

CASE 5418: JOEL B. BURR, JR. &  
WILLIAM B. COOLEY for permission  
to flare casinghead gas, McKinley  
County, New Mexico

CASE No.

5418

Application,  
Transcripts,  
Small Exhibits

ETC.



TONEY ANAYA  
GOVERNOR

STATE OF NEW MEXICO  
**ENERGY AND MINERALS DEPARTMENT**  
OIL CONSERVATION DIVISION

February 21, 1983

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-5800

Mr. William J. Cooley  
Burr & Cooley  
Attorneys at Law  
Suite 300, 300 W. Arrington  
Farmington, New Mexico 87401

Re: CASE NO. 5418  
ORDER NO. R-7219

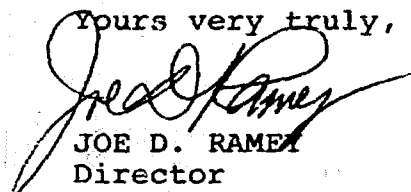
Applicant:

Jeel B. Burr, Jr. and William J.  
Cooley

Dear Sir:

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

Yours very truly,

  
JOE D. RAMEZ  
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD X  
Artesia OCD X  
Aztec OCD X

Other \_\_\_\_\_

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

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

CASE NO. 5418  
Order No. R-7219

APPLICATION OF JOEL B. BURR, JR. AND  
WILLIAM J. COOLEY FOR PERMISSION TO FLARE  
DOWNHEAD GAS, MCKINLEY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 19,  
1975, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

Now, on this 21st day of February, 1983, the Division  
Director, having considered the record and the recommendations  
of the Examiner, and being fully advised in the premises,

FINDS:

That subsequent to this hearing, this well was plugged and  
abandoned and this case should be dismissed.

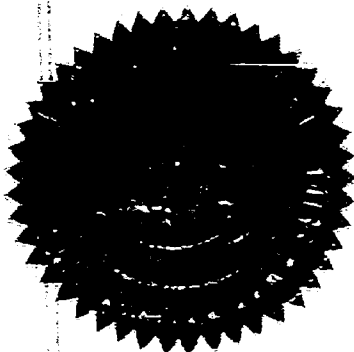
IT IS THEREFORE ORDERED:

That Case No. 5418 is hereby dismissed.

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

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
February 19, 1975

EXAMINER HEARING

IN THE MATTER OF:

Application of Joel B. Burr, Jr.,  
and William J. Cooley for permission  
to flare casinghead gas, McKinley  
County, New Mexico.

Case No.  
5418

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 Bldg.  
Santa Fe, New Mexico

For the Applicant:

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

COOK

CASE 5418  
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I N D E X

JACK D. COOK

PAGE

Direct Examination by Mr. Cooley

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Cross Examination by Mr. Nutter

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E X H I B I T S

Marked

Admitted

Applicant's Exhibit No. 1

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MR. NUTTER: We call Case No. 5418.

MR. DERRYBERRY: Case 5418. Application of Joel B. Burr, Jr. and William J. Cooley for permission to flare casinghead gas, McKinley County, New Mexico.

MR. COOLEY: William J. Cooley, Burr & Cooley, Farmington, New Mexico, appearing on behalf of the operators of working interest owners and royalty owners of the well in question. We have one witness.

(Witness sworn.)

JACK D. COOK

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

DIRECT EXAMINATION

BY MR. COOLEY:

Q Mr. Cook, have you previously testified before the New Mexico Oil Conservation Commission?

A I have not.

Q What is your full name?

A My name is Jack D. Cook.

Q Where do you reside, Mr. Cook?

A I reside at 2901 Knutson Avenue in Farmington, New Mexico.

Q What is the nature of your educational background?

A I'm a 1961 graduate of New Mexico School of Mines at Socorro with a Bachelor of Science degree in Petroleum Engineering.

Q What experience have you had in the field of petroleum engineering since your graduation?

A I have been actively engaged in petroleum engineering work and management, without interruption, since 1961. I am presently Vice President of Engineering and Production Service in Farmington.

Q Is that an engineering consulting firm?

A Yes, it is.

Q Are you personally familiar with the San Juan Basin and the particular well that is the subject of this Case?

A Yes, sir, I am.

Q Did you supervise the drilling and completion of this well?

A Yes, I did.

Q Would you tell the Examiner when that well was spudded and when completed and the general background with respect to it?

A Yes. Coleman No. 2 Well was spudded on August 17th, 1974, and was completed August 30th, 1974. It's a Dakota D



oil producer and it had initial potential of 246 barrels per day with zero barrels of water, and of course the well has been on production since that time.

Q What is the history of production? Has there been a decline?

A Yes. That well was a top allowable well for the Lone Pine Dakota D Unit and it has declined to its present potential of approximately 75 barrels per day. I might add that the potential of the Lone Pine Dakota D Unit was 160 barrels.

