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~~DOB 8/6/82~~

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CASE NO.

7639

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
1 September 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of Acoma Oil Corpor-
ation for downhole commingling,
Lea County, New Mexico.

CASE
7639

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

W. Perry Pearce, Esq.
Legal-Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

Tom Blueher, Esq.
CAMPBELL, BYRD, & BLACK P.A.
Jefferson Place
Santa Fe, New Mexico 87501

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I N D E X

JAMES W. LAW

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MR. STAMETS: We'll call next Case 7639.

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MR. PEARCE: That is the application of Acoma Oil Corporation for downhole commingling, Lea County, New Mexico.

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MR. BLUEHER: May it please the Examiner, I'm Tom Blueher from Campbell, Byrd, and Black, appearing for Acoma Oil Corporation, and we have one witness today.

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MR. PEARCE: Mr. Examiner, I'd request that the record show that the witness has been previously sworn and that he's still under oath at this time in this matter.

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MR. STAMETS: The witness is so reminded and the record will so show.

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Also it should show that he's been previously qualified as an expert petroleum engineer.

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MR. BLUEHER: Should we go through his name?

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MR. STAMETS: Yeah, let's get his name on the record.

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MR. BLUEHER: Okay.

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JAMES W. LAW

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

DIRECT EXAMINATION

BY MR. BLUEHER:

Q Would you please state your name and place of residence for the record?

A Yes, sir. James W. Law, Santa Fe, New Mexico.

Q And by whom are you employed and in what capacity?

A International Engineering Company Incorporated, Chief Petroleum Engineer.

Q Are you familiar with the application filed in this case?

A Yes, sir, I am.

MR. BLUEHER: Mr. Examiner, I just need to check, are the witness' qualifications acceptable?

MR. STAMETS: They are.

MR. BLUEHER: Okay, thank you.

Q Would you please briefly state what you are seeking with this application?

A Briefly, we are seeking permission for a triple downhole commingling permit in the Acoma Oil Company 2-B Well, located in Section 26 of Township 21 South, Range 37 East, Lea County, New Mexico.

Q Have you prepared or has there been pre-

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pared under your direction certain exhibits for introduction in this case?

A Yes, sir.

Q Mr. Law, would you please refer to Exhibit Number One, identify it, and explain to the Examiner what it shows?

A Yes, sir. Exhibit Number One is a map of the area surrounding the referenced well, which shows, among other things, by color code wells in the immediate vicinity where commingling has been approved. Most of them are in the Blinebry and Drinkard formations. There is one triple completion that coincides with -- with our application in the Blinebry-Drinkard and the Wantz-Abo.

Q And what is the acreage dedicated to the wells?

A 40 acres.

Q Will you please refer to the Exhibit One-A and just identify that for the Examiner and explain what it is?

A Exhibit One-A is a list of the wells that are shown graphically on Exhibit One, giving their names, location, and either the administrative order number or the case number and order number applicable to those wells for downhole commingling.

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Q Now, Mr. Law, would you please refer to Exhibit Number Two and explain the completion history of the subject well?

A Exhibit Number Two is a schematic diagram of the downhole commingling -- completion, current completion, of the subject well, which, very briefly, shows 5-1/2 inch casing set at 7292 feet, Wantz-Abo perforations at 6796 to 7214 feet, 2-3/8ths tubing on a packer set at 6755 feet.

This is, incidentally, Acoma's S. J. Starkey No. 2-B.

Referring to this exhibit, have we gone through all of the general mechanics?

A Yes, sir, I think so.

Q Okay. Please refer to Exhibit Three at this time and identify it and explain it.

A Exhibit Number Three is a schematic down-hole diagram of the proposed completion, which indicates, of course, the same 5-1/2 casing, the same TD, and Blinebry perforations in between 5700 and 5800 feet, Drinkard perforations 6400 to 6560, and of course, the existing Wantz-Abo perforations.

It also indicates that tubing on a packer will be set at a convenient depth just above the Blinebry perforations.

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Q Would you please refer to Exhibit Four and explain what it is?

A Exhibit Number Four is -- I'm sorry, it's a well test, Oil Conservation well test. I can't read the form number on it.

Q C-116.

A Okay. And this shows a well test, the most recent well test on the Starkey No. 2-B, which is the subject well.

 It shows that the well is on the pump and 20 pounds tubing pressure, 24-hour test, and the well produced three barrels of oil, 38.6 gravity, 1 barrel of oil and 6 Mcf of gas.

Q Was that, I'm sorry, one barrel of water?

A Yes, sir.

Q Thank you. At this time would you refer to Exhibit Five and explain it to the Examiner?

A Yes, sir. Exhibit Five is an average daily oil rate plot versus time for the subject well, Starkey 2-B, which shows the average daily oil production through the last eleven months of 1981 and the first four months of 1982.

Q Mr. Law, can you recommend an allocation of production between the zones?

A We can make such a recommendation; however,

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the operator has proposed to, if this is granted, to test each zone and devise his recommended rate subject to that test.

Q Are the three zones in the subject well capable of only marginal production?

A Yes, sir.

Q Do we have current bottom hole pressures on the zones to be commingled?

A No, sir, we do not.

Q Are the zones flowing or are they being artificially lifted?

A Well, all the zones are being artificially lifted within the area. None of these zones flow.

Of course, there's only one zone open now in this well.

Q Have you prepared a compilation of bottom hole pressure data for each zone, by any chance?

A No, we have not. We simply have -- all we can do is estimate that they're very close together.

Q Will the pressure differentials experienced in the well result in gas migration between the commingled zones?

A No, sir, I don't think so.

Q And have you been able to calculate an average rate of production from each zone in the well?

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A No, except that it will be quite low.

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Q Could this -- would this be presented to

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the District Supervisor once the well has been recompleted?

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A Yes, sir. As we stated, we will indivi-

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dually test each zone and so report.

7

Q Do you have a recommended percentage of

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production to be allocated to each zone?

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A Well, here again, this will depend on the

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tests subject to the recompletion.

11

Q Would you describe the fluids produced

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from each zone and compare the compatibilities of these fluids?

13

A Yes, sir. Fundamentally we're talking

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about oil and very little water. The oil gravities from the

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three zones in question, the Blinebry, if you'll refer to Ex-

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hibit Six, I don't mean to get ahead of you here.

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Q That's just fine. Go right ahead.

18

A The Blinebry formation measures 38.6 de-

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grees API; the Drinkard 38.2; the Abo 38.5, for an average of

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the commingled stream of 38.5 degrees API. Awfully close to-

21

gether.

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I might anticipate a question and say that

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there will be no appreciable decrease in value of the product

24

as a result of this commingling.

25

Q Okay, that's fine. Are the reservoir

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2 characteristics of the subject pools such that underground
3 waste will not be created by the proposed commingling?

4 A Yes, sir.

5 Q Have all offset operators been notified
6 in writing of this application?

7 A Yes, sir.

8 Q Would you please refer to Exhibit Seven
9 and identify it for the Examiner?

10 A Exhibit Seven is a letter from Acoma Oil
11 Corporation, the operator of the Starkey 2-B Well, wherein
12 they advise the offset operators of the application and the
13 fact that this case has been docketed before the New Mexico
14 Oil Conservation Division on this date.

