

* CASE 5288: Appli. of MERRION &
BAYLESS for downhole commingling,
San Juan County, New Mexico.

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Sep 1971

CASE No.

5288

Application,
Transcripts,
Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 2, 1974

EXAMINER HEARING

IN THE MATTER OF:

(Continued from the September 18,
1974, Examiner Hearing)
Application of Merrion and Bayless
for downhole commingling, San Juan
County, New Mexico.

Case No. 5288

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Thomas Derryberry, Esq.
Legal Counsel for the
Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant:

William J. Cooley, Esq.
BURR & COOLEY
152 Petroleum Center Building
Farmington, New Mexico

CASE 5288

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I N D E X

PAGE

J. GREGORY MERRION

Direct Examination by Mr. Cooley
Cross Examination by Mr. Kendrick

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E X H I B I T S

Applicant's Exhibits Nos. 1, 2 and 3

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MERRION-DIRECT

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MR. NUTTER: Case 5288.

MR. DERRYBERRY: Case 5288. Continued from the September 18, 1974, Examiner Hearing. Application of Merrion and Bayless for downhole commingling, San Juan County, New Mexico.

MR. COOLEY: William J. Cooley, Burr and Cooley, Farmington, New Mexico, appearing on behalf of the Applicant. We have one witness in this case being Mr. Merrion, who was previously sworn.

MR. NUTTER: The witness is still under oath.

J. GREGORY MERRION

called as a witness, having been previously sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. COOLEY:

Q State your full name for the record, please?

A J. Gregory Merrion.

Q Where do you reside, Mr. Merrion?

A Farmington, New Mexico.

Q How are you employed?

A As an independent oil producer.

Q Are you, as a partner, the owner of the Keeling

— No. 1 Well?

MERRION-DIRECT

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A We are.

Q Have you prepared a plat showing the location of this well with respect to offsetting acreage?

A Yes, I have.

Q I show you what has been marked as Exhibit No. 1 and ask you if that is the plat to which you refer?

A It is.

Q Would you explain to the Examiner what is depicted there?

A I just depicted the location of the Keeling No. 1 Well in the northeast quadrant of Section 20 of Township 25 North, 8 West, with relation to the nearest wells, the Stevenson No. 1 which is owned and operated by Merrion and Bayless, approximately a mile to the north, and the Brock Exploration No. 1 Presidio. Just as a little background, the Brock Exploration Presidio in Section 19 about a mile and a half to the west is producing from the Dufers Point Dakota. Actually, it is the nearest portion of the Dakota and they are making approximately 6 barrels a day, 5 or 6 at this time, and a small amount of gas. The Stevenson No. 1 to the north of the Keeling was originally drilled as a Dakota Well, and about a year ago, we set a bridge plug above the Dakota and opened up the

MERRION-DIRECT

Gallup Zone and have been producing the Gallup since that time. It is making approximately 6 barrels a day from the Gallup and a small amount of gas.

The Keeling No. 1 is a well which had been producing from the Dakota and developed a corrosion leak. We repaired the corrosion leak, perforated the Greenhorn and acidized it and perforated various zones in the Gallup and fraced them all, drilled out a bridge plug and commingled the Dakota, Greenhorn and Gallup. There are no other producing wells. There may be some Pictured Cliff Wells up in Section 9, but no other wells below the Pictured Cliff in the area depicted here.

Q In connection with this Application, have you prepared an exhibit depicting the completion data on the Keeling No. 1 Well?

A I have.

Q I hand you what has been marked as Exhibit 2 and ask you if that is the tabulation to which you refer?

A It is.

Q Could you explain what is set forth there?

A This describes precisely the perforated intervals, the treatment and the initial and current production on the Keeling No. 1. It should be mentioned that the Dakota

MERRION-DIRECT

portion of the perforating and fracing was done on the initial completion, which I think was about 1959, and the recent work which we performed was on the Greenhorn and the Gallup. The initial production from the well when it was put on the pump August 3rd, was 14 barrels of oil per day, one barrel of water, and 90 MCF. Currently, it is making 5 barrels of oil, a trace of water and 44 MCF per day.

Q Have you prepared a diagramatic sketch showing the perforated intervals in the well?

A Yes, I have.

Q I hand you what has been marked as Applicant's Exhibit 3 and ask you if that is the sketch to which you refer?

A It is.

Q Would you proceed to explain the purpose for this exhibit?

A The purpose of the exhibit was just to further describe the current perforated intervals in the wellbore.

Q Mr. Merrion, is your opinion that the commingling of the Gallup and Dakota and Greenhorn Zones could in any way adversely affect the correlative rights of any offset operator?

A I am sure they would not.

Q In your opinion, would the granting of this Application tend to prevent underground waste and result in a greater ultimate recovery from the well in question?

A Yes. The well is really not economical as it stands right now, commingled from all zones, and we certainly couldn't afford to produce the zones separately.

Q Then the additional production would simply contribute, whatever it is, to add to the ultimate recovery from the well, is that right?

A Yes.

Q Do you have any proposed method of allocating the production between the zones in question?

A I would say, just arbitrarily, allocate 50 percent to the Gallup and 50 percent to the Dakota.

Q Do you feel that the Greenhorn contribution is diminimus?

A Yes, I do. I do feel the Greenhorn contributes a little bit of oil. We acidized it and swabbed it down to get our acid water back. We felt this was a good practice, and we did get a small amount of high-gravity oil. We did not run a lengthy swab test, but it is my feeling that most of the oil is probably coming from the

MERRION-DIRECT

Gallup, but there is so little coming from anywhere that it is kind of academic.

Q Is there anything else that you wish to offer in connection with this case?

A No.

MR. COOLEY: Mr. Examiner, we would offer into evidence, Applicant's Exhibits 1, 2 and 3.

MR. NUTTER: Applicant's Exhibits 1 through 3 will be admitted into evidence.

(Whereupon, Applicant's Exhibits Nos. 1, 2 and 3 were marked for identification, and were admitted into evidence.)

MR. COOLEY: I have nothing further to offer in this case.

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

CROSS EXAMINATION

BY MR. KENDRICK:

Q Mr. Merrion, would you feel favorable toward having production in this well and similar wells reported as one volume instead of trying to break it down to the individual zone?

A I think that would be a lot easier in our

MERRION-CROSS

reporting, and I think in our private conversations, we have talked about maybe just extending the vertical limits throughout a larger area, and I think that would be a good idea.