Q Is there a casing head-gas-gathering system in the area?

A I think in the conventional sense that we would think about, no, where a well would be purchased from producers and processed and then sold. There is a casing head-gathering system that is operated by Tenneco Oil Company strictly for reinjection of produced gas from their leases in the Lone Pine Dakota D Unit as well as in the Lower Hospa Sand Unit.

Q Were you requested by the operators to attempt to obtain a market for the casing head gas produced in the Coleman No. 2 Well?

A Yes, I believe on immediate completion of the

COOK-DIRECT

in September we began to seek a market for this well to try to comply with the State's no-flare order. At that time we made contact with Tenneco Oil Company verbally and they indicated that they felt like they could take the gas at that time.

Q What actually developed then? Did the operators proceed to do anything in the nature of constructing a line?

A The operators requested myself to make an economic evaluation of this, which we did, and we followed up with contact to Tenneco by letter; they did acknowledge it and told us that they would accept it. We then proceeded to work out a common line agreement with Tesoro Petroleum whereby we could pipeline the gas to their facility and then shortly after this we received a letter from Tenneco indicating that they were no longer interested in the gas.

Q Is there currently any market for the casinghead gas produced from the Coleman No. 2 Well?

A No, there is not.

Q What is the nearest gas pipeline to the well?

A The nearest connection for this well to be sold commercially would be approximately 20 miles to the north

which would be Southern Union Pipeline.

Q In your opinion, is it commercially feasible, economically feasible, to construct a line of that length in order to market this gas?

A No. There is no way.

Q I believe you said that you had a series of letters back and forth, communications back and forth with Tenneco, is that correct?

A That is correct, and with the Commission.

Q You kept the District Office of the Oil Commission advised of progress at all times?

A Yes.

Q I notice that you made copies of your letter of October 9, 1974, to the Oil Commission, and Tenneco Interoffice Communication of October 18, 1974, to you, and your letter to Tenneco of October 29, 1974, Tenneco's letter to you at Engineering Production Services, Inc., of November 27, 1974, and then your letter to the Oil Conservation Commission on December 10, 1974. Does that comprise all the communication that you had in connection with this?

A Yes, it does.

MR. COOLEY: I hand the Commission all the letters just mentioned and ask that they be identified collectively as Applicant's Exhibit 1.

BY MR. COOLEY:

Q Is there any prospect for a market for the casinghead gas produced from the Coleman No. 2 Well in the future?

A Just, in fact just a couple of days ago, I made contact again with Tenneco Oil Company to see if there was any possibility of our being admitted into their system and their reply at that time is that they're presently making a detailed study of their Lower Hospa gas injection program and in conjunction with this making a study of their compression facilities for additional capacity. They indicate that there is a possibility that they will go ahead and enlarge that system and if they do we would be allowed to go into it. They cannot give us any specific dates as to when this might occur.

Q What would be the effect if any upon the correlative rights of the operators of the Coleman No. 2 Well and owners and royalty owners if this well were shut in for lack of a market for casinghead gas?

A Well, the correlative rights would certainly be

jeopardized. There are offset operators that have wells both to the north and to the west of this particular well. I think there would be no question that drainage would occur.

Q That would be drainage that would not be counteracted by counter-drainage, or compensated for by counter-drainage?

A That's correct.

Q Have you had any experience with the effect of shutting in a well in the Lone Pine Dakota D Field for a prolonged period of time? What effect, if any, have you noticed on wells in the field?

A I can cite one particular well, the Edna No. 1, which is in the South 40, a direct south offset to this Coleman No. 2 Well, was shut-in for a period of time, the time it ceased to flow until we could install mechanical lift equipment, artificial lift equipment, and we noticed a definite decline as a result of that. We also operate the Lone Pine Dakota D Unit for Tenneco Oil Company, as their contract people, and I can't cite exact wells, but we have experienced similar situations over there, that wells that are shut-in for any period of time just don't come back to their full capacity. Now, I can't tell you

why that occurred but I would have to suspect that it has something to do with the relative permeability characteristics of the reservoir.

Q Have the operators of the Coleman Well done anything to prevent this situation from occurring with respect to it?

A With the experience that we have on the Edna No. 1, the well that I just referred to, we did go ahead and install artificial lift equipment -- by that I mean set a pumping unit prematurely -- this pumping unit was set while the well was still flowing in anticipation of the day that it would cease to flow, and just this past week the well went from a flowing status to a pumping status, and it was only a matter of hours until we had it on the pumping unit, and putting it on the pump, we felt like it was important that the down time on this particular well be minimized.

Q What is the present gas-oil ratio of the Coleman No. 2 Well?

A The well has approximately a gas-oil ratio of around 1625 to 1.

Q And the present oil production is approximately 75 barrels per day?

A That is correct.

