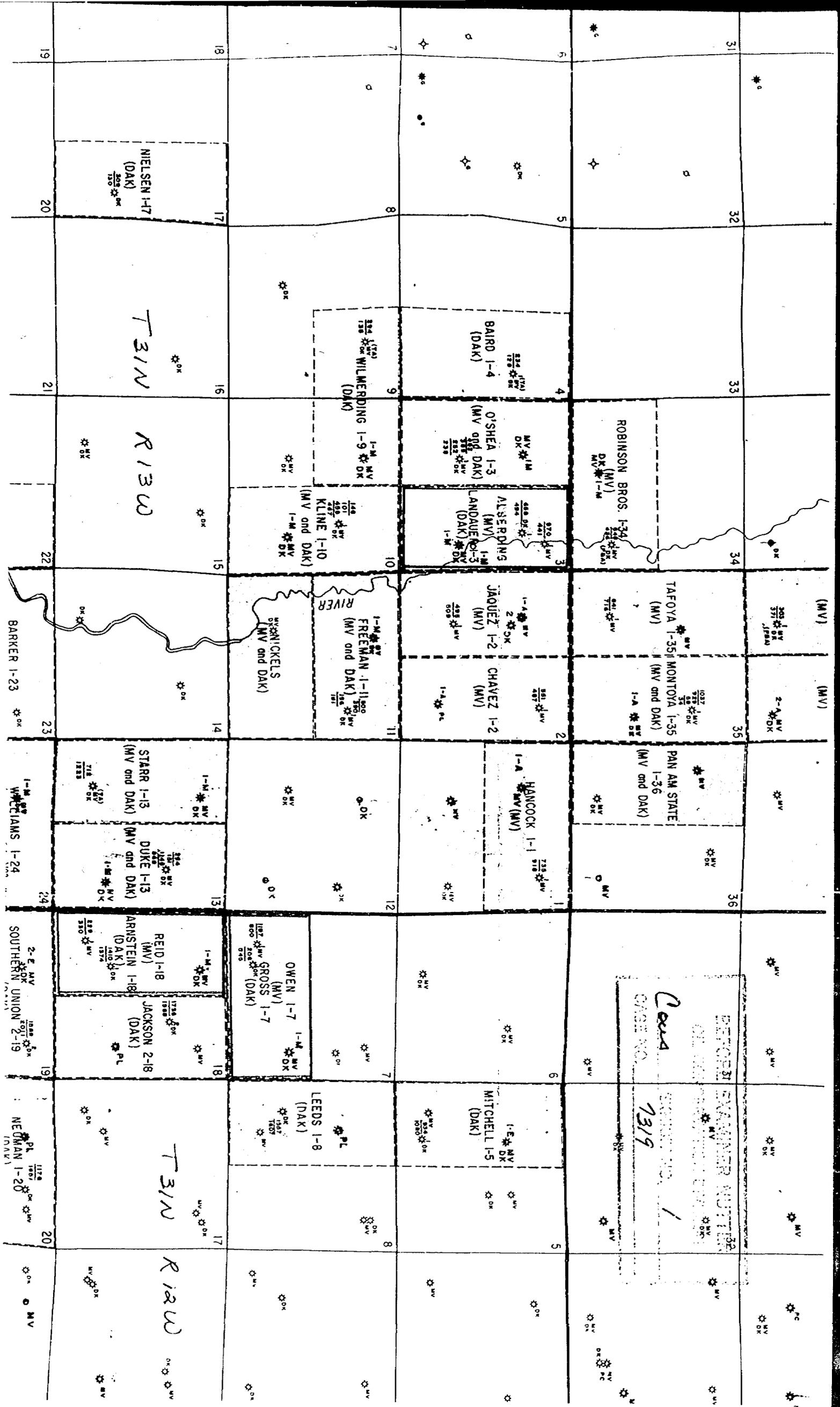
C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7319, heard by me on 8/12 1981.