MR. KENDRICK: Thank you. That's all I have.

MR. NUTTER: If there are no further questions of the witness, he may be excused.

(Witness dismissed.)

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

MR. COOLEY: Nothing further at all. Thank you.

MR. NUTTER: Does anyone have anything they wish to offer in Case 5288? If not, we will take the case under advisement.

STATE OF NEW MEXICO)
) SS.
COUNTY OF SANTA FE)

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Robert Z. Gley
COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 588, heard by me on 10/2, 1974.

James H. Smith..... Examiner
New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 18, 1974

EXAMINER HEARING

IN THE MATTER OF:

Application of Merrion and Bayless for downhole commingling, San Juan County, New Mexico.

Case No. 5288

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

William Carr, Esq.
Legal Counsel for the
Commission
State Land Office Building
Santa Fe, New Mexico

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
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CASE 5288

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MR. STAMETS: Case 5288

MR. CARR: Case 5288. Application of Merrion and Bayless for downhole commingling, San Juan County, New Mexico.

Mr. Examiner, the Commission has received a request from Merrion and Bayless that this case be continued until October 2nd.

MR. STAMETS: Case 5288 will be continued until October 2nd.

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

W. H. H. H. H.
COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5288 heard by me on 9-18-74 1974
Richard H. Ham, Examiner
New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
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SANTA FE, NEW MEXICO 87501
TEL. (505) 992-0386

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
August 7, 1974

EXAMINER HEARING

IN THE MATTER OF:

The application of
Merrion & Bayless for
downhole commingling,
San Juan County, New
Mexico.

Case No. 5288

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Thomas Derryberry
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

MR. NUTTER: Call Case 5288.

MR. DERRYBERRY: Case 5288, Application of Merrion & Bayless for downhole commingling, San Juan County, New Mexico.

MR. NUTTER: We have received a request from the applicant in this case that it be continued until September the eighteenth.

Case Number 5288 will be continued to the examiner hearing scheduled to be held at this same place September the eighteenth, 1974.

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, SIDNEY F. MORRISH, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

SIDNEY F. MORRISH
Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5288 heard by me on 8/7, 19 74.

....., Examiner
New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 07501
TEL. (505) 982-0386

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5288
Order No. R-4879

APPLICATION OF MERRION & BAYLESS
FOR DOWNHOLE COMMINGLING, SAN
JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 2, 1974, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 22nd day of October, 1974, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Merrion & Bayless, is the owner and operator of the Keeling Federal Well No. 1, located in Unit B of Section 20, Township 25 North, Range 8 West, NMPM, San Juan County, New Mexico.

(3) That the applicant seeks authority to commingle undesignated Gallup and Dufer's Point-Dakota Oil Pool production within the wellbore of the above-described well.

(4) That from the Gallup formation, the subject well is capable of low marginal production only.

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

(6) That an insignificant amount of production may also be coming from the Greenhorn formation, which is also open in the wellbore of said well.

(7) 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.

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CASE NO. 5288
Order No. R-4879

(8) That the reservoir characteristics of each of the subject formations 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.

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

(10) That in order to allocate the commingled production to each of the commingled zones in the subject well, 50 percent of the commingled production should be allocated to the Gallup formation and 50 percent of the commingled production to the Dufer's Point Dakota Oil Pool.

IT IS THEREFORE ORDERED:

(1) That the applicant, Merrion & Bayless, is hereby authorized to commingle hydrocarbon production from the top of the Gallup formation at 5434 feet to the base of the Dakota formation at 6570 feet within the wellbore of the Keeling Federal Well No. 1, located in Unit B of Section 20, Township 25 North, Range 8 West, NMPM, San Juan County, New Mexico.

(2) That 50 percent of the commingled production shall be allocated to the Gallup formation and 50 percent of the commingled production shall be allocated to the Dufer's Point Dakota Oil Pool.

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

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

I. R. TRUJILLO, Chairman

ABER J. ARMISTE, Member

A. L. PORTER, Jr., Member & Secretary

SEAL
jr/

Dockets Nos. 29-74 and 30-74 are tentatively set for hearing on October 16 and October 30. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 2, 1974

9 A.M. - OIL CONSERVATION COMMISSION 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:

CASE 5329: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of Rule 109 of the Commission Rules and Regulations to require installation of blowout preventers on all drilling and workover rigs operating in areas of unknown pressures or high pressures and on all drilling and workover rigs operating within the corporate limits of any city, town, or village or within 1320 feet of a habitation, school, or church, wherever located.

CASE 5305: (Continued and Readvertised)

Application of Continental Oil Company for simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order approving the simultaneous dedication of its Britt B Well No. 17 located in Unit P of Section 10 and its Skaggs B Well No. 7 located in Unit K of Section 11, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, said wells to be dedicated to a 320-acre non-standard proration unit comprising the SE/4 of said Section 10 and the SW/4 of said Section 11, said unit having previously been approved by Commission Order No. R-908.

CASE 5330: Application of Texas Pacific Oil Company, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its J. H. Ansley Unit Well No. 1 to be located 660 feet from the North and East lines of Section 27, Township 17 South, Range 26 East, Kennedy Farms-Morrow Gas Pool, Eddy County, New Mexico, the N/2 of said Section 27 to be dedicated to the well.

CASE 4976: (Reopened)

In the matter of Case No. 4976 being reopened pursuant to the provisions of Order No. R-4638 to permit all operators in the West Parkway-Strawn and West Parkway-Atoka Gas Pools in Section 28, Township 19 South, Range 29 East, Eddy County, New Mexico, to appear and present evidence to clearly establish the nature of the reservoirs, proper rates of production for wells therein, and special rules therefor.

CASE 5331: Application of J. Gregory Merrion for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Devils Fork-Mesaverde and Devils Fork-Gallup production in the wellbore of his NCRA State Wells Nos. 1 and 4 located in Units E and J, respectively, of Section 16, Township 24 North, Range 6 West, Rio Arriba County, New Mexico.

CASE 5288: (Continued from the September 18, 1974, Examiner Hearing)

Application of Merrion & Bayless for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of hydrocarbon production from the top of the Gallup formation at 5434 feet to the base of the Dakota formation at 6570 feet in its Keeling Federal Well No. 1 located in Unit B of Section 20, Township 25 North, Range 8 West, Dufers Point-Dakota Pool, San Juan County, New Mexico.