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

MR. COOLEY: I have no further questions of the  
Witness. We move the introduction of Applicant's Exhibit.  
No. 1.

MR. NUTTER: Applicant's Exhibit No. 1, which  
comprises five letters, will be admitted into evidence.

(Whereupon, Applicant's  
Exhibit No. 1 was admitted into  
evidence.)

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Cook, have you got a map of this field  
showing the location of the existing lines and the  
gathering systems for casinghead gas in the area?

A Mr. Examiner, I do not have a map showing  
the existing lines.

Q Where is the nearest existing casinghead gas  
line?

A It would be approximately 5000 feet to the  
west.

Q And the nearest existing commercial pipeline

is 20 miles to the north?

A Yes. It was our intention, of course, had we been granted permission to go into Tenneco's system, that would have, and the line that I am referring to to the west belongs to Tesoro, and as I testified, this is the one that we were trying to work out an agreement with them to make a joint use of their line.

Q Now, that's the one that is 5000 feet to the west?

A Yes.

Q Well, now, I noticed in one of these letters here Tenneco states, "The Lone Pine Dakota D Unit currently is reinjecting only gas produced from that reservoir." Now, does this well produce from the same reservoir as that?

A Yes, it is, Mr. Examiner. I think what the proper interpretation might be on that is that they did not want to bring in any outside gas. When this unit was first formed we were taking gas out of the Dakota A Zone and reinjecting it into the Dakota D, but we have since discontinued that and we are just now presently reinjecting produced gas and they have definitely told us that there is no way that they will accept any outside gas.

Q Now, what do you mean by "outside gas"? Outside



of their unit or outside of the reservoir?

A Outside of their unit.

Q But is it your opinion that this well is producing from the same reservoir that Tenneco is injecting gas into and that they're producing from?

A Mr. Examiner, that's a question that I think a lot of people would like to have the answer to. There is a number of faults in this field, and I couldn't testify at this time for sure whether it was in the same reservoir or not.

Q It might be necessary for the Commission to call a hearing to find out who is producing from what reservoir in here.

MR. COOLEY: I believe, Mr. Examiner, that Tesoro has filed an application which has not yet been set down for a hearing, but that would be really the only matter of inquiry.

MR. NUTTER: We have an application from Tenneco, which you say --

MR. COOLEY: Tesoro.

MR. NUTTER: Tesoro, yes, and does that involve this immediate same area?

MR. COOLEY: Same well, same everything.

BY MR. NUTTER:

Q What was the original gas-oil ratio in the well, Mr. Cook?

A The original gas-oil ratio on the first test, which was flush oil, was around 325 to 1. We subsequently filed our GOR test on 9/16/74 and the gas-oil ratio at that time was 1154.

Q And it is now 1625 to 1?

A Yes, sir.

Q Is the well making water now?

A No, it is not.

Q How long has Tenneco been injecting gas into this D Zone?

A I believe that injection began in 1972, but I -- I believe it was around July of 1972.

Q Does this well produce from what is referred to as the D Zone?

A Yes, it is.

MR. NUTTER: Are there further questions of Mr. Cook? He may be excused. Do you have anything further, Mr. Cooley?

MR. COOLEY: No, I don't.

MR. NUTTER: Does anyone have anything they

COOK-CROSS

CASE 5418  
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wish to offer in Case 5418? We will take the Case under  
advisement.

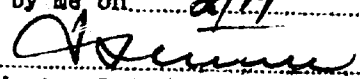
COOK

CASE 5418  
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STATE OF NEW MEXICO     )  
                                  )  
COUNTY OF SANTA FE     )     SS.

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.

  
RICHARD L. NYE, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5418, heard by me on 2/19, 1975.  
  
Examiner  
New Mexico Oil Conservation Commission

*Dar*

**BURR & COOLEY**  
ATTORNEYS AND COUNSELORS AT LAW  
SUITE 152 PETROLEUM CENTER BUILDING  
FARMINGTON, NEW MEXICO  
87401

JOEL B. BURR, JR.  
WM. J. COOLEY

TELEPHONE 325-1702  
AREA CODE 505

April 23, 1975

Mr. Emery Arnold  
NEW MEXICO OIL CONSERVATION COMMISSION  
1000 Rio Brazos Road  
Aztec, New Mexico 87410

Re: Coleman No. 2 Well, C-8-17N-8W  
Lone Pine Dakota "D" Pool  
McKinley County, New Mexico

Dear Mr. Arnold:

Please consider this our request for extension of No-Flare Order No. E-3-111, which granted exception to No-Flare Rule No. 306 for our Coleman No. 2 well located in Section 8, Township 17 North, Range 8 West, Lone Pine Dakota "D" Pool, McKinley County, New Mexico.

In support thereof, we would show the Commission that circumstances have not changed since the entry of No-Flare Order No. E-3-111 in that no market presently exists for the gas in question, nor is it economically feasible to reinject the same back into the Dakota "D" formation.