[Signature], Examiner
Oil Conservation Division



RECORD EXAMINER NOTICE
 CASE NO. 1314
 1319

NIELSEN I-17
 (DAK)
 120 120 120

T31W

R13W

RIVER

T31W

R12W

1314

1319

BARKER I-23

WILLIAMS I-24

SOUTHERN UNION 2-19

NEWMAN I-20

NEWMAN I-20

BAIRD I-4
 (DAK)
 170 170 170

O'SHEA I-3
 (MV and DAK)
 220 220 220

ALBERDING
 (MV) I-1
 LANDAUE I-3
 (DAK) I-1
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JAUZET I-2
 (MV)
 400 400 400

CHAVEZ I-2
 (MV)
 400 400 400

HANCOCK I-1
 (MV)
 220 220 220

MITCHELL I-5
 (DAK)
 100 100 100

WILMERDING I-9
 (DAK)
 120 120 120

KLINE I-10
 (MV and DAK)
 140 140 140

FREEMAN I-11
 (MV and DAK)
 120 120 120

STARR I-13
 (MV and DAK)
 120 120 120

DUKE I-13
 (MV and DAK)
 120 120 120

ARNSTEIN I-18
 (DAK)
 120 120 120

JACKSON 2-18
 (DAK)
 120 120 120

LEEDS I-8
 (DAK)
 120 120 120

LEEDS I-8
 (DAK)
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LEEDS I-8
 (DAK)
 120 120 120

OWEN I-7
 (MV)
 120 120 120

GROSS I-7
 (DAK)
 120 120 120

ROBINSON BROS. I-34
 (MV)
 220 220 220

TAFOYA I-35
 (MV)
 220 220 220

MONTOYA I-35
 (MV and DAK)
 220 220 220

PAN AM STATE
 I-36
 (MV and DAK)
 220 220 220

PAN AM STATE
 I-36
 (MV and DAK)
 220 220 220

REID I-18
 (MV)
 120 120 120



BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

JUNE 17, 1981

RECEIVED

JUL 6 1981

CONSOLIDATED OIL & GAS, INC.
COMPLIANCE DEPARTMENT
1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

BEFORE EXAMINER NUTTER	
OIL CONSERVATION DIVISION	
<i>Cross</i>	EXHIBIT NO. <u>2</u>
CASE NO.	<u>7319</u>

Mr. Aubrey A. Prater
Consolidated Oil and Gas Co.
P.O. Box 2038
Farmington, New Mexico 87401

Re: Well Names

Dear Aubrey:

Our well naming and numbering system required that a well which is infilling in two or more zones, take the name and number of the deeper zone original well. Due to the nature of our computer records this will not work if the original wells in the shallower zones have a different name. For example the Gross #1M infills the Owens #1 in the Mesaverde zone. In order to keep our records straight it will be necessary to give these wells the same name. Please note that several other wells have the same problem such as the Landaver #1M and Alberding #1.

If you have any questions, please contact this office.

Yours truly,

Frank T. Chavez

Frank T. Chavez
District Supervisor

XC. Santa Fe, Harold Garcia

al

Handwritten notes:
GROSS #1
OWENS #1
670 55 2

COMPARISON OF OLD AND NEW PROPRATION UNITS
BASED ON JULY PROPRATION SCHEDULE

<u>Old</u> <u>Proration</u> <u>Unit</u>	<u>Current</u> <u>Unit</u> <u>Status</u>	<u>Well</u> <u>Name</u>	<u>July</u> <u>Allowable</u>	<u>New</u> <u>Proration</u> <u>Unit</u>	<u>New</u> <u>Allowable</u>	<u>May</u> <u>Production</u>
W/2 Section 18 T31N, R12W	M	1. Reid No. 1	5881	SW/4 Section 18	2142	910
	M	2. Arnstein No. 1-M	5881	NW/4 Section 18	4124	4971
S/2 Section 7 T31N, R12W	M	1. Owen No. 1	9443	SW/4 Section 7	2234	1585
	M	2. Gross No. 1-M	9443	SE/4 Section 7	6079	7858
E/2 Section 3 T31N, R13W	M	1. Alberding No. 1	861	NE/4 Section 3	2364	861
	NC	2. Landauer No. 1-M	None	SE/4 Section 3	Unable to Determine	2767

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
Carroll EXHIBIT NO. 3
CASE NO. 7319