CASE 5332: Application of C & K Petroleum, Inc. for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the West Airport Unit Area comprising 3,840 acres, more or less, of Federal, Fee and State lands in Township 22 South, Range 26 East, Eddy County, New Mexico.

CASE 5333: Application of Mark Production Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a gas well to be drilled 660 feet from the South and West lines of Section 9, Township 20 South, Range 25 East, Cemetery-Morrow Gas Pool, Eddy County, New Mexico, the S/2 of said Section 9 to be dedicated to the well.

CASE 5334: Application of Stoltz, Wagner & Brown for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter and clean out to a depth of approximately 8400 feet its H. L. Vinson Well No. 1, formerly Gulf Oil Corporation Vinson Well No. 2, the surface location of which is 1980 feet from the North and East lines of Section 22, Township 9 South, Range 36 East, Cross-roads Siluro-Devonian Pool, Lea County, New Mexico, and to then directionally drill said well in such a manner as to bottom the well in the Devonian formation within a 180-foot radius of a point 2310 feet from the North line and 1320 feet from the East line of said Section 22.

CASE 5337: Application of Keesee & Thomas for an unorthodox oil well location, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Chacon Jicarilla Apache "D" Well No. 1 located 870 feet from the North line and 1140 feet from the East line of Section 23, Township 23 North, Range 3 West, Sandoval County, New Mexico. Said well was projected at an orthodox location for a Basin-Dakota gas well, but was completed as an oil well in the Dakota formation.

CASE 5335: Northwestern nomenclature case calling for the creation and extension of certain pools in Rio Arriba, San Juan and McKinley Counties, New Mexico:

(a) Create a new pool in McKinley County, New Mexico, classified as an oil pool for Gallup production, designated the Arroyo Chico-Gallup Oil Pool. The discovery well is the Northern Minerals, Inc. Santa Fe Pacific Railroad Well No. 7 located in Unit G of Section 29, Township 16 North, Range 6 West, completed October 15, 1973. The depth of the casing shoe is 764 feet. Said pool would comprise:

TOWNSHIP 16 NORTH, RANGE 6 WEST, NMPM
Section 29: SW/4 NE/4

(b) Create a new pool in San Juan County, New Mexico, classified as a gas pool for Chacra production, designated the Bloomfield-Chacra Pool. The discovery well is the El Paso Natural Gas Company Hubbell Well No. 9, located in Unit P of Section 18, Township 29 North, Range 10 West. Said pool would comprise:

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM
Section 7: SW/4
Section 18: All
Section 19: All
Section 20: NW/4

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM
Section 4: SW/4
Section 5: SE/4
Section 9: N/2 & SE/4
Section 10: S/2
Section 11: S/2
Section 12: W/2 & SE/4
Section 13: All
Section 14: E/2
Section 23: E/2
Section 24: All
Section 26: E/2

(c) Create a new pool in Rio Arriba County, New Mexico, classified as a gas pool for Gallup production, designated the Campo-Gallup Pool. The discovery well is the Continental Oil Co. Conoco 29-4 Well No. 2 located in Unit H of Section 11, Township 29 North, Range 4 West. Said pool would comprise:

TOWNSHIP 29 NORTH, RANGE 4 WEST, NMPM
Section 11: NE/4

(Case 5335 continued from Page 3)

(d) Create a new pool in Rio Arriba County, New Mexico, classified as a gas pool for Pictured Cliffs production, designated the Gobernador-Pictured Cliffs Pool. The discovery well is the Lone Star Industries, Inc. Schalk 52 Well No. 1 located in Unit M of Section 24, Township 29 North, Range 5 West. Said pool would comprise:

TOWNSHIP 29 NORTH, RANGE 5 WEST, NMPM
Section 24: All

(e) Create a new pool in Rio Arriba County, New Mexico, classified as a gas pool for Gallup production, designated the Rosa-Gallup Pool. The discovery well is the Merrion & Bayless Gibbins Well No. 1, located in Unit L of Section 20, Township 32 North, Range 5 West. Said pool would comprise:

TOWNSHIP 32 NORTH, RANGE 5 WEST, NMPM
Section 20: S/2
Section 28: SW/4
Section 29: E/2
Section 33: NW/4

(f) Extend the Aztec-Pictured Cliffs Pool boundary in San Juan County, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM
Section 15: SW/4

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM
Section 7: N/2

(g) Extend the Blanco-Mesaverde Pool boundary in Rio Arriba & San Juan Counties, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM
Section 16: All

(h) Extend the Blanco-Pictured Cliffs Pool boundary in Rio Arriba & San Juan Counties, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 7 WEST, NMPM
Section 7: All

TOWNSHIP 29 NORTH, RANGE 8 WEST, NMPM
Section 9: SW/4

TOWNSHIP 30 NORTH, RANGE 8 WEST, NMPM
Section 17: SW/4

TOWNSHIP 30 NORTH, RANGE 9 WEST, NMPM
Section 25: NE/4

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM
Section 5: SW/4
Section 26: SE/4

(Case 5335 continued from Page 4)

TOWNSHIP 31 NORTH, RANGE 11 WEST, NMPM

Section 2: NW/4

Section 7: E/2

TOWNSHIP 32 NORTH, RANGE 11 WEST, NMPM

Section 19: E/2

Section 20: All

Section 21: W/2

Section 22: SE/4

(i) Extend the Gonzales-Mesaverde Pool boundary in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 6 WEST, NMPM

Section 1: NE/4

(j) Extend the Harris Mesa-Chacra Pool boundary in San Juan County, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 9 WEST, NMPM

Section 34: NE/4

(k) Extend the Largo-Chacra Pool boundary in Rio Arriba & San Juan Counties, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 7 WEST, NMPM

Section 5: SW/4

Section 6: E/2

Section 7: E/2

Section 8: All

Section 9: W/2 & SE/4

Section 16: All

Section 17: All

Section 18: All

Section 19: N/2

Section 20: All

Section 21: All

Section 28: W/2

Section 29: N/2

Section 30: All

Section 33: W/2

TOWNSHIP 27 NORTH, RANGE 8 WEST, NMPM

Section 13: NE/4

Section 24: N/2

Section 25: E/2

TOWNSHIP 28 NORTH, RANGE 7 WEST, NMPM

Section 31: SE/4

(Case 5335 continued from Page 5)

(1) Extend the Otero-Chacra Pool boundary in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 6 WEST, NMPM
Section 36: NE/4