It is the writer's understanding that Tenneco Oil Company is finalizing plans to enlarge their Lower Hospah injection program, so that hopefully in the very near future Tenneco will have a need for the gas from the Coleman No. 2 well. We shall keep the Commission advised accordingly.

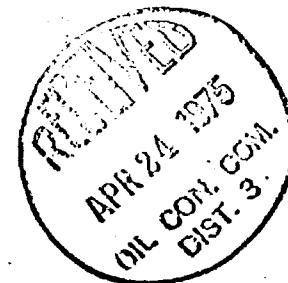
Very truly yours,

BURR & COOLEY

By

*Joel B. Burr, Jr.*  
Joel B. Burr, Jr.

JBB:jjh



- CASE 5423: 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 in formations of Pennsylvanian age or older underlying the W/2 of Section 29, Township 21 South, Range 27 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at an orthodox location within the spacing 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 the applicant as the operator of the well and a charge for the risk involved in drilling said well.
- CASE 5424: Application of Cities Service Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Dark Canyon Unit Area, comprising 2560 acres, more or less, of State lands in Township 23 South, Range 25 East, Eddy County, New Mexico.
- CASE 5425: Application of Continental Oil Company for an unorthodox location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of a non-standard 480-acre gas proration unit comprising the W/2 of Section 13 and the E/2 E/2 of Section 14, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to its Lockhart B Wells Nos. 4 and 8, located at unorthodox locations in Units H and P, respectively, of Section 13, and to its Lockhart B Well No. 7, at an unorthodox location in Unit D of said Section 14. Applicant further seeks approval for the simultaneous dedication of a 320-acre non-standard gas proration unit comprising the S/2 of Section 12, Township 19 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to its State KN-12 Wells Nos. 1 and 2, located at unorthodox locations in Units P and N, respectively, of said Section 12.
- CASE 5426: Application of Continental 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 its Bell Lake Unit Well No. 16 to be drilled 660 feet from the North and East lines of Section 7, Township 24 South, Range 34 East, South Bell Lake-Morrow Gas Pool, Lea County, New Mexico, the N/2 of said Section 7 to be dedicated to said well.
- CASE 5427: Application of Penroc Oil Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Allied B Com Well No. 1, located in Unit K of Section 27, Township 20 South, Range 27 East, Eddy County, New Mexico, in such a manner as to produce oil from the Bone Springs formation through tubing and gas from the Morrow formation through the casing-tubing annulus by means of a cross-over assembly.

Examiner Hearing - Wednesday - February 19, 1975

Docket No. 5-75

-4-

CASE 5428: Application of Amax Chemical Corporation for the extension of the Potash-Oil Area, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the Potash-Oil Area in Eddy County, New Mexico, as defined by Order No. R-11-A, as amended, by the addition of the following described lands:

TOWNSHIP 19 SOUTH, RANGE 29 EAST

Section 13: S/2 SE/4

Section 14: W/2 SW/4

Section 23: N/2 NW/4, SE/4 NW/4, S/2 NE/4

Section 24: NW/4, W/2 NE/4, NE/4 NE/4

TOWNSHIP 19 SOUTH, RANGE 30 EAST

Section 14: W/2 NE/4

Section 18: SW/4

Dockets Nos. 6-75 and 7-75 are tentatively set for hearing on March 5 and March 19, 1975. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 19, 1975

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:

- ALLOWABLE:
- (1) Consideration of the allowable production of gas for March, 1975, from seventeen prorated pools in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico.
  - (2) Consideration of the allowable production of gas for March, 1975, from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
  - (3) Consideration of purchaser's nominations for the one-year period beginning April 1, 1975, for both of the above areas.

CASE 5402: (Continued from the January 22, 1975 Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Tyra & Tyra, Fidelity and Deposit Company of Maryland and all other interested parties to appear and show cause why the Tyra & Tyra BTA Lulu Well No. 1 located in Unit C of Section 22, Township 9 South, Range 35 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5415: Application of Burk Royalty Co. for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Double L Queen Unit Area, comprising 2670 acres, more or less, of Federal, State, and fee lands in Townships 14 and 15 South, Ranges 29 and 30 East, Chaves County, New Mexico.

CASE 5416: Application of Tesoro Petroleum Corporation for a unit agreement, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Coal Creek Unit Area comprising 11,225 acres, more or less, of State and Federal lands in Township 23 North, Ranges 12 and 13 West, San Juan County, New Mexico.

CASE 5409: (Continued from the February 5, 1975, Examiner Hearing)

Application of Atlantic Richfield Company for a non-standard gas proration unit, an unorthodox gas well location, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit comprising the SE/4 of Section 12 and the NE/4 of Section 13, both in Township 24 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its George W. Toby WN Wells Nos. 4, 1, and 1-A, located, respectively, in Units A and H of said Section 12 and in Unit A of said Section 13.