15 The date on the letter is August 13th,
16 1982.

17 The parties so notified are Atlantic Rich-
18 field, Getty, Gulf, Hanger, Mobil, Texas Pacific, and Shell.

19 Q In your opinion, Mr. Law, will granting
20 this application result in the increased recovery of hydro-
21 carbons?

22 A Yes, sir.

23 Q And in your opinion will granting this
24 application be in the best interest of conservation, the pre-
25 vention of waste, and the protection of correlative rights?

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A Yes, sir.

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MR. BLUEHER: That concludes our examination. We'd like to offer Exhibits One through Seven to the Examiner at this time.

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CROSS EXAMINATION

10 BY MR. STAMETS:

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Q Mr. Law, where will the tubing be -- valves in the tubing be set in this well after recompletion as a downhole commingle?

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A Well, Mr. Examiner, right above the top perforations would be the current plan. I don't have a specific depth.

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Q A quick calculation shows that's about 1500 plus feet above the lowermost perforation.

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Q That seems like a long way for that oil to have to flow up the casing before it gets into the tubing string.

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A That could well be. Of course, I am anticipating the operator, if he has the opportunity, will -- he might run a perforated tailpipe below there, but to avoid

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2 maybe getting that thing stuck, he wouldn't want to get it
3 down too far.

4 Q Well, is there any need for that packer
5 in this well?

6 A No, not really.

7 Q So do you see anything wrong with requiring
8 that tubing be set near the bottom perforation?

9 A Not really, no, sir.

10 Q Now, is the ownership for all formations
11 identical under this 40-acre tract?

12 A To the best of my knowledge, yes, sir.

13 Q And what process is the operator going to
14 use as he completes and evaluates each of these zones?

15 A Well, it would be -- it would be my idea
16 from talking to him that he will -- of course, he has the
17 Wantz-Abo completed now; he can perforate the Drinkard and
18 run in with tubing on a packer and test it, pull it, and do
19 the same thing to the Blinebry and have an individual test on
20 each horizon.

21 Q Is he going to set a bridge plug or --

22 A Packer, he'd have to set a packer, sure.

23 Q Do you have any idea how long he plans to
24 test each zone?

25 A I would recommend 24 hours at least.

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Q That's the sort of thing that could be worked out with the District Supervisor.

A Yes, sir.

Q Okay.

MR. STAMETS: Are there any other questions of the witness? He may be excused.

Anything further in this case?

The case will be taken 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 CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7639, heard by me on 9-19 1982.

Richard L. Stamm, Examiner
Oil Conservation Division

SALL. BOYD, C.S.R.
Box 191-B
Sumter, N.C. 28786
Phone (919) 451-7409

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
18 August 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of Acoma Oil Corporation CASE
for downhole commingling, Lea County, 7639
New Mexico.

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation W. Perry Pearce, Esq.
Division: Legal Counsel to the Division
 State Land Office Bldg.
 Santa Fe, New Mexico 87501

For the Applicant: William F. Carr, Esq.
 CAMPBELL, BYRD, & BLACK P.A.
 Jefferson Place
 Santa Fe, New Mexico 87501

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2 MR. NUTTER: We will now call Case Number
3 7639.

4 MR. PEARCE: That is the application of
5 Acoma Oil Corporation for downhole commingling, Lea County,
6 New Mexico.

7 MR. CARR: May it please the Examiner, I
8 am William F. Carr, with the law firm Campbell, Byrd, & Black,
9 P. A., of Santa Fe, appearing on behalf of Acoma.

10 Acoma requests that this case be continued
11 to the Examiner Hearing scheduled for September 1, 1982.

12 MR. NUTTER: Case Number 7639 will be
13 continued to the Examiner Hearing scheduled to be held at
14 this same place at 9:00 o'clock a. m. September 1, 1982.

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

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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 CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the examiner hearing of Case No. 2639, heard by me on 8/18 1984.
[Signature], Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.
Box 194-B
Santa Fe, New Mexico 87501
Phone (505) 431-7407

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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. 7639
Order No. R-7069

APPLICATION OF ACOMA OIL CORPORATION
FOR DOWNHOLE COMMINGLING, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 1, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 27th day of September, 1982, 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, Acoma Oil Corporation, is the owner and operator of the S. J. Sarkeys Well No. 2, located in Unit B of Section 26, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks authority to commingle Wantz Abo, Drinkard, and Blinebry production within the wellbore of the above-described well.

(4) That from each of said zones, the subject well is or is expected to be capable of marginal production only.

(5) That the proposed commingling may result in the recovery of additional hydrocarbons from each of the subject pools, thereby preventing waste, and will not violate correlative rights.

(6) That the reservoir characteristics of each of the subject zones are such that underground waste would not be

-2-

Case No. 7639
Order No. R-7069

caused by the proposed commingling provided that the well is not shut-in for an extended period.

(7) That to afford the Division the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the Hobbs district office of the Division any time the subject well is shut-in for 7 consecutive days.

(8) That in order to allocate the commingled production to each of the commingled zones in the wells, applicant should consult with the supervisor of the Hobbs district office of the Division and determine an allocation formula for each of the production zones.

IT IS THEREFORE ORDERED:

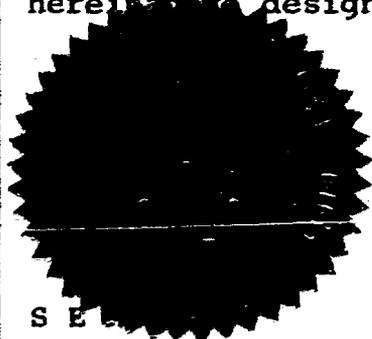
(1) That the applicant, Acoma Oil Corporation, is hereby authorized to commingle Wantz Abo, Drinkard, and Blinebry production within the wellbore of the S. J. Sarkeys Well No. 2, located in Unit B of Section 26, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

(2) That the applicant shall consult with the Supervisor of the Hobbs district office of the Division and determine an allocation formula for the allocation of production to each zone in each of the subject wells.

(3) That the operator of the subject well shall immediately notify the Division's Hobbs district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Division, a plan for remedial action.