TOWNSHIP 26 NORTH, RANGE 7 WEST, NMPM
Section 24: E/2

(m) Extend the Tapacito-Pictured Cliffs Pool boundary in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 4 WEST, NMPM
Section 3: N/2
Section 4: N/2

TOWNSHIP 27 NORTH, RANGE 4 WEST, NMPM
Section 19: NW/4
Section 22: SE/4
Section 26: NW/4
Section 27: All
Section 28: All
Section 33: E/2
Section 34: All

TOWNSHIP 27 NORTH, RANGE 5 WEST, NMPM
Section 9: SE/4
Section 10: SW/4
Section 27: SE/4
Section 34: NE/4
Section 35: NW/4

(n) Extend the Tocito Dome-Pennsylvanian D Oil Pool boundary in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 18 WEST, NMPM
Section 7: SW/4
Section 15: S/2 & NE/4
Section 20: NW/4
Section 22: N/2
Section 26: NE/4
Section 27: SE/4

CASE 5336: Southeastern nomenclature case calling for the creation and extension of certain pools in Chaves, Eddy and Lea Counties, New Mexico:

(a) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated the Avalon-Morrow Gas Pool. The discovery well is the David Fasken El Paso Federal Well No. 1 located in the SW/4 NW/4 of Section 3, Township 21 South, Range 26 East, NMPM. Said pool would comprise:

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(Case 5336 continued from Page 6)

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 33: S/2

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 3: Lots 1 through 16
Sections 4 and 5: All
Sections 8 and 9: All
Section 16: All
Section 21: All

(b) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated the Avalon-Strawn Gas Pool. The discovery well is the David Fasken El Paso Federal Well No. 1 located in the SW/4 NW/4 of Section 3, Township 21 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 3: Lots 1 through 16

(c) Create a new pool in Chaves County, New Mexico, classified as a gas pool for Mississippian production and designated the Denton Camp-Mississippian Gas Pool. The discovery well is The Superior Oil Company Chatten & Muncy Well No. 1 located in Unit O of Section 18, Township 6 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 6 SOUTH, RANGE 28 EAST, NMPM
Section 18: S/2
Section 19: E/2

(d) Create a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated the LaHuerta-Wolfcamp Pool. The discovery well is the Cities Service Oil Company Simpson A Well No. 1 located in Unit H of Section 29, Township 21 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 29: NE/4

(e) Extend the Antelope Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 21: S/2
Section 28: E/2

(f) Extend the Atoka-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 10: E/2

(Case 5336 continued from Page 7)

(g) Extend the North Bagley-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM
Section 6: NW/4

(h) Extend the South Bell Lake-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 34 EAST, NMPM
Section 5: NW/4
Section 6: N/2

(i) Extend the Blinebry Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 35: NE/4

(j) Extend the Boyd-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 16: N/2

(k) Extend the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 14: N/2

(l) Extend the Cabin Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM
Section 1: S/2

(m) Extend the Catclaw Draw Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM
Section 27: All
Section 34: All

TOWNSHIP 22 SOUTH, RANGE 25 EAST, NMPM
Section 3: All

(Case 5336 continued from Page 8)

- (n) Extend the Cemetary-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM
Section 5: S/2

- (o) Extend the Double L-Queen Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM
Section 2: All

- (p) Extend the Eagle Creek-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM
Section 13: E/2 SW/4

- (q) Extend the South Flying M-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 32 EAST, NMPM
Section 14: SE/4
Section 23: E/2

- (r) Extend the Golden Lane-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 30 EAST, NMPM
Section 31: E/2

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM
Section 5: Lots 1 & 2, 7, 8, 9 & 10 and 15 & 16

- (s) Extend the Golden Lane-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 30 EAST, NMPM
Section 29: S/2

- (t) Extend the Los Medanos-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 30 EAST, NMPM
Section 1: N/2

- (u) Extend the McMillan Seven Rivers-Queen Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 26 EAST, NMPM
Section 1: SE/4 NE/4
Section 12: SE/4 NE/4

(Case 5336 continued from Page 9)

- (v) Extend the Monument-Paddock Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 15: SW/4
Section 22: NW/4

- (w) Extend the South Salt Lake-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM
Section 4: Lots 3, 4, 5 and 6

- (x) Extend the Sams Ranch Grayburg-San Andres Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 28 EAST, NMPM
Section 10: SE/4
Section 11: S/2
Section 14: N/2 and SE/4
Section 15: NE/4

- (y) Extend the North Shoe Bar-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 13: SW/4

- (z) Extend the Square Lake Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 9: E/2 NW/4

- (aa) Extend the North Vacuum-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 7: W/2

- (bb) Extend the Vada-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM
Section 2: NW/4

- (cc) Extend the Winchester-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 2: S/2

Examiner Hearing - Wednesday - October 2, 1974

Docket No. 28-74

-11-

CASE 4548: (Reopened)

In the matter of Case No. 4548 being reopened on the motion of the Commission to consider the amendment of the special pool rules for the Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico, to limit the applicability of said special rules to the confines of the pool's horizontal limits.

Dockets Nos. 29-74 and 30-74 are tentatively set for hearing on October 2 and October 16, 1974. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 18, 1974

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas from seventeen prorated pools in Lea, Eddy, Roosevelt, and Chaves Counties, New Mexico, for October, 1974;
- (2) Consideration of the allowable production of gas from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for October, 1974;

CASE 5288: (Continued from the August 7, 1974, Examiner Hearing)

Application of Merrion & Bayless for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of hydrocarbon production from the top of the Gallup formation at 5434 feet to the base of the Dakota formation at 6570 feet in its Keeling Federal Well No. 1 located in Unit B of Section 20, Township 25 North, Range 8 West, Dufers Point-Dakota Pool, San Juan County, New Mexico.

CASE 5313: Application of El Paso Natural Gas Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Aztec-Pictured Cliffs and Blanco-Mesaverde production in the wellbore of its Ludwick Well No. 11 located in Unit B of Section 9, Township 30 North, Range 10 West, San Juan County, New Mexico.

CASE 5292: (Continued from the August 7, 1974, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit El Paso Natural Gas Company, United States Fidelity and Guaranty Co., and all other interested parties to appear and show cause why each of the following wells should not be plugged and abandoned in accordance with a Commission-approved plugging program:

EPNG Ludwick Well No. 11, located in Unit 3, Section 19, Township 30 North, Range 10 West, San Juan County, New Mexico;

EPNG Rincon Unit Well No. 127, located in Unit A, Section 28, Township 27 North, Range 6 West, Rio Arriba County, New Mexico; and

EPNG Warren A Well No. 2, located in Unit A, Section 23, Township 28 North, Range 9 West, San Juan County, New Mexico.