CASE 5417: Application of Atlantic Richfield Company for a non-standard gas proration unit, two unorthodox locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 640-acre non-standard gas proration unit comprising the S/2 of Section 24 and the N/2 of Section 25, both in Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its McDonald State WN Wells Nos. 12 and 24, located, respectively, at unorthodox locations in Unit M of Section 24, and in Unit E of Section 25.

CASE 5418: Application of Joel B. Burr, Jr. and William J. Cooley for permission to flare casinghead gas, McKinley County, New Mexico. Applicants, in the above-styled cause, seek an exception to Order No. R-4070, to permit the flaring of casinghead gas produced by their Coleman Well No. 2, located in Unit C of Section 8, Township 17 North, Range 8 West, Lone Pine Dakota D Oil Pool, McKinley County, New Mexico.

CASE 5419: Application of J. Gregory Merrion & Robert L. Bayless for downhole commingling, Rio Arriba County, New Mexico. Applicants, in the above-styled cause, seek authority to commingle Cavilan-Pictured Cliffs and Blanco-Mesaverde production in the wellbore of their North Lindrith Unit Com Well No. 1, located in Unit M of Section 20, Township 26 North, Range 2 West, Rio Arriba County, New Mexico.

CASE 5420: Application of Texaco, Inc., for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to convert its New Mexico "DM" State (NCT-1) Well No. 1, located in Unit N of Section 21, Township 13 South, Range 33 East, Lazy J Pennsylvanian Pool, Lea County, New Mexico, to dispose of produced salt water into the Pennsylvanian formation through the perforated interval from approximately 9742 to 9792 feet.

CASE 5421: Application of Texaco, Inc., for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Justis Tubb-Drinkard and North Justis-Fusselman production in the wellbore of its G. L. Erwin "B" Federal Well No. 3, located in Unit I of Section 35, Township 24 South, Range 37 East, Lea County, New Mexico.

CASE 5422: Application of Hilliard Oil and Gas, Inc., for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of temporary special rules for the EK-Bone Springs Pool, in Township 18 South, Range 34 East, Lea County, New Mexico, including a provision for 80-acre spacing and proration units.

CASE 5122: (Reopened) (Continued from the January 22, 1975, Examiner Hearing)

In the matter of Case 5122 being reopened pursuant to the provisions of Order No. R-4693, which order established temporary special pool rules for the East Lusk-Wolfcamp Oil Pool, Lea County, New Mexico, including a provision for 160-acre spacing and proration units and a limiting gas-oil ratio of 4000 to 1. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing and proration units with a limiting gas-oil ratio of 2000 to 1.

	Oil Prod	Gas Prod	Oil Sold	Stk (Bbls)	Cls
J	3272	7130	3294	232	210
F	1811	2988	1827	210	194
M	1582	2610	1660	194	116
A	1249	2061	1052	116	313
M	1119	1846	1113	313	319
J	604	997	561	319	362
J	472	1860	627	362	207
A	382	1860	516	207	73

# Memo

From

OIL CONSERVATION COMMISSION  
1000 RIO BRAZOS ROAD  
AZTEC, NEW MEXICO 87410

To

Dan,

Now what?

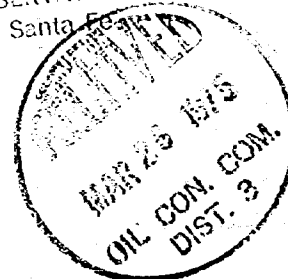
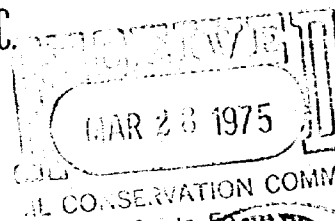
Erney  
△

# ENGINEERING & PRODUCTION SERVICE, INC.

P. O. BOX 190 -- PH. 325-1924

FARMINGTON, NEW MEXICO 87401

March 25, 1975



Basin Fuels, Inc.  
152 Petroleum Center Bldg.  
Farmington, New Mexico 87401

Att: Mr. Joel Burr

Re: Coleman # 2  
C-8-17N-8W  
Lone Pine Dakota "D" Pool  
McKinley Co., New Mexico

Dear Mr. Burr:

Pursuant to your request, I contacted Tesoro Petroleum regarding gas injection facilities to accomodate gas flared from the Coleman #2. Bob Watson, Tesoro's local representative, advises that they do not have a facility for it's own use nor for outside companys'. Most of Tesoro's produced gas is disposed of via fuel use or sales to Tenneco Oil Company. Tesoro does have excess gas which they are not able to find a market for at this time. Tesoro, as yourself, is waiting on Tenneco to increase it's gas injection facility on the Lower Hospah to accomodate all excess casing head gas in the area. Tenneco is pursuing the project but no firm date has been set for start up or completion.