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

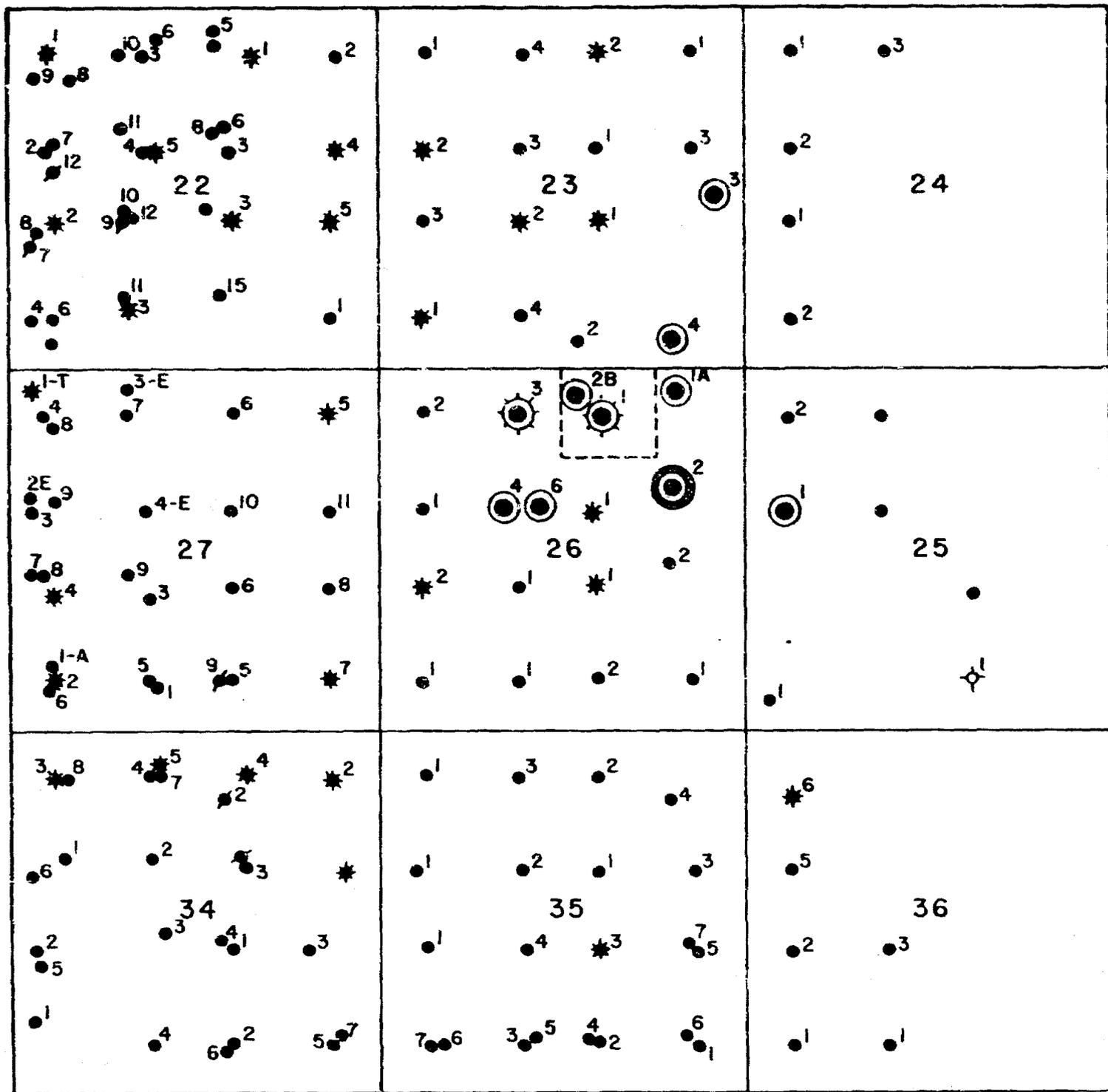
DONE at Santa Fe, New Mexico, on the day and year hereinafter designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY,
Director

S E



Commingled Blinebry, Drinkard, and Wantz-Abo



Commingled Blinebry and Drinkard

AGOMA OIL CORPORATION

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

~~AGOMA~~ EXHIBIT NO. 1

CASE NO. 7639

Submitted by Law

Hearing Date Sept. 1, 1982

SARKEYS LEASE

T-21-S R-37-E

LEA COUNTY, NEW MEXICO

SCALE: 1" = 2000

List of Commingled Wells:

Administrative Order Numbers for Wells Without
Hearing, Order and Case Numbers for Wells With Hearing

Well Number	Location	Admin. Order Number
S.J. Sarkey #3	23-21S-37E	DHC-290
S.J. Sarkey #4	23-21S-37E	DHC-346
S.J. Sarkey #3	26-21S-37E	DHC-349
S.J. Sarkey #4	26-21S-37E	DHC-302
S.J. Sarkey #1	26-21S-37E	DHC-287
S.J. Sarkey #6	26-21S-37E	DHC-190
S.J. Sarkey #1	26-21S-37E	DHC-236

Well Number	Location	Case Number	Order Number
S.J. Sarkey #2	26-21S-37E	4727	R.4333
S.J. Sarkey #1A	26-21S-37E	4645	R.4248

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

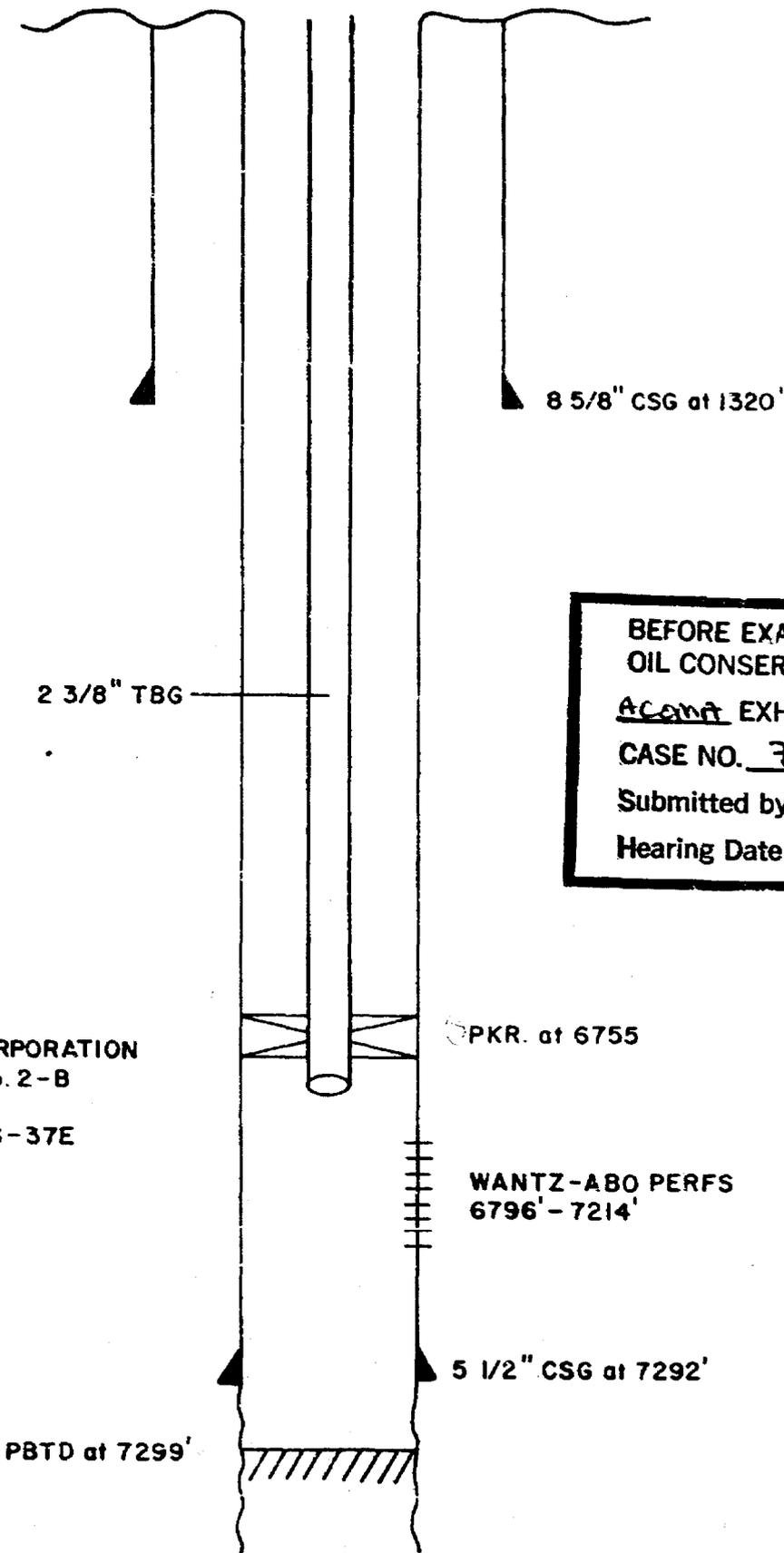
~~ACOMA~~ EXHIBIT NO. 1a

CASE NO. 7639

Submitted by Law

Hearing Date Sept. 1, 1982

PRESENT COMPLETION



BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
ACOMA EXHIBIT NO. 2
CASE NO. 7639
Submitted by Law
Hearing Date Sept. 1, 1982