COMPARISON OF OLD AND NEW PRORATION UNITS
BASED ON AUGUST PRORATION SCHEDULE

<u>Old Proration Unit</u>	<u>Current Unit Status</u>	<u>Well Name</u>	<u>August Allowable</u>	<u>New Proration Unit</u>	<u>New Allowable</u>	<u>June Production</u>
W/2 Section 18 T31N, R12W	M	1. Reid No. 1	3,038	SW/4 Section 18	6,673	992
	M	2. Arnstein No. 1-M	3,038	NW/4 Section 18	12,759	2,046
S/2 Section 7 T31N, R12W	M	1. Owen No. 1	12,766	SW/4 Section 7	7,110	1,685
	M	2. Gross No. 1-M	12,766	SE/4 Section 7	18,763	11,081
E/2 Section 3 T31N, R13W	M	1. Alberding No. 1	770	NE/4 Section 3	7,356	770
	NC	2. Landauer No. 1-M	None	SE/4 Section 3	Unable to Determine	3,255

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
Levin EXHIBIT NO. 4
CASE NO. 7319



BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

JUNE 17, 1981

RECEIVED
JUL 6 1981
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AZTEC, NEW MEXICO 87410
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BEFORE EXAMINER NUTTER	
OIL CONSERVATION DIVISION	
<i>Caus.</i>	EXHIBIT NO. <u>2</u>
CASE NO.	<u>7319</u>

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Consolidated Oil and Gas Co.
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If you have any questions, please contact this office.

Yours truly,

Frank T. Chavez

Frank T. Chavez
District Supervisor

XC. Santa Fe, Harold Garcia

al

675 55 2

675 55 2

COMPARISON OF OLD AND NEW PRORATION UNITS
BASED ON JULY PRORATION SCHEDULE

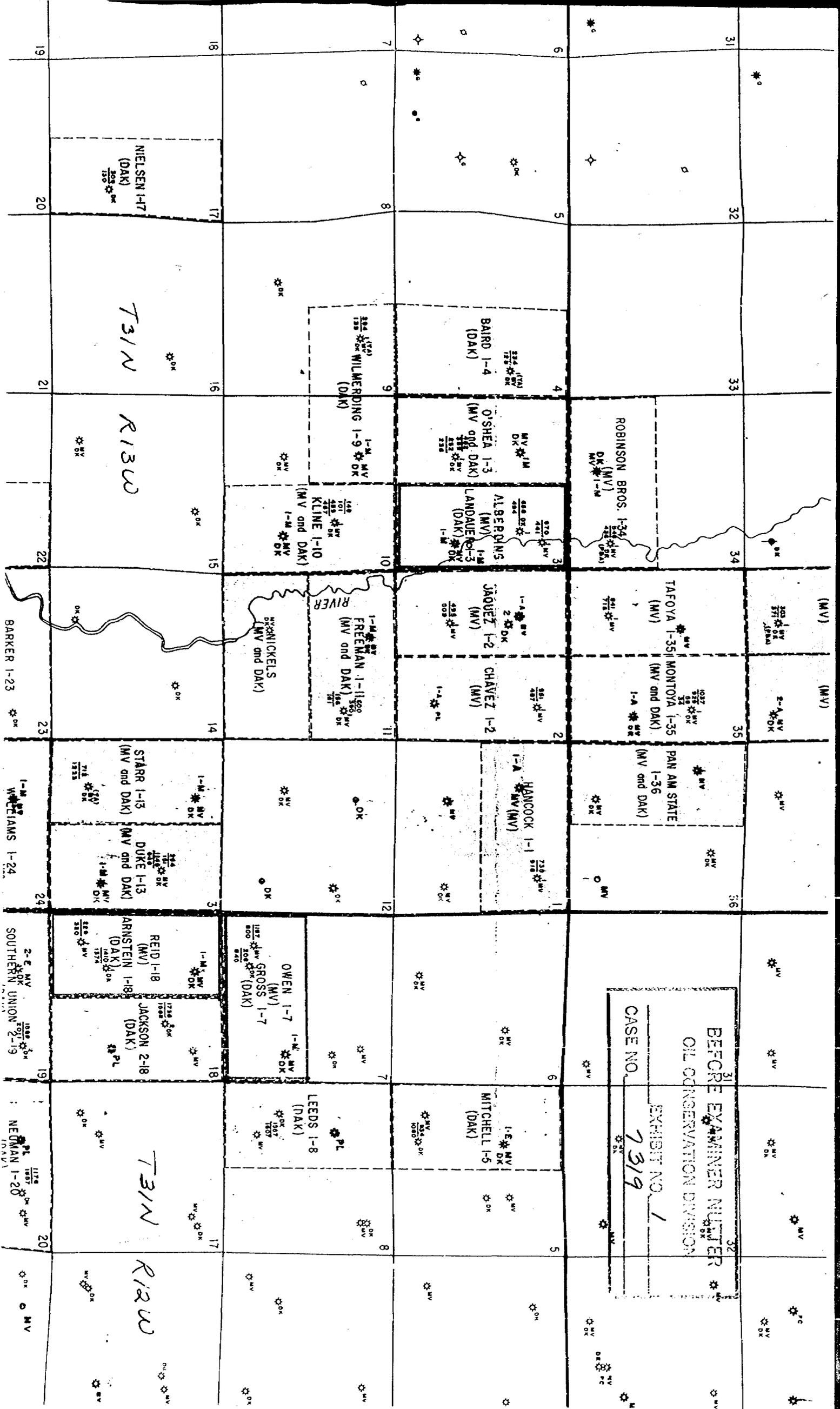
<u>Old Proration Unit</u>	<u>Current Unit Status</u>	<u>Well Name</u>	<u>July Allowable</u>	<u>New Proration Unit</u>	<u>New Allowable</u>	<u>May Production</u>
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	M	2. Gross No. 1-M	9443	SE/4 Section 7	6079	7858
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	NC	2. Landauer No. 1-M	None	SE/4 Section 3	Unable to Determine	2767