I believe it would be in order under the circumstance to request an extension of the no-flare order from the NMOCC.

Should you desire further information concerning this matter, please advise.

Yours very truly,

Jack D. Cook

JDC:ig  
cc:Emery Arnold-NMOCC

# ENGINEERING & PRODUCTION SERVICE, Inc.

P. O. BOX 190 — PH. 325-1924

FARMINGTON, NEW MEXICO 87401

October 9, 1974

New Mexico Oil & Gas Commission  
100 Rio Brazo  
Albuquerque, New Mexico 87410

Att: Mr. Emery Arnold

**BEFORE EXAMINER NUTTER**  
**OIL CONSERVATION COMMISSION**  
*Appl* EXHIBIT NO. 1  
CASE NO. 5418

Re: Coleman #2  
330' FTH - 1650' FTH  
Sec. 2-17E-8W  
Lone Star Dakota "D" Field  
McKinley County, N. Mexico

Dear Mr. Arnold:

As you are aware Burr & Cooley completed the above referenced well on 8-30-74, as a Dakota "D" oil producer. The well tested, on 9-16-74, 160 BOPD with 195 MCFPD gas yielding a GOR of 1154 ft./BBL.

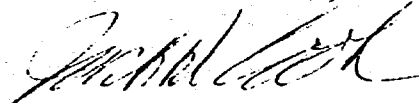
It is Burr & Cooley's desire to comply with the states "no flare order" in preventing waste of natural resources. To accomplish this end a proposal has been submitted to Tenneco Oil Company wherein it would purchase the flared gas from the Coleman #2 for use in it's gas-water pressure maintenance pilot project in the Lower Hoshah Zone. Tenneco's initial reaction to this proposal has been favorable and a "Gas Purchase Agreement" should be finalized in the near future. Furthermore, negotiations are in progress with Tesoro Petroleum for joint use of it's 4" gathering line traversing from SP #16 C-7-17E-8W to Tenneco's gas injection compressor. Tenneco, as you are aware, has also agreed to purchase Tesoro's flared gas. A line will be laid by Burr & Cooley from the Coleman #2 to connect with Tesoro's 4" pipeline near Santa Fe #16 well.

Please be advised that it is our intention to proceed with the above outlined procedure as expediently as possible, in order to eliminate flaring of gas from the Coleman #2.

-2-

Should you have any questions concerning this matter or should you be opposed to any portion of the proposal, please advise.

Yours very truly,



Jack D. Cook

JDC:ig

cc: Burr & Cooley  
George Coleman

INTER-OFFICE COMMUNICATION  
TENNECO OIL COMPANY

DATE: October 18, 1974

TO

FOR MR. Jack Cook

FROM MR. J. L. Gaskill

RE

PURCHASING PRODUCED GAS  
BURR AND COOLEY - COLEMAN NO. 2  
HOSPAH FIELD, MCKINLEY CO., NEW MEXICO

In regard to the captioned subject, Tenneco is willing to consider offering you the same deal as currently contracted with Tesoro with one exception. This being that we would take Tesoro's gas first. Your volume would be limited to the difference between Tesoro's produced gas and the capacity of our low pressure compressor. Tesoro has approximately 250 MCFPD and our compressor capacity is  $\pm 1.0$  MMCFPD. We do not anticipate any foreseeable problem in being able to take the estimated 300 MCFPD from the Coleman No. 2.

If the above is acceptable and Tesoro agrees to let you in their line, please submit to Tenneco a letter requesting a sales contract.

If additional information is needed, please advise.

  
J. L. Gaskill

JLG:hk

cc: D. D. Myers

# ENGINEERING & PRODUCTION SERVICE, Inc.

P. O. BOX 190 -- PH. 325-1924

FARMINGTON, NEW MEXICO 87401

October 29, 1974

Tenneco Oil Company  
Suite # 1200  
Lincoln Tower Building  
Denver, Colorado 80203

Att: Mr. J. L. Gaskill

Re: Gas Sales Purchase Agreement  
Coleman # 2  
South Hospah Field Area  
McKinley County, New Mexico

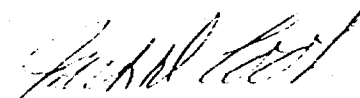
Dear Mr. Gaskill:

Pursuant to the instruction of your letter of October 18, 1974, Burr & Cooley hereby request a Gas Purchase Agreement for their Coleman # 2 well.

In the event an acceptable arrangement for the joint use of Tesoro's 4" gathering line is not reached, Burr & Cooley will lay their own gas sales line to Tenneco's injection facility in the Hospah Field. If an agreement is worked out with Tesoro for use of the line, the Coleman # 2 will be tied in near Tesoro's Santa Fe # 16 well.

Should you desire further information concerning this matter, please advise.