- CASE 5316: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Benson-Montin-Greer Drilling Corporation and Hartford Accident and Indemnity Company and all other interested parties to appear and show cause why the Segal Well No. 1 located in Unit K of Section 10, Township 31 North, Range 13 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5317: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit R & G Drilling Company, Inc., and all other interested parties to appear and show cause why the Marron Well No. 42 in Unit M of Section 22, Township 27 North, Range 8 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5318: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit William C. Russell and United States Fidelity and Guaranty Company and all other interested parties to appear and show cause why the Marron Well No. 46 located in Unit K of Section 23, Township 27 North, Range 8 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5326: Application of William C. Russell for directional drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the directional drilling of his Hammond Well No. 1, the surface location of which is 1800 feet from the North line and 1650 feet from the East line of Section 26, Township 27 North, Range 8 West, Largo-Chacra Pool, San Juan County, New Mexico.
- CASE 5328: Application of R & G Drilling Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blanco-Mesaverde and Basin-Dakota gas production in the wellbore of its Hammond Well No. 47, located in Unit K of Section 35, Township 27 North, Range 8 West, San Juan County, New Mexico.
- CASE 5312: Application of SEC Corporation for two non-standard carbon dioxide gas units, Harding County, New Mexico. Applicant, in the above-styled cause, seeks approval for two non-standard gas units in the South Bueyeros Carbon Dioxide Field, Harding County, New Mexico, the first comprising the W/2 NE/4, SE/4 NE/4, and NE/4 SE/4 of Section 32, Township 19 North, Range 30 East, to be dedicated to a well to be drilled in the approximate center of the SW/4 NE/4 of said Section 32; the second non-standard unit would comprise the SW/4 NE/4, N/2 SE/4 and SE/4 SE/4 of Section 5, Township 18 North, Range 30 East, and would be dedicated to a well in the approximate center of the NW/4 SE/4 of said Section 5.

- CASE 5314: Application of Gulf Oil Corporation for simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of its W. A. Ramsay Wells Nos. 6, 7, and 20 located in Units H, N, and E, respectively, of Section 35, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to a standard 640-acre gas proration unit comprising all of said Section 35. Each of the aforesaid wells is at a non-standard location for a 640-acre unit in said pool.
- CASE 5315: Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinbry, Tubb-Drinkard, and Fusselman production in the wellbore of its G. L. Erwin "B" Federal Well No. 4 located in Unit 0 of Section 35, Township 24 South, Range 37 East, Justis Field, Lea County, New Mexico.
- CASE 5319: Application of Alan Ralston dba Apollo Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying the NW/4 of Section 25, Township 25 South, Range 36 East, Lea County, New Mexico, to form a 160-acre non-standard gas proration unit to be dedicated to applicant's Brown Well No. 1 located 1980 feet from the North line and 2310 feet from the West line of said Section 25. Applicant further seeks the pooling of all mineral interests in the Jalmat Pool underlying the following 40-acre oil proration units in said Section 25: the NW/4 NW/4 to be dedicated to Brown Well No. 2 located 330 feet from the North line and 825 feet from the West line; the NE/4 NW/4 to be dedicated to Brown Well No. 3 located 365 feet from the North line and 1650 feet from the West line; the SE/4 NW/4 to be dedicated to Brown Well No. 4 located 1690 feet from the North line and 1870 feet from the West line; and the SW/4 NW/4 to be dedicated to Brown Well No. 5 located 1650 feet from the North line and 990 feet from the West line. Also to be considered will be the cost of reworking said wells and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the wells and a charge for risk involved in reworking said wells.
- CASE 5320: Application of Lively Exploration Company for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 341.33-acre non-standard gas proration unit comprising Lots 9, 10, 11, and 12 of Section 7, and Lots 1, 2, 3, and 4 and the E/2 W/2 of Section 18, Township 29 North, Range 8 West, Basin-Dakota Pool, San Juan County, New Mexico, to be dedicated to a well to be drilled at a standard location for said unit.

- CASE 5321: Application of Northern Minerals, Inc. for pool creation and special pool rules, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the creation of the Miguel Creek-Hospah Oil Pool in Township 16 North, Range 6 West, McKinley County, New Mexico, and for the promulgation of special pool rules therefor, including the elimination of the requirement for surface casing and authority to inject water through casing. Applicant is currently conducting waterflood operations in said pool pursuant to authority granted by Order No. R-4649 and seeks administrative provision for the drilling of additional injection and production wells at orthodox and unorthodox locations.
- CASE 5322: Application of Phillips Petroleum Company for an exception to Rule 104-C-I, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Commission Rule 104-C-I to permit the production of its Santa Fe Wells Nos. 41 and 86, both of which are located in Unit C of Section 26, Township 17 South, Range 35 East, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico, said wells being located closer than the required 330 feet apart.
- CASE 5323: Application of Cities Service Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests of Pennsylvanian age, or older, underlying the E/2 of Section 32, Township 21 South, Range 27 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location for said unit. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5324: Application of Cities Service Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests of Pennsylvanian age, or older, underlying the E/2 of Section 18, Township 22 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico, to be dedicated to applicant's Tracy "B" Well No. 1, the surface location of which is 2045 feet from the South line and 479 feet from the East line of said Section 18. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5325: Application of Cities Service Oil Company for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Tracy "B" Well No. 1, the surface location of which is 2045 feet from the South line and 479 feet from the East line of Section 18, Township 22 South, Range 27 East, South

(Case 5325 continued from Page 4)

Carlsbad Field, Eddy County, New Mexico, in such a manner as to bottom said well in the Morrow formation at an orthodox location within 165 feet of a point 2145 feet from the North line and 825 feet from the East line of said Section 18. Applicant further seeks approval for the unorthodox location of said well in the Strawn formation, in the event production is therein encountered, within a 100-foot radius of a point 2600 feet from the North line and 675 feet from the East line of said Section 18. The E/2 of said Section 18 would be dedicated to the well for both formations.

CASE 5327: Application of Cities Service Oil Company for an unorthodox location and gas injection, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Empire-Abo Unit Well No. 111 to be drilled at a point 990 feet from the South line and 1880 feet from the West line of Section 35, Township 17 South, Range 27 East, Empire-Abo Pool, Eddy County, New Mexico. This well is to be used as a gas injection well and, in exception to the provisions of Order No. R-4808, is located 1140 feet from the outer boundary of the Citgo Empire-Abo Unit Boundary, rather than the required 1650 feet from the outer boundary.