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
Cous EXHIBIT NO. 3
CASE NO. 7319

COMPARISON OF OLD AND NEW PRORATION UNITS
BASED ON AUGUST PRORATION SCHEDULE

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	NC	2. Landauer No. 1-M	None	SE/4 Section 3	Unable to Determine	3,255

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
Carro EXHIBIT NO. 4
CASE NO. 7319



BEFORE EXAMINER NUMBER
 OIL CONSERVATION DIVISION
 CASE NO. 7319
 EXHIBIT NO. 1

31
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1-4
 BAIRD 1-4 (DAK)
 324 1/2 AC (1/2)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)

1-3
 O'SHEA 1-3 (MV and DAK)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)

1-10
 ALBERNG (MV)
 LANDAUER 1-3 (DAK)
 1-10 (MV and DAK)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)

1-9
 WILMERDING 1-9 (DAK)
 1-9 (MV and DAK)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)

1-2
 JAOUEZ 1-2 (MV)
 1-2 (MV and DAK)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)

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 CHAVEZ 1-2 (MV)
 1-2 (MV and DAK)
 122 1/2 AC (1/2)
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 122 1/2 AC (1/2)

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 TAFUYA 1-35 (MV)
 1-35 (MV and DAK)
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 122 1/2 AC (1/2)

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 MONTOYA 1-35 (MV and DAK)
 1-35 (MV and DAK)
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 122 1/2 AC (1/2)
 122 1/2 AC (1/2)

1-36
 PAN AM STATE 1-36 (MV and DAK)
 1-36 (MV and DAK)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)

1-1
 HANCOCK 1-1 (MV)
 1-1 (MV and DAK)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)

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 STARR 1-13 (MV and DAK)
 1-13 (MV and DAK)
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 DUKE 1-13 (MV and DAK)
 1-13 (MV and DAK)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)

1-18
 REID 1-18 (MV)
 ARNSTEIN 1-18 (DAK)
 1-18 (MV and DAK)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)

1-7
 OWEN 1-7 (MV)
 GROSS 1-7 (DAK)
 1-7 (MV and DAK)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)

1-8
 JACKSON 2-18 (DAK)
 1-8 (MV and DAK)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)

1-8
 LEEDS 1-8 (DAK)
 1-8 (MV and DAK)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)

1-6
 MITCHELL 1-6 (DAK)
 1-6 (MV and DAK)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)

1-17
 T31N R12W

1-20
 T31N R13W

1-23
 BARKER 1-23 (MV and DAK)
 1-23 (MV and DAK)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)

1-24
 WILLIAMS 1-24 (MV and DAK)
 1-24 (MV and DAK)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)

2-19
 SOUTHERN UNION 2-19 (MV and DAK)
 2-19 (MV and DAK)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)