Yours very truly,



Jack D. Cook

JDC:ig  
cc: Burr & Cooley  
George Coleman

ENGINEERING & PRODUCTION SERVICE, Inc.

P. O. BOX 190

PH. 325-1924

FARMINGTON, NEW MEXICO 87401

December 10, 1974

New Mexico Oil Conservation Board  
1000 Rio Bravo Road  
Albuquerque, New Mexico 87410

Attn: Mr. Emory Arnold

Re: Flaring of Gas  
Basin Fuels  
Coleman #2  
C-8-12H-RW  
McKinley County,  
New Mexico

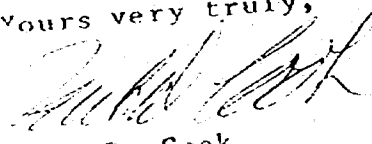
Dear Mr. Arnold:

Attached is a copy of a letter from Tenneco Oil Company in response to a request made on October 29, 1974, to purchase gas from the subject well. You will note Tenneco advises the matter has been investigated and found to be impractical.

Inasmuch as there is not an economically feasible method, at this point, to dispose of the flared gas from the Coleman #2, Basin Fuels, Inc. requests permission to continue production of the well without being in compliance with the states no flare order.

Should you desire further information concerning this matter, please advise.

Yours very truly,

  
Jack D. Cook

JDC:ig



**Tenneco Oil**  
A Tenneco Company

Suite 1200  
Lincoln Tower Building  
Denver, Colorado 80203  
(303) 292-9920



November 27, 1974

Engineering & Production Service, Inc.  
P.O. Box 190  
Farmington, New Mexico

Attention: Mr. J. D. Cook

Re: Gas Sales Purchase Agreement  
Coleman #2  
So. Hospah Field Area  
McKinley County, New Mexico

Gentlemen:

In response to your request of October 29, 1974, for Tenneco to purchase gas from the subject well, please be advised that this matter has been investigated and found to be impractical.

Tenneco currently injects gas in two different projects in the immediate area.

The Lone Pine Dakota "D" Unit project currently is re-injecting only gas produced from that reservoir since no makeup gas is required. In order for Tenneco to use gas from the subject well for injection into its Lower Hospah project, that gas would have to be delivered to a point in the SW/4 of the NE/4 of Section 12, T-17-N, R-9-W, at a pressure of approximately 100 psi. In addition, modifications to Tenneco's existing equipment would have to be made at your expense. It was originally thought that space might be available for this gas in our low pressure system (approximately 30 psi), but upon re-examination, it was found that this system can handle no more gas than it has currently committed.

If we can be of any further assistance in this matter please feel free to call on us.

Yours very truly,

TENNECO OIL COMPANY

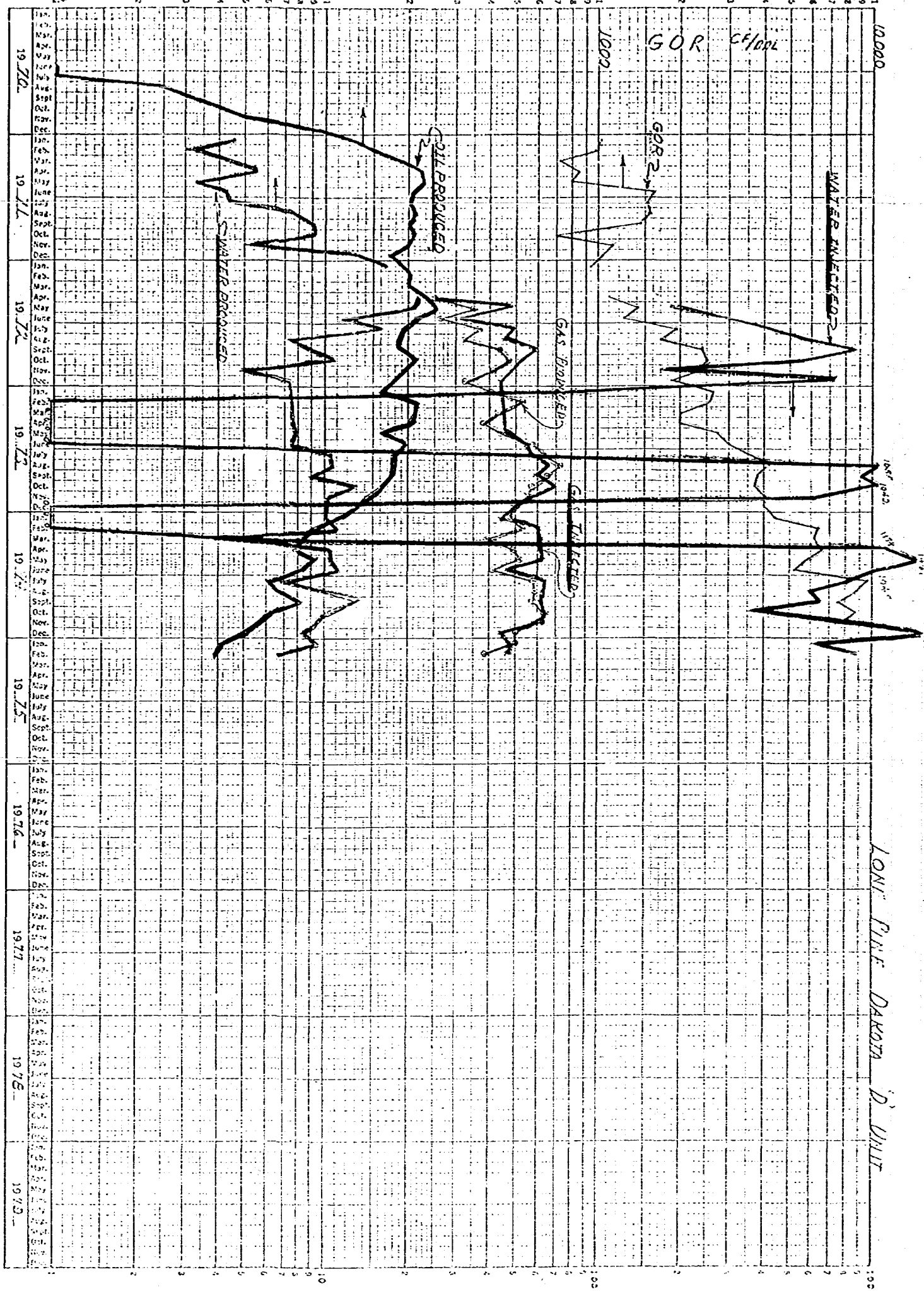
A handwritten signature in cursive script, appearing to read "D. D. Myers".