CASE 5288: Application of Merrion & Bayless for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of hydrocarbon production from the top of the Gallup formation at 5434 feet to the base of the Dakota formation at 6570 feet in its Keeling Federal Well No. 1 located in Unit B of Section 20, Township 25 North, Range 8 West, Dufers Point-Dakota Pool, San Juan County, New Mexico.

CASE 5033: (Reopened)

In the matter of Case No. 5033 being reopened pursuant to the provisions of Order No. R-4539-A, which order established a special gas-oil ratio limitation of 5000 to 1 for the Bell Lake-Bone Spring Pool, Lea County, New Mexico. All interested parties may appear and show cause why said pool should not be produced under the standard 2000 to 1 gas-oil ratio limit.

CASE 5289: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit LeRoy Sumruld, American Employers Insurance Co., and all other interested parties to appear and show cause why the LeRoy Sumruld South Roberts SWD Well No. 2 located in Unit M of Section 14, Township 9 South, Range 32 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5290: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Western Oil Producers, Inc., U.S. Fidelity & Guaranty Co., and all other interested parties to appear and show cause why the Western Oil Producers State A Well No. 1 located in Unit L of Section 34, Township 13 South, Range 33 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5291: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Wil-Mc Oil Corporation, Trinity Universal Insurance Co., and all other interested parties to appear and show cause why the Wil-Mc Oil Corporation New Mexico State Well No. 2 located in Unit K of Section 11, Township 10 South, Range 32 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5292: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit El Paso Natural Gas Company, United States Fidelity and Guaranty Co., and all other interested parties to appear and show cause why each of the following wells should not be plugged and abandoned in accordance with a Commission-approved plugging program:

EPNG Ludwick Well No. 11, located in Unit B,
Section 19, Township 30 North, Range 10 West,
San Juan County, New Mexico;

Docket No. 22-74

Dockets Nos. 24-74 and 25-74 are tentatively set for hearing on August 21 and September 4. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 7, 1974

9 A.M. - OIL CONSERVATION COMMISSION 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:

CASE 4749: (Reopened) (Continued from the July 10, 1974, Examiner Hearing)

In the matter of Case No. 4749 being reopened pursuant to the provisions of Order No. R-4338-A, which order continued special rules for the Humble City-Strawn Pool, Lea County, New Mexico. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing.

CASE 4946: (Reopened) (Continued from the July 10, 1974, Examiner Hearing)

In the matter of Case No. 4946 being reopened pursuant to the provisions of Order No. R-4581, which order established temporary rules for the Crosby-Fusselman Associated Pool, Lea County, New Mexico. All interested parties may appear and show cause why said rules should not be rescinded.

CASE 5282: (Continued from the July 24, 1974, Examiner Hearing)

Application of Union Texas Petroleum Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Jalmat and Langlie-Mattix production in certain of its wells in the Langlie-Jal Unit Area, currently being waterflooded under authority of Commission Order No. R-4051.

CASE 5287: Application of Mobil Oil Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the N/2 of Section 12, Township 21 South, Range 26 East, adjacent to the Burton Flats-Morrow Gas Pool, Eddy County, New Mexico, to form a standard 320-acre unit to be dedicated to applicant's Federal 12 Com Well No. 1 to be drilled at a previously approved unorthodox location 660 feet from the North and East lines of said Section 12. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

Examiner Hearing - Wednesday - August 7, 1974

Docket No. 22-74

-4-

(f) Extend the West Sawyer-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMPM
Section 32: SE/4

(g) Extend the Tres Papalotes-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 34 EAST, NMPM
Section 5: SE/4

(h) Extend the Vest Ranch-Queen Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 30 EAST, NMPM
Section 16: SE/4
Section 21: NE/4

Docket No. 18-74

DOCKET: COMMISSION HEARING - TUESDAY - AUGUST 13, 1974

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

- ALLOWABLE: (1) Consideration of the allowable production of gas from seventeen prorated pools in Lea, Eddy, Roosevelt, and Chaves Counties, New Mexico, for September, 1974;
- (2) Consideration of the allowable production of gas from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for September, 1974.

CASE 5264: Application of El Paso Natural Gas Company for the amendment of Order No. R-1670, Blanco Mesaverde Pool, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks the amendment of the pool rules promulgated by Order No. R-1670, as amended, for the Blanco Mesaverde Pool in San Juan and Rio Arriba Counties, New Mexico, to authorize the Secretary-Director of the Commission to approve the drilling of a second well on an existing proration unit without notice and hearing, provided that the second well would be drilled in the quarter section of the unit which does not contain a well, and provided further that in calculating the allowable for a proration unit containing two wells, the deliverability of both wells would be combined for determining the unit's "AD Factor", and the unit allowable could be produced from either or both wells. For purposes of balancing underproduction or overproduction, both wells on a proration unit would be considered as one well; for determining whether a unit would be classified marginal or non-marginal, the production from both wells would be compared with the unit's allowable; and for reporting production, the total unit production for the month would be reported as well as the individual well production.

(Case 5292 continued from Page 2)

EPNG Rincon Unit Well No. 127, located in Unit A,
Section 28, Township 27 North, Range 6 West,
Rio Arriba County, New Mexico; and

EPNG Warren A Well No. 2, located in Unit A,
Section 23, Township 28 North, Range 9 West,
San Juan County, New Mexico.

CASE 5293: Southeastern nomenclature case calling for the creation and extension of certain pools in Chaves, Eddy and Lea Counties, New Mexico.