1-20
 NEUMAN 1-20 (MV and DAK)
 1-20 (MV and DAK)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)
 122 1/2 AC (1/2)



BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

JUNE 17, 1981

RECEIVED

JUL 6 1981

CONSOLIDATED OIL & GAS, INC.
COMPLIANCE DEPARTMENT

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
EXHIBIT NO. 2
CASE NO. 7319

Mr. Aubrey A. Prater
Consolidated Oil and Gas Co.
P.O. Box 2038
Farmington, New Mexico 87401

Re: Well Names

Dear Aubrey:

Our well naming and numbering system required that a well which is infilling in two or more zones, take the name and number of the deeper zone original well. Due to the nature of our computer records this will not work if the original wells in the shallower zones have a different name. For example the Gross #1M infills the Owens #1 in the Mesaverde zone. In order to keep our records straight it will be necessary to give these wells the same name. Please note that several other wells have the same problem such as the Landaver #1M and Alberding #1.

If you have any questions, please contact this office.

Yours truly,

Frank T. Chavez

Frank T. Chavez
District Supervisor

XC. Santa Fe, Harold Garcia

al

670 55 2

670 55 2

COMPARISON OF OLD AND NEW PRORATION UNITS
BASED ON JULY PRORATION SCHEDULE

<u>Old Proration Unit</u>	<u>Current Unit Status</u>	<u>Well Name</u>	<u>July Allowable</u>	<u>New Proration Unit</u>	<u>New Allowable</u>	<u>May Production</u>
W/2 Section 18 T31N, R12W	M	1. Reid No. 1	5881	SW/4 Section 18	2142	910
	M	2. Arnstein No. 1-M	5881	NW/4 Section 18	4124	4971
S/2 Section 7 T31N, R12W	M	1. Owen No. 1	9443	SW/4 Section 7	2284	1585
	M	2. Gross No. 1-M	9443	SE/4 Section 7	6079	7858
E/2 Section 3 T31N, R13W	M	1. Alberding No. 1	861	NE/4 Section 3	2364	861
	NC	2. Landauer No. 1-M	None	SE/4 Section 3	Unable to Determine	2767

BEFORE EXAMINER NUTTER	
OIL CONSERVATION DIVISION	
<i>Caus</i>	EXHIBIT NO. <u>3</u>
CASE NO.	<u>7319</u>

COMPARISON OF OLD AND NEW PRORATION UNITS
BASED ON AUGUST PRORATION SCHEDULE

<u>Old Proration Unit</u>	<u>Current Unit Status</u>	<u>Well Name</u>	<u>August Allowable</u>	<u>New Proration Unit</u>	<u>New Allowable</u>	<u>June Production</u>
W/2 Section 18 T31N, R12W	M	1. Reid No. 1	3,038	SW/4 Section 18	6,673	992
	M	2. Arnstein No. 1-M	3,038	NW/4 Section 18	12,759	2,046
S/2 Section 7 T31N, R12W	M	1. Owen No. 1	12,766	SW/4 Section 7	7,110	1,685
	M	2. Gross No. 1-M	12,766	SE/4 Section 7	18,763	11,081
E/2 Section 3 T31N, R13W	M	1. Alberding No. 1	770	NE/4 Section 3	7,356	770
	NC	2. Landauer No. 1-M	None	SE/4 Section 3	Unable to Determine	3,255

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
Cous EXHIBIT NO. 4
CASE NO. 7319



Consolidated Oil & Gas, Inc.

LINCOLN TOWER BUILDING
1860 LINCOLN STREET
DENVER, COLORADO 80295
(303) 861-5252

July 16, 1981

Case 1319

Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

Gentlemen:

Enclosed in triplicate is Consolidated's application for certain 160-acre Mesaverde proration units in San Juan County.

Please set this case for hearing on your August 12 docket.

Very truly yours,

CONSOLIDATED OIL & GAS, INC.