ACOMA OIL CORPORATION
S.J. Sarkey's No. 2-B
Wantz-Abo
Section 26, 21S-37E

Not to Scale

PROPOSED COMPLETION

BEST AVAILABLE COPY

5 5/8" CSG at 1320'

7214
5700
1514

BLINEBRY PERFS
5700' - 5800'

DRINKARD PERFS
6400' - 6560'

WANTZ-ABO PERFS
6796' - 7214'

5 1/2" CSG at 7292'

ACOMA OIL CORPORATION
S.J. Sarkey's No. 2-B
Blinebry, Drinkard, Wantz-Abo
Section 26, 21S-37E

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

ACOMA EXHIBIT NO. 3

CASE NO. 7639

Submitted by Lave

Hearing Date Sept. 1, 1982

PBTD at 7299'

Not to Scale

Operator Acoma Oil Corporation Pool Wantz Aho County Lea

Address 116 Continental Life Bldg., Ft. Worth, Tex 76102 TYPE OF TEST - (X) Scheduled Completion Special

LEASE NAME	WELL NO.	LOCATION				DATE OF TEST	CHOKE SIZE	TUBG. PRESS.	DAILY ALLOWABLE	LENGTH OF TEST HOURS	PROD. DURING TEST				GAS - OIL RATIO CU. FT./BBL
		U	S	T	H						WATER BBL.	GRAV. OIL	OIL BBL.	GAS M.C.F.	
S. J. Sarkeys	2-B	B	26	21	37	5/28/54	Pump	20	5	24	1	386	3	6.0	20

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
ACOMA EXHIBIT NO. 4
CASE NO. 7439
Submitted by Lane
Hearing Date Sept. 1, 1952

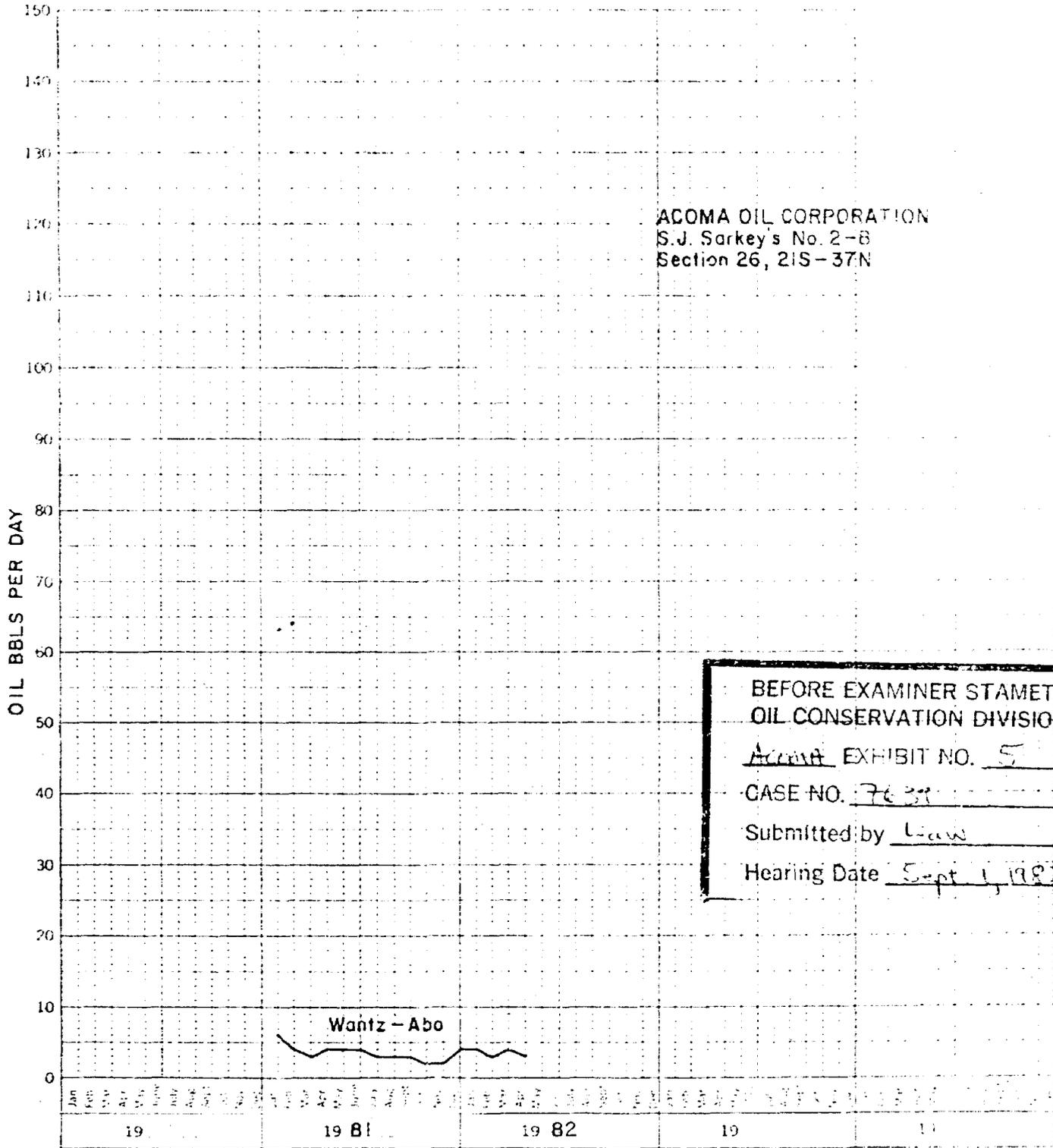
No well will be assigned an allowable greater than the amount of oil produced on the official test.
During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Commission.
Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.60.
Report casing pressure in lieu of tubing pressure for any well producing through casing.
Mail original and one copy of this report to the district office of the New Mexico Oil Conservation Commission in accordance with Rule 301 and appropriate pool rules.

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

Lane
(Signature)
Agent
(Title)
6/28/52
(Date)

46 3410

K-S 5 YEARS BY MONTHS & 150 DIVISIONS
KEUPPEL & ESSER CO. 1981



ACOMA OIL CORPORATION
S.J. Sarkey's No. 2-8
Section 26, 21S-37N

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

~~Account~~ EXHIBIT NO. 5

CASE NO. 7639

Submitted by Law

Hearing Date Sept 1, 1982

DATA SHEET
ACOMA OIL CORPORATION
S. J. SARKEYS 2-B

BEST AVAILABLE COPY

Blinebry	Producing Interval	5700 - 5800
Drinkard	Producing Interval	6400 - 6560
ABO	Producing Interval	6800 - 7200

Fluid Gravities

Blinebry	38.6
Drinkard	38.2
ABO	38.5
Average of Commingled Oil	38.5

Surface commingling results in no reduction of oil value.
Therefore, downhole commingling will not reduce oil value.

BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION ACOMA EXHIBIT NO. <u>6</u> CASE NO. <u>7639</u> Submitted by <u>LAW</u> Hearing Date <u>Sept. 1, 1982</u>
--

ACOMA OIL CORPORATION
1116 ~~8000~~ CONTINENTAL LIFE BUILDING
FORT WORTH, TEXAS 76102

August 13, 1982

Re: Acoma Oil Corporation
S. J. Sarkeys 2-B Unit B
Sec. 26, T21S, R37E
Lea County, New Mexico

Gentlemen:

Please be advised that a case has been docketed before the New Mexico Oil Conservation Commission, New Mexico Department of Energy and Minerals, on September 1, 1982 to consider the application of Acoma Oil Corporation for downhole commingling of production from the Blinebry, Drinkard and Wantz Abo oil zones in the wellbore of the S. J. Sarkeys 2-B well.

Yours very truly,

ACOMA OIL CORPORATION

By Sam W. Hogan
Sam W. Hogan

SWH/arh

cc: Atlantic Richfield Company
P. O. Box 1610, Midland, TX 79702

Getty Oil Company
P. O. Box 240
Hobbs, New Mexico 88240

Gulf Oil Company
P. O. Box 670
Hobbs, New Mexico 88240

Harper Oil Company
904 Hightower Bldg.
Oklahoma City, Okla. 73101

Mobil Oil Corporation
P. O. Box 1800
Hobbs, New Mexico 88240

Texas Pacific Oil Co., Inc.
P. O. Box 4067
Midland, Texas 79701

Shell Oil Company
P. O. Box 1509
Midland, Texas 79701

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

Acoma EXHIBIT NO. 7

CASE NO. 7639

Submitted by Law

Hearing Date Sept 1, 1982

Dockets Nos. 29-82 and 30-82 are tentatively set for September 15 and September 29, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - THURSDAY - AUGUST 26, 1982

OIL CONSERVATION COMMISSION - 9 A.M.
MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

CASE 7656: Application of Cities Service Company for determination of reasonable well costs, Lea County, New Mexico. Applicant, in the above-styled cause, pursuant to the provisions of Section 70-2-17 C, NMSA, 1978 Comp., and Paragraph (5) of Division Order No. R-6781, seeks a determination of reasonable well costs for two wells drilled under the provisions of said Order No. R-6781 by Doyle Hartman on lands pooled by said order.

CASE 7657: Application of Harvey E. Yates Company for non-rescission of Order No. R-6873, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the non-rescission of Order No. R-6873, which order pooled certain lands to be dedicated to a proposed Ordovician test well to be drilled thereon, being the W/2 of Section 18, Township 9 South, Range 27 East. Said order provided that should the unit well not be drilled to completion, or abandonment, within 120 days after commencement thereof, operator shall appear and show cause why the pooling order should not be rescinded.

CASE 7658: Application of Harvey E. Yates Company for a dual completion and downhole commingling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its seymour State #1 located in Section 18, Township 9 South, Range 27 East, in such a manner that two perforations from 4912 feet to 4929 feet would be commingled with Upper Atoka perforations from 5926 feet to 5952 feet and the aforesaid intervals dually completed with Lower Atoka perforations from 6008 feet to 6048 feet and produced through parallel strings of tubing.

Docket No. 28-82

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 1, 1982

OIL CONSERVATION DIVISION - 9 A.M., MORGAN HALL,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Bitter, Alternate Examiner:

CASE 7635: (Continued from August 18, 1982, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit CO₂-In-Action, Travelers Indemnity and all other interested parties to appear and show cause why the Trigg Well No. 3 located in Unit J, Section 25, Township 15 North, Range 28 East, San Miguel County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7636: (Continued from August 18, 1982, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit CO₂-In-Action, Travelers Indemnity and all other interested parties to appear and show cause why the Mistad No. 1 located in Unit E of Section 18, and the Mistad No. 2 located in Unit D of Section 7, both in Township 19 North, Range 36 East, Union County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7659: Application of Sun Exploration and Production Company for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Pennsylvanian gas well drilled 660 feet from the North and West lines of Section 21, Township 7 South, Range 26 East, the N/2 of said Section 21 to be dedicated to the well.

CASE 7660: Application of Pauley Petroleum, Inc. for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from 3862 feet to 3874 feet in its State Well No. 1 located in Unit B of Section 16, Township 7 South, Range 33 East.

CASE 7661: Application of George Sardella and Gary Flemons for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the NW/4 NE/4 of Section 33, Township 16 South, Range 33 East.

CASE 7630: (Continued from August 4, 1982, Examiner Hearing)

Application of Ralph Mix for an oil treating plant permit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the SW/4 NE/4 of Section 18, Township 19 South, Range 26 East.

CASE 7662: Application of Carter Foundation Production Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Blina-Cade Waterflood Project by converting its Mattix Federal Wells Nos. 2, 5, 6, located in Units C, E, and D, respectively, in Section 3, Township 24 South, Range 37 East, by the injection of water into the Queen formation.

CASE 7639: (Continued from August 18, 1982 Examiner Hearing)

Application of Acoma Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Wantz Abo, Drinkard and Blinbery Pool production in the wellbore of its S. J. Starkeys Lease Well No. 2, located in Unit B of Section 26, Township 21 South, Range 37 East.

CASE 7663: Application of Degan Production Corporation 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 18, Township 30 North, Range 14 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 7568: (Continued and Readvertised)

Application of Petroleum Corp. of Delaware for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Superior Federal Well No. 6 located in Unit W of Section 6, Township 20 South, Range 29 East, East Burton Flat Field, to produce oil from the Strawn formation through the casing-tubing annulus and gas from the Morrow formation through tubing.

CASE 7651: (Continued from August 18, 1982, Examiner Hearing)

Application of Mortex Gas & Oil Company for the amendment of Order No. R-6903, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-6903 to provide that non-consenting working interest owners shall have thirty days following final adjudication of title in which to pay their proportionate share of well costs.

CASE 7664: Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Little Cuevo Unit Area, comprising 13,407 acres, more or less, of State and Fee lands in Township 17 South, Range 18 East.

CASE 7655: (Continued from August 18, 1982 Examiner Hearing)

Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the Abo formation underlying the NW/4 of Section 20, Township 7 South, Range 26 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7665: Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mississippian formation underlying the N/2 of Section 35, Township 13 South, Range 35 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASES 7666, 7667, 7668, and 7669: Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in each of the four following cases, seeks an order pooling all mineral interests down through the Abo formation underlying the lands specified in each case, each to form a standard 160-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered in each case will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells:

CASE 7666: SW/4 Section 3;

CASE 7667: NW/4 Section 4;

CASE 7668: NW/4 Section 14;

All of the above being in Township 5 South, Range 24 East and

CASE 7669: NW/4 Section 2, Township 9 South, Range 25 East

CASE 7670: Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the W/2 of Section 26, Township 14 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7648: (Continued from August 18, 1982 Examiner Hearing)

Application of Rio Pecos Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp to the base of the Pennsylvanian formation underlying the W/2 of Section 35, Township 18 South, Range 24 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7642: Application of Doyle Hartman for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface through the Jalmat Pool, underlying a previously approved 120-acre non-standard proration unit comprising the S/2 NE/4 and NE/4 NE/4 of Section 20, Township 25 South, Range 37 East, to be dedicated to a well to be drilled at a previously approved unorthodox location. 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 7671: Application of Texas Eastern Developments, Inc. for an exception to Rule 307, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 307 of the Division Rules and Regulations to permit it to draw a vacuum on the Shiprock Gallup Oil Pool reservoir through 16 wells in Sections 16 and 17, Township 29 North, Range 18 West. Applicant further seeks an administrative procedure whereby it could extend the proposed vacuum system to include additional wells in the same reservoir.