(a) Create a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated the South Carlsbad-Delaware Pool. Further, to assign approximately 22,270 barrels of oil discovery allowable to the discovery well, the Hannifin & Cook Merland Well No. 1, located in Unit J of Section 24, Township 22 South, Range 26 East, NMPM. Said well was completed February 26, 1974. The top of the perforations is at 4454 feet. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 24: SE/4

(b) Extend the Antelope Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 34 EAST, NMPM
Section 9: N/2

(c) Extend the Blinebry Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 6: SE/4

(d) Extend the East Morton-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM
Section 3: NW/4

(e) Extend the Ranger Lake-Bough Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM
Section 26: SW/4

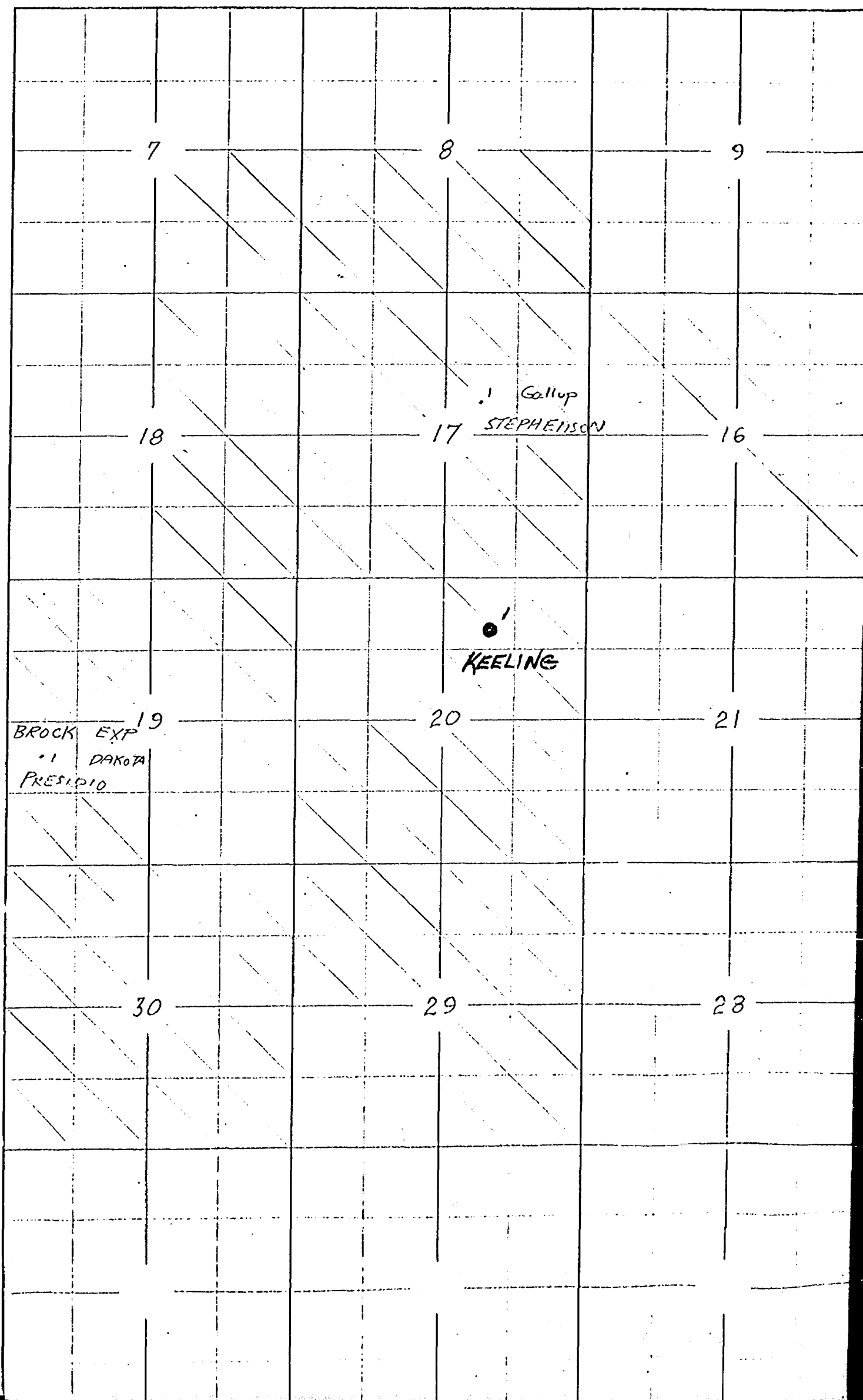
TOWNSHIP 25 NorthMerrion & Bayless, Keeling #1RANGE 8 WestCOUNTY San Juan, New Mexico

EXHIBIT NO. 2

Herrion & Bayless, Keeling #1

990' FNL and 1750' FEL
Section 20, Township 25 North, Range 8 West
San Juan County, New Mexico

COMPLETION DATA

Production Casing: 5 1/2", 15.5# J-55 and 17# N-80 casing. Set at 6681, cemented with 425 sac + 4% gel.

Dakota: Perforated 6540-70 w/64 holes.
6354-66 w/48 holes.
Sand water fracked with 58,000 gallons water and 60,000# 40-60 sand, 60,000 gallons oil and 60,000# 60-40 sand.

Greenhorn: Perforated 6278-84 w/10 shots.
6296-6300 w/10 shots.
Acidized with 2,000 gallons of 7 1/2% HCl.

Callup: Perforated 5434-40 w/10 shots.
5470-78 w/10 shots.
5613-27 w/7 shots.
5644-62 w/8 shots.
5670-75 w/3 shots.
5723-28 w/3 shots.
5946-52 w/10 shots.
6030-38 w/10 shots.
Selectively frack interval 5946-6038 down 3" tubing with 8,500 gallons of gelled water and 8,000# 20-40 sand. Well sanded off. Move packer and BP and frack interval 5613-5728 down 3" tubing with 48,678 gallons of gelled water and 77,000 pounds 20-40 sand. Move packer and BP and frack interval 5434-78 with 18,480 gallons of gelled water and 22,750# 20-40 sand.

Retrieved bridge plug and cleaned out to bottom. Ran 2" tubing.

Put on production August 3, 1974.