Lynn Teschendorf
Attorney

LHT:drl

Enclosures 3

cc: Floyd Ellison

BEFORE THE
OIL CONSERVATION DIVISION
STATE OF NEW MEXICO

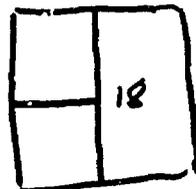
IN THE MATTER OF THE
APPLICATION OF CONSOLIDATED
OIL & GAS, INC., FOR 160-
ACRE MESAVERDE PRORATION
UNITS, SAN JUAN COUNTY,
NEW MEXICO

Case No. 7319

APPLICATION

Comes now Consolidated Oil & Gas, Inc., by and through its undersigned attorney and seeks an order approving 160-acre Mesaverde proration units in the W/2 of Section 18 and the S/2 of Section 7, Township 31 North, Range 12 West, and the E/2 of Section 3, Township 31 North, Range 13 West, all in San Juan County, New Mexico, and as grounds therefor states:

1. Applicant is the operator and an owner of interest in and under these 320-acre tracts.
2. Each tract currently contains three wells: an original Mesaverde well, an original Dakota well, and a new Mesaverde/Dakota infill as follows:



W/2 Section 18, T31N, R12W

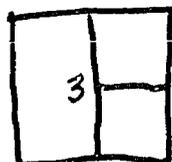
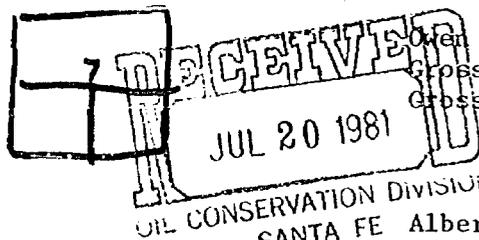
Reid No. 1	Mesaverde
Arnstein No. 1	Dakota
Arnstein No. 1-M	Mesaverde/Dakota

S/2 Section 7, T31N, R12W

Owen No. 1	Mesaverde
Gross No. 1	Dakota
Gross No. 1-M	Mesaverde/Dakota

E/2 Section 3, T31N, R13W

Alberding No. 1	Mesaverde
Landauer No. 1	Dakota
Landauer No. 1-M	Mesaverde/Dakota



3. The differences in well names on a single proration unit have created search problems for the Division's computer program which handles prorationing.

4. As a solution to the problem, Consolidated proposes to split each 320-acre Mesaverde unit into two 160-acre units, and change

the letter designation of the infill from "M" to "E." For example, the Alberding No. 1 will be the only Mesaverde well on its 160-acre proration unit; the Landauer No. 1 will be one of two Dakota wells on its 320-acre unit; and the Landauer No. 1-E will be a dual Mesaverde (160-acre unit)/Dakota (320-acre unit) well on the unit.

5. This change would be for prorationing purposes only and will not affect present ownership, leases, communitizations, or any other agreements or legal relationships. It is submitted that this solution is the most convenient for both the applicant and the Division's computer programmers.

6. The granting of this application will be in the best interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, applicant requests that this matter be set for hearing before the Division or its duly-appointed examiner, and that the Division enter its order granting the relief sought herein.

Respectfully submitted,

CONSOLIDATED OIL & GAS, INC.

By


Lynn Teschendorf, Attorney
1860 Lincoln Street, Suite 1300
Denver, CO 80295



BEFORE THE
OIL CONSERVATION DIVISION
STATE OF NEW MEXICO

IN THE MATTER OF THE
APPLICATION OF CONSOLIDATED
OIL & GAS, INC., FOR 160-
ACRE MESAVERDE PRORATION
UNITS, SAN JUAN COUNTY,
NEW MEXICO

Case No. 7319

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Reid No. 1	Mesaverde
Arnstein No. 1	Dakota
Arnstein No. 1-M	Mesaverde/Dakota

S/2 Section 7, T31N, R12W

Owen No. 1	Mesaverde
Gross No. 1	Dakota
Gross No. 1-M	Mesaverde/Dakota

E/2 Section 3, T31N, R13W

Alberding No. 1	Mesaverde
Landauer No. 1	Dakota
Landauer No. 1-M	Mesaverde/Dakota

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Respectfully submitted,
CONSOLIDATED OIL & GAS, INC.