CASE 7649: Application of Southern Union Exploration Company for retroactive exemption, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks the retroactive exemption from Section 5 of the New Mexico Natural Gas Pricing Act of the following Basin Dakota infill wells: Jicarilla A No. 13-E in Unit M of Section 13 and Jicarilla A No. 10-E in Unit G of Section 23, both in Township 26 North, Range 4 West, and Jicarilla K No. 15-E in Unit A of Section 1, Township 25 North, Range 5 West, all in Rio Arriba County, and the Hodges No. 15-E in Unit J of Section 27, Township 26 North, Range 8 West in San Juan County. Also the following Ballard-Pictured Cliffs replacement well in San Juan County: Newton No. 10-R in Unit M of Section 20, Township 26 North, Range 8 West. Each of the aforesaid wells was subject to the New Mexico Natural Gas Pricing Act until exempted from same by the Division on July 23, 1982, and applicant seeks the retroactive exemption of each of said wells to date of first delivery into the pipeline which ranges from December 24, 1980 to January 11, 1982.

CASE 7672: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, assigning discovery allowable, contracting, and extending certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico:

- (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Brushy Canyon production and designated as the Brushy Draw-Brushy Canyon Pool. Further, to assign approximately 25,410 barrels of discovery allowable to the discovery well, the J. C. Williamson UCBEM Federal Well No. 1 located in Unit M of Section 25, Township 26 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM
Section 25: SW/4

- (b) CREATE a new pool in Lea County, New Mexico classified as an oil pool for San Andres production and designated as the Hobbs Channel-San Andres Pool. The discovery well is the Bass Enterprises Production Company Humble City Unit Well No. 1 located in Unit D of Section 36, Township 17 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 36: NW/4

- (c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Humphreys Mill-Morrow Gas Pool. The discovery well is the Florida Exploration Company Rano Com Well No. 1 located in Unit D of Section 11, Township 25 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 35 EAST, NMPM
Section 11: W/2

- (d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Abo production and designated as the Justis-Abo Pool. The discovery well is the Santa Fe Energy Company Carlson B-25 Federal Well No. 3 located in Unit O of Section 25, Township 25 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 25: SE/4

- (e) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Upper Pennsylvanian production and designated as the McMillan-Upper Pennsylvanian Gas Pool. The discovery well is the Southland Royalty Company Pecos River Federal 20 Com Well No. 1 located in Unit J of Section 20, Township 19 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 20: E/2

- (f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Mosley Canyon-Strawn Gas Pool. The discovery well is W. A. Moecrief, Jr., Jurnegan State Well No. 1 located in Unit C of Section 8, Township 24 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 25 EAST, NMPM
Section 8: W/2

- (g) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Tubb production and designated as the West Madine-Tubb Pool. The discovery well is the Tarrack Petroleum Company, Inc. Kormagay A Well No. 1 located in Unit F of Section 9, Township 20 South, Range 38 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 9: NW/4

- (h) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Pitchfork Ranch-Morrow Gas Pool. The discovery well is the HBG Oil Company Madera 32 State Com Well No. 1 located in Unit C of Section 32, Township 24 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 34 EAST, NMPM
Section 32: W/2

- (i) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Yaso production and designated as the Seven Rivers-Yaso Pool. The discovery well is Chama Petroleum Corporation Irami Federal Well No. 1 located in Unit W of Section 34, Township 19 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 34: SW/4

- (j) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Abo production and designated as the East Skaggs-Abo Pool. The discovery well is the Texaco Inc. C. H. Weir A Well No. 12 located in Unit G of Section 12, Township 20 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 12: NE/4

- (k) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Tubb production and designated as the Teague-Tubb Pool. The discovery well is the Alpha Twenty-One Production Company Lea Well No. 2 located in Unit A of Section 17, Township 23 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 17: NE/4

- (1) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Devonian production and designated as the Townsend-Devonian Pool. The discovery well is the Kimbark Oil and Gas Company New Mexico 1-4 State Com Well No. 1 located in Unit M of Section 4, Township 16 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 4: Lots 11, 12, 13, and 14

- (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Welch-Bone Spring Pool. The discovery well is the Quanah Petroleum, Inc. Ray B Federal Com Well No. 1 located in Unit K of Section 9, Township 26 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 27 EAST, NMPM
Section 9: SW/4

- (a) CONTRACT the horizontal limits of the Buckeye-Abo Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 3: W/2 NW/4

- (c) CONTRACT the horizontal limits of the Vacuum-Abo Reef Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 3: E/2 NW/4

- (p) EXTEND the Antelope Sink-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPM
Section 13: W/2
Section 14: W/2

- (q) EXTEND the West Arkansas Junction-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 36 EAST, NMPM
Section 20: NW/4

- (r) EXTEND the Atoka-Yaso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 26: E/2

- (s) EXTEND the Bilbrey-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM
Section 5: NW/4
Section 6: E/2

- (t) EXTEND the Bunker Hill-Panrose Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM
Section 14: W/2 S/2 and NE/4

- (u) EXTEND the Cemetery-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM
Section 3: S/2
Section 4: All

- (v) EXTEND the Comanche Stateline Tansill-Yates-Seven Rivers-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM
Section 26: NW/4
Section 27: NE/4 and E/2 NW/4

- (w) EXTEND the South Empire-Morrow Gas Pool in Eddy County, New Mexico to include therein:
- TOWNSHIP 17 SOUTH, RANGE 28 EAST, N2PM
Section 35: S/2
Section 36: W/2
- (x) EXTEND the South Empire-Wolfcamp Pool in Eddy County, New Mexico, to include therein:
- TOWNSHIP 17 SOUTH, RANGE 28 EAST, N2PM
Section 36: E/2 NE/4
- TOWNSHIP 17 SOUTH, RANGE 29 EAST, N2PM
Section 31: NW/4 and S/2 NE/4
- (y) EXTEND the Forty Miner Ridge-Bone Spring Pool in Eddy County, New Mexico, to include therein:
- TOWNSHIP 23 SOUTH, RANGE 30 EAST, N2PM
Section 16: SE/4
- (z) EXTEND the Hardy-Tubb Pool in Lea County, New Mexico, to include therein:
- TOWNSHIP 21 SOUTH, RANGE 36 EAST, N2PM
Section 2: Lots 11, 12, 13, 14, and S/2
Section 11: NW/4
- (aa) EXTEND the Northeast Lovington-Pennsylvanian Pool in Lea County, New Mexico, to include therein:
- TOWNSHIP 16 SOUTH, RANGE 37 EAST, N2PM
Section 20: NW/4
- (bb) EXTEND the West Milnesand-Pennsylvanian Pool in Roosevelt County, New Mexico, to include therein:
- TOWNSHIP 8 SOUTH, RANGE 34 EAST, N2PM
Section 19: W/2
- (cc) EXTEND the South Petersen-Pennsylvanian Associated Pool in Roosevelt County, New Mexico, to include therein:
- TOWNSHIP 5 SOUTH, RANGE 33 EAST, N2PM
Section 30: SE/4
Section 31: W/2 NE/4
- TOWNSHIP 6 SOUTH, RANGE 33 EAST, N2PM
Section 15: S/2
- (dd) EXTEND the Race Track-San Andres Pool in Chaves County, New Mexico, to include therein:
- TOWNSHIP 10 SOUTH, RANGE 28 EAST, N2PM
Section 18: NE/4 and S/2 SE/4
- (ee) EXTEND the Ross Draw-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:
- TOWNSHIP 26 SOUTH, RANGE 30 EAST, N2PM
Section 23: S/2
Section 26: W/2
- (ff) EXTEND the West Sand Dunes-Atoka Gas Pool in Eddy County, New Mexico, to include therein:
- TOWNSHIP 23 SOUTH, RANGE 31 EAST, N2PM
Section 17: S/2
Section 20: All
- (gg) EXTEND the Saunders Permian-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:
- TOWNSHIP 14 SOUTH, RANGE 33 EAST, N2PM
Section 21: NE/4