Initial Production

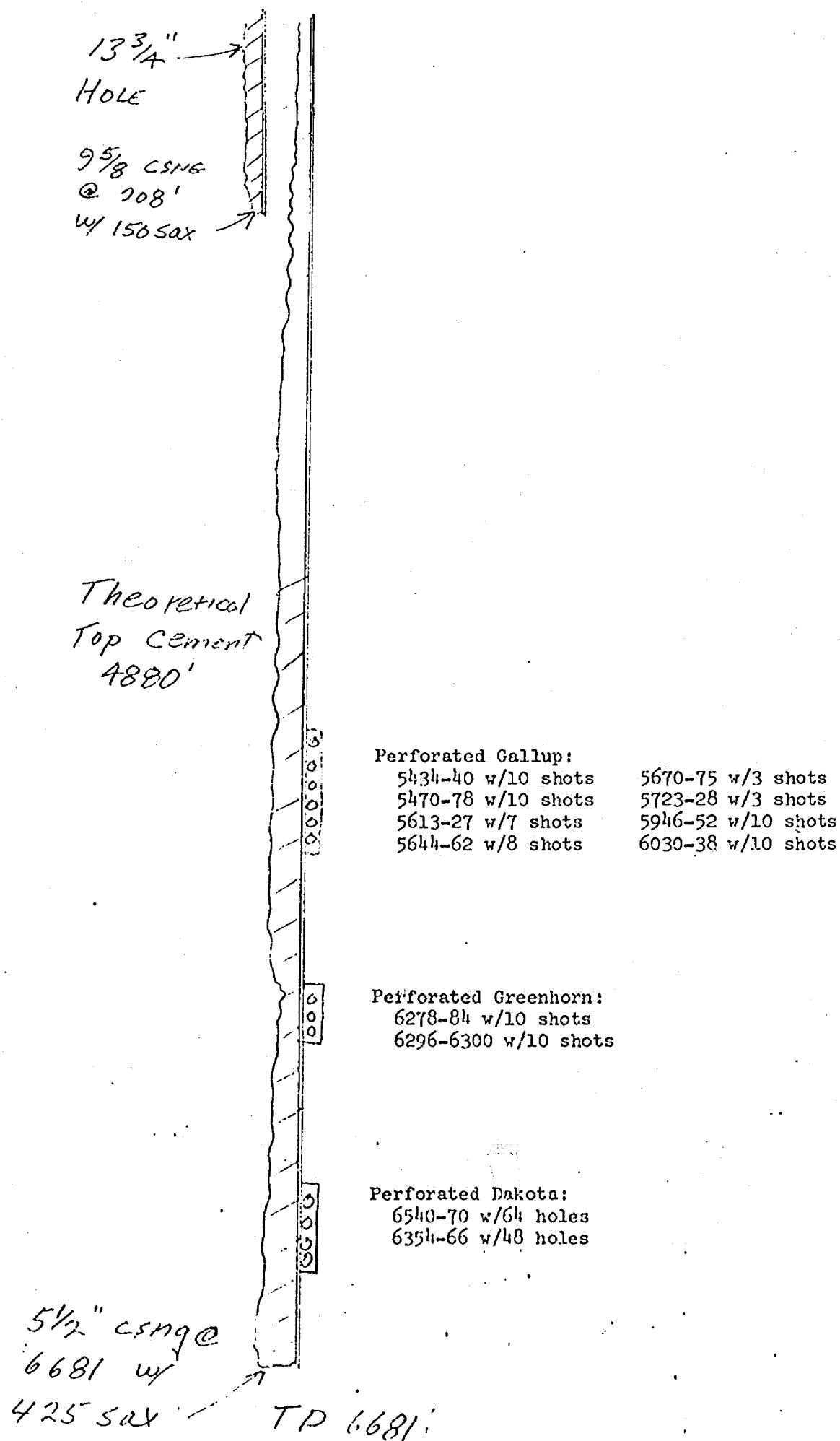
14 BOPD
1 BWPD
90 MCF/Day

Current Production 10-1-74

5 BOPD
tr water
44 MCF/day

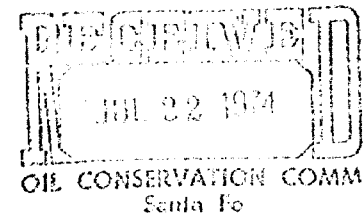
Application to Corning

Herrion & Bayless, Keeling #1



J. GREGORY MERRION
PETROLEUM ENGINEER
P. O. BOX 807
FARMINGTON, NEW MEXICO 87401

Case 5288



July 19, 1974

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501
ATTENTION: Mr. Dan Nutter, Chief Engineer

Re: Comingling Application Keeling Federal #1
Section 20, T25N, R8W, San Juan Co,
New Mexico

Gentlemen:

Confirming our telephone conversation please schedule a hearing on our application to comingling production from the top of the Gallup to the Base of the Dakota in the subject well.

Yours very truly,

MERRION & BAYLESS

Robert L. Bayless
J. GREGORY MERRION
by Robert L. Bayless

JPM

JGM/RLB/jmj

DOCKET MAILED

Date 7-17-74

for Oct 2nd

DOCKET MAILED

Date 9-6-74

to get ready for 9/18

~~DOCKET MAILED~~
Date 7-25-74

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5288

Order No. R-4879

APPLICATION OF MERRION & BAYLESS
FOR DOWNHOLE COMMINGLING, SAN
JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 2, 1974
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter

NOW, on this 2 day of October, 1974, the Commission,
a quorum being present, 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 Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Merrion & Bayless, is the owner and
operator of the Keeling Federal Well No. 1, located in Unit B
of Section 20, Township 25 North, Range 8 West, NMPM, San Juan
County, New Mexico.

insignificant
(6) That an ~~very small~~ amount of production may also be coming ~~into the wellbore~~ from the ~~Greenhorn~~ Greenhorn formation, which is also open in the well bore of said well.

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(3) That the applicant seeks authority to commingle undesigned Gallup and Dufers Point Dakota Oil Pool production within the wellbore of the above-described well.

(4) That from the Gallup formation, the subject well is capable of low marginal production only.

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

(6) 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.

(7) That the reservoir characteristics of each of the subject formations 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.

(8) That to afford the Commission the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the Aztec district office of the Commission 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, 50 percent of the commingled production should be allocated to the Gallup formation and 50 percent of the commingled production to the Dufers Point Dakota Oil Pool.

IT IS THEREFORE ORDERED:

(1) That the applicant, Merrion & Bayless, is hereby authorized to commingle hydrocarbon from the top of the Gallup formation at 550 feet to the base of the production within the wellbore of the Keeling Federal Well No. 1, located in Unit B of Section 20, Township 25 North, Range 8 West, NMPM, San Juan County, New Mexico.

(Dakota formation at 6570 feet)

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4 (2) That 50 percent of the commingled ~~production~~
5 production shall be allocated to the Gallup formation and
6 50 percent of the commingled ~~production~~
7 shall be allocated to the Dufer's Point Dakota Oil Pool.

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

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

14 DONE at Santa Fe, New Mejjico, on the day and year herein-
15 above designated.

DAN NUTTER

Merrion & Bayless

downhole

completing

hydrocarbon production

top of Gallup to base of Dakota
(including Navajo and
Greenhorn) int. from 5434
6570

Keeling Fed #1

990 N

1750 E

20-25N-8W S.J.

Duffers Point Dock