By Lynn Teschendorf
Lynn Teschendorf, Attorney
1860 Lincoln Street, Suite 1300
Denver, CO 80295

RECEIVED
JUL 20 1981
OIL CONSERVATION DIVISION
SANTA FE

BEFORE THE
OIL CONSERVATION DIVISION
STATE OF NEW MEXICO

IN THE MATTER OF THE
APPLICATION OF CONSOLIDATED
OIL & GAS, INC., FOR 160-
ACRE MESAVERDE PRORATION
UNITS, SAN JUAN COUNTY,
NEW MEXICO

Case No. 7319

APPLICATION

Comes now Consolidated Oil & Gas, Inc., by and through its undersigned attorney and seeks an order approving 160-acre Mesaverde proration units in the W/2 of Section 18 and the S/2 of Section 7, Township 31 North, Range 12 West, and the E/2 of Section 3, Township 31 North, Range 13 West, all in San Juan County, New Mexico, and as grounds therefor states:

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Arnstein No. 1	Dakota
Arnstein No. 1-M	Mesaverde/Dakota

S/2 Section 7, T31N, R12W

Owen No. 1	Mesaverde
Gross No. 1	Dakota
Gross No. 1-M	Mesaverde/Dakota

E/2 Section 3, T31N, R13W

Alberding No. 1	Mesaverde
Landauer No. 1	Dakota
Landauer No. 1-M	Mesaverde/Dakota

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6. The granting of this application will be in the best interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, applicant requests that this matter be set for hearing before the Division or its duly-appointed examiner, and that the Division enter its order granting the relief sought herein.

Respectfully submitted,

CONSOLIDATED OIL & GAS, INC.

Lynn Teschendorf

By _____

Lynn Teschendorf, Attorney
1860 Lincoln Street, Suite 1300
Denver, CO 80295

DRAFT

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7319

Order No. R- 6760

APPLICATION OF CONSOLIDATED OIL & GAS, INC.
SIX 160-ACRE MESAVERDE
FOR ~~A~~ NON-STANDARD PRORATION UNITS
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 12,
19 81, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.
NOW, on this _____ day of August, 19 81, the Division
Director, 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 Division has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Consolidated Oil & Gas, Inc.,
seeks approval of a ^{six} 160 -acre non-standard gas proration units
in the Blanco Mesaverde Pool, said units to comprise the NW/4 and SW/4
~~comprising the~~ of Section 18 ~~xxxTOWNxx~~
and the SW/4 and SE/4 of Section 7, both in Town-
ship 31 North, Range 12 West ~~xxxNMPxx to be dedicated to xx~~
and the NE/4 and SE/4 of Section 3, Township 31 North, Range 13 West,
~~xxx~~ located in
each unit to be dedicated to an existent well already drilled thereon.
~~Unit~~ of said section.

(3) That the aforesaid six non-standard proration
units ~~are to~~ would be created by splitting
three standard 320-acre units, each of which
has an original well, and an infill well
thereon, and is occasioned by certain adminis-
trative problems relating to well names and
numbers.

(4) That the creation of ^{the} six non-standard units out of three standard units ~~shall~~ will not cause waste nor impair correla-
 tive rights and should be approved provided
 however, provision should be made for
 administrative ~~abolishment~~ abolitionment of the non-standard units
 and reversion to standard units in the
 event allowable and over/under production
 problems should render the smaller size units
 impracticable.

IT IS THEREFORE ORDERED:

(1) That ~~a~~ ^{six 160-} -acre non-standard gas proration units
 in the Blanco Mesaverde ^{Sau Juan County, New Mexico,} Gas Pool, ~~comprising the~~

are hereby created and dedicated to wells as follows:

<u>Unit Description</u>	<u>Dedicated Well</u>
SW/4 Sec 07, Twp 31N, Rge 12W	Owen No. 1, Unit M
SE/4 Sec 07, Twp 31N, Rge 12W	Gross No. 1, Unit I
NW/4 Sec 18, Twp 31N, Rge 12W	Arnstein No. 1, Unit C
SW/4 Sec 18, Twp 31N, Rge 12W	Reid No. 1, Unit M
NE/4 Sec 03, Twp 31N, Rge 13W	Alberding No. 1, Unit A
SE/4 Sec 03, Twp 31N, Rge 13W	Landauer No. 1, Unit I

(2) That the Division Director shall have the authority
 to administratively cancel any pair of the aforesaid non-stand-
 ard proration units and revert the affected lands back to
 a standard 320-acre proration unit upon a showing
 by the operator that allowable and/or over/under
 production problems are resulting from the size
 of the non-standard units, in which case the Division's
 standard well name and number system will
 be applicable.

(3) Jurisdiction

DONE @