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

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August 13, 1982

Mr. Joe D. Ramey
Division Director
Oil Conservation Division
New Mexico Department of Energy
& Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501

File

Re: Case 7639: Application of Acoma Oil Corporation for
Downhole Comingling, Lea County, New Mexico

Dear Mr. Ramey:

Acoma Oil Corporation requests that the above-referenced case scheduled for hearing on August 18, 1982 be continued to the examiner hearing set for September 1, 1982.

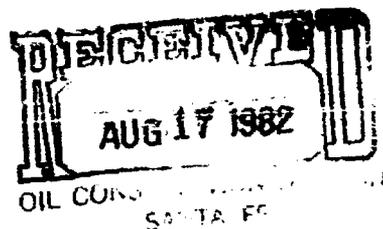
Your attention to this request is appreciated.

Very truly yours,

William F. Carr

William F. Carr

WFC:jh
cc: Mr. Sam W. Hogan



Dockets Nos. 27-82 and 28-82 are tentatively set for September 7 and September 15, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 18, 1982

9 A.M. - OIL CONSERVATION DIVISION - MORGAN HALL,
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, 1982, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for September, 1982, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 7635:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit CO₂-In-Action, Travelers Indemnity and all other interested parties to appear and show cause why the Trigg Well No. 3 located in Unit J, Section 25, Township 15 North, Range 28 East, San Miguel County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7636:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit CO₂-In-Action, Travelers Indemnity and all other interested parties to appear and show cause why the Amistad No. 1 located in Unit E of Section 18, and the Amistad No. 2 located in Unit D of Section 7, both in Township 19 North, Range 36 East, Union County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7637:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit R.A.F. Enterprises, Fireman's Fund Insurance Company and all other interested parties to appear and show cause why the Shaw Well No. 1, located in Unit M, Section 18, Township 4 North, Range 8 East, Torrance County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7638:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Cibola Energy Corporation, Mid Continent Casualty Company, and all other interested parties to appear and show cause why the Simms Ranch Well No. 1, located in Unit N, Section 9, the Clyde Berlier Well No. 1, located in Unit K and the Clyde Berlier Well No. 2, located in Unit F, both in Section 21, the Mora Ranch Well No. 3 located in Unit N and the Mora Ranch Well No. 4, located in Unit M, both in Section 5, all in Township 21-North, Range 21 East, Mora County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7639:** Application of Acoma Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Wantz Abo, Drinkard and Blinbry Pool production in the wellbore of its S. J. Starkeys Lease Well No. 2, located in Unit B of Section 26, Township 21 South, Range 37 East.
- CASE 7640:** Application of Morris R. Antweil for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in all formations from the surface down through and including the Abo formation in and under the NE/4 NE/4 of Section 12, Township 20 South, Range 37 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 7641:** Application of Reading & Bates Petroleum Co. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in all formations from the surface down through the Devonian formation underlying the NW/4 SE/4 of Section 33, Township 14 South, Range 38 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 7642:** Application of Doyle Hartman for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface through the Jalmat Pool, underlying a previously approved 120-acre non-standard proration unit comprising the S/2 NE/4 and NE/4 NE/4 of Section 20, Township 25 South, Range 37 East, to be dedicated to a well to be drilled at a previously approved unorthodox location. 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 7643: Application of Texaco, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Drinkard and Strawn formations underlying the W/2 NE/4 of Section 33, Township 16 South, Range 37 East, Casey-West Knowles Area, 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 7650: Application of Texaco Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Drinkard and Strawn formations underlying the E/2 NE/4 of Section 33, Township 16 South, Range 37 East, Casey-West Knowles Area, 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 7644: Application of Rault Petroleum Corporation & McKay Petroleum Corporation for compulsory pooling, De Baca County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the SW/4 of Section 33, Township 3 South, Range 25 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 7645: Application of Stevens Operating Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down to the base of the Abo formation underlying the NE/4 of Section 29, Township 7 South, Range 26 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 7652: Application of Conoco Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Cisco formation underlying all of partial Sections 34 and 35, Township 20 1/2 South, Range 23 East, underlying a previously approved 688-acre non-standard proration unit, to be dedicated to a well at a previously approved unorthodox location which is to be re-entered. Also to be considered will be the cost of re-entering 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 re-entering said well.
- CASE 7646: Application of Tenneco Oil Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Pennsylvanian gas well to be drilled 1855 feet from the North line and 660 feet from the East line of Section 25, Township 16 South, Range 33 East, the N/2 of said Section 25 to be dedicated to the well.
- CASE 7651: Application of Mortex Gas & Oil Company for the amendment of Order No. R-6903, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-6903 to provide that non-consenting working interest owners shall have thirty days following final adjudication of title in which to pay their proportionate share of well costs.
- CASE 7647: Application of Guest Energy Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the open hole interval from 4150 feet to 5600 feet in its State A Well No. 2, located in Unit L of Section 26, Township 14 South, Range 33 East.
- CASE 7653: Application of Rio Pecos Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Chaverlea-North Federal Unit Area, comprising 1,920 acres, more or less, of Federal and Fee lands in Township 8 South, Range 31 East.
- CASE 7648: Application of Rio Pecos Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp to the base of the Pennsylvanian formation, underlying the W/2 of Section 35, Township 18 South, Range 24 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7654: Application of Raut Petroleum Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location for an undesignated Pennsylvanian gas well to be drilled 600 feet from the South line and 660 feet from the West line of Section 13, Township 8 South, Range 27 East, the S/2 of said Section 13 to be dedicated to the well.

CASE 7306: (Reopened)

In the matter of Case 7306 being reopened pursuant to the provisions of Order No. R-6769 which promulgated temporary pool rules for Madera-Lower Penn Gas Pool in Lea County, including provision for 640-acre spacing units. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing.

CASE 7655: Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the Abo formation underlying the NW/4 of Section 20, Township 7 South, Range 26 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASES 7528 and 7529: (Continued from July 7, 1982, Examiner Hearing)

Application of Jack J. Grynberg for compulsory pooling, Chaves County, New Mexico. Applicant, in each of the following two cases, seeks an order pooling all mineral interests down through the Abo formation underlying the lands specified in each case, each to form a standard 160-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered in each case will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells:

CASE 7528: NW/4 Section 4, Township 5 South, Range 24 East

CASE 7529: NE/4 Section 4, Township 5 South, Range 24 East

CASE 7649: Application of Southern Union Exploration Company for retroactive exemption, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks the retroactive exemption from Section 5 of the New Mexico Natural Gas Pricing Act of the following Basin Dakota infill wells: Jicarilla A No. 13-E in Unit N of Section 13 and Jicarilla A No. 10-E in Unit G of Section 23, both in Township 26 North, Range 4 West, and Jicarilla K No. 15-E in Unit A of Section 1, Township 25 North, Range 5 West, all in Rio Arriba County, and the Hodges No. 15-E in Unit J of Section 27, Township 26 North, Range 8 West. Each of the aforesaid wells was subject to the New Mexico Natural Gas Pricing Act until exempted from same by the Division on July 23, 1982, and applicant seeks the retroactive exemption of each of said wells to date of first delivery into the pipeline which ranges from December 24, 1980 to January 11, 1982.

CASE 7594: (Continued from July 21, 1982, Examiner Hearing)

Application of Harvey E. Yates Company for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purposes of a secondary recovery project, all mineral interests in that portion of the Bone Spring formation described as the Carbonate unit between the first and second Bone Spring Sands underlying the Young Deep Unit, encompassing 560 acres, more or less, of Federal lands underlying portions of Sections 3, 4, 9 and 10, Township 18 South, Range 32 East.

CAMPBELL, BYRD & BLACK, P.A.
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July 20, 1982

Mr. Joe D. Ramey
Division Director
Oil Conservation Division
New Mexico Department of Energy
& Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501

Case 7639

Re: Application of Acoma Oil Corporation for Downhole
Commingling, Lea County, New Mexico

Dear Mr. Ramey:

Enclosed in triplicate is the application of Acoma Oil Corporation in the above-referenced matter.

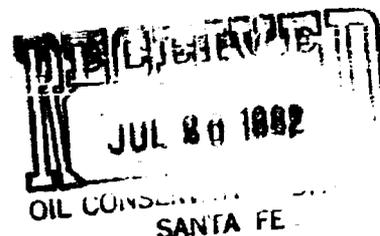
The applicant requests that this matter be included on the docket for the examiner hearing scheduled to be held on August 18, 1982.

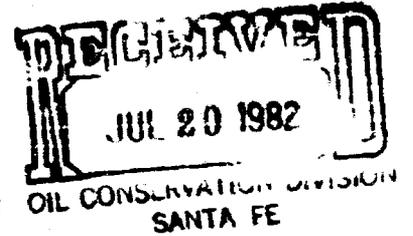
Very truly yours,

William F. Carr
William F. Carr

WFC:jh
w/enc.

cc: Mr. Sam W. Hogan





BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF
ACOMA OIL CORPORATION FOR DOWNHOLE
COMMINGLING, LEA COUNTY, NEW MEXICO

Case 2639

APPLICATION

Comes now, ACOMA OIL CORPORATION, by its undersigned attorneys, and hereby makes application to the Oil Conservation Division for an order approving downhole commingling and in support thereof, respectfully states:

1. Applicant is the operator of the S.J. Starkeys Lease Well No. 2-B located in Unit B of Section 26, Township 21 South, Range 37 East, N.M.P.M. Lea County, New Mexico.
2. Applicant proposed to commingle in the well bore of said well production from the Wantz Abo, Drinkard and Blinebry Pools.
3. Approval of this application will result in the production of hydrocarbons that would not otherwise be produced, will prevent waste and will not cause damage to either the Wantz Abo, Drinkard or Blinebry Pools.
4. Approval of this application will not impair the correlative rights of any offset operators.

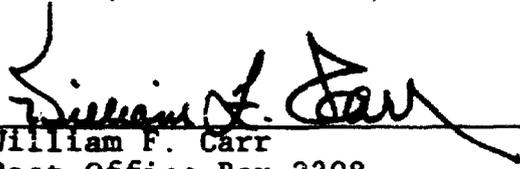
WHEREFORE, ACOMA OIL CORPORATION requests that this application be set for hearing before a duly appointed examiner of the Oil Conservation Division on August 18, 1982, that notice

be given as required by law and the rules of the Division and that the Division enter its order granting the applicant permission to downhole commingle production from the Wantz Abo, Drinkard and Blinebry Pools in the well bore of its S.J. Starkeys Lease Well No. 2-B.

Respectfully submitted,

CAMPBELL, BYRD & BLACK, P.A.

By


William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87501
Attorneys for Applicant

BASE

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:

m.s.

all

JAR

CASE NO. 7639

[Signature]

Order No. R-7069

[Signature]

APPLICATION OF ACOMA OIL CORPORATION
FOR DOWNHOLE COMMINGLING, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 1,
1982, at Santa Fe, New Mexico, before Examiner Richard L.
Stamets.

NOW, on this _____ day of September, 1982, 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, Acoma Oil Corporation, is the owner and operator of the S. J. Sarkeys ~~Lease~~ Well No. 2, located in Unit B of Section 26, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks authority to commingle Wantz Abo, Drinkard, and Blinebry production within the wellbore of the above-described well.

(4) That from ^{each of said zones} the ~~Wantz Abo zone~~, the subject well is ^{or} ~~is~~ capable of ~~low~~ marginal production only. *is expected to be*

(5) That from the Drinkard zone, the subject well is capable of low marginal production only.

(6) That from the Blinebry zone, the subject well is capable of low marginal production only.

(5) ~~477~~ That the proposed commingling may result in the recovery of additional hydrocarbons from each of the subject pools, thereby preventing waste, and will not violate correlative rights.

(6) ~~487~~ That the reservoir characteristics of each of the subject zones are such that underground waste would not be caused by the proposed commingling provided that the well is not shut-in for an extended period.

(7)~~49~~ That to afford the Division the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the Hobbs district office of the Division any time the subject well is shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in the subject well, _____ percent of the commingled _____ production should be allocated to the _____ zone, and _____ percent of the commingled _____ production to the _____ zone.

(8)~~45~~ ~~(ALTERNATE)~~ That in order to allocate the commingled production to each of the commingled zones in the wells, applicant should consult with the supervisor of the Hobbs district office of the Division and determine an allocation formula for each of the production zones.

IT IS THEREFORE ORDERED:

(1) That the applicant, Acoma Oil Corporation, is hereby authorized to commingle Wantz Abo, Drinkard, and Blinebry production within the wellbore of the S. J. Sarkeys ~~Lease~~ Well No. 2, located in Unit B of Section 26, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

(2) ~~(ALTERNATE)~~ That the applicant shall consult with the Supervisor of the Hobbs district office of the Division and determine an allocation formula for the allocation of production to each zone in each of the subject wells.

(2) That _____ percent of the commingled
 Wantz Abo production shall be allocated to the
 _____ zone,
 _____ percent of the commingled production shall be allocated to the
 Drinkard zone, and _____ percent of the commingled
 _____ production shall be allocated to the
 Blinebry zone.

(3) That the operator of the subject well shall immediately notify the Division's Hobbs district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Division, a plan for remedial action.

(4) 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.

STATE OF NEW MEXICO
 OIL CONSERVATION DIVISION

JOE D. RAMEY,
 Director

S E A L