D. D. Myers  
Division Production Manager.

DDM:mt

DAILY AVERAGE  
OIL WARE PRODUCED  
bbl/d

DAILY AVERAGE  
GAS PRODUCTION  
MCF/D



LONE PINE DAKOTA 2 UNIT

DAILY AVERAGE WATER INJECTED, bbl/d



## OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO  
P. O. BOX 2088 - SANTA FE

87501

I. R. TRUJILLO  
CHAIRMAN

LAND COMMISSIONER  
PHIL R. LUCERO  
MEMBER

STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

MAY 7, 1975

### MEMORANDUM

TO: ALL OPERATORS IN THE LONE PINE-DAKOTA  
"D" OIL POOL, MCKINLEY COUNTY, NEW MEXICO

FROM: A. L. PORTER, Jr., SECRETARY-DIRECTOR

SUBJECT: GAS PRODUCTION AND GAS DISPOSAL

As all operators in the subject pool are aware, Lone Pine-Dakota "D" Oil Pool is somewhat distant removed from any gas purchaser's gathering system. This may not always be the case however and a market may eventually be had for the gas in this field.

We have authorized gas injection into the reservoir based on the premise that an additional 2.65 million barrels of oil would be recovered by pressure maintenance and with the hope that a market would be available by the time the reservoir was ready to blow down. At the hearing there was some concern expressed as to whether sufficient gas would be available to achieve the pressure necessary to recover the entire additional 2.65 millions of barrels of oil, so water would also be injected.

It baffles me that in the face of this apparent shortage of gas for pressure maintenance, some operators in the pool find it necessary to seek authority to flare gas.

It behooves all operators in this field to arrive at a solution to this problem. It is patently unfair to any operator to have to be shut in and not be able to produce his share of the oil when there is obviously a use for the gas.

-2-

Memorandum to All Operators in the  
Lone Pine-Dakota "D" Oil Pool

May 7, 1975

If arrangements cannot be made to accommodate all produced gas in the Lone Pine Dakota "D" injection system or in the Lower Hospah injection projects within the next 30 days, the Commission will call a hearing to consider reducing the total volume of gas that can be produced in the field so that all gas can be reinjected.

ALP/DSN/ir

# Memo

3-28-75

To Dan:

From

A. R. KENDRICK  
ENGINEER & DEPUTY  
OIL & GAS INSPECTOR

Emery is gone on vacation. He has been handling this problem.

I believe the NFO exception expires Monday night.

Where do we go from here?

AK

BURR & COOLEY  
ATTORNEYS AND COUNSELORS AT LAW  
SUITE 152 PETROLEUM CENTER BUILDING  
FARMINGTON, NEW MEXICO  
87401

RECEIVED  
MAR 31 1975  
OIL CONSERVATION COMM.  
Santa Fe

JOEL B. BURR, JR.  
WM. J. COOLEY

March 26, 1975

RECEIVED  
MAR 28 1975  
OIL CON. COM.  
DIST. 3

TELEPHONE 325-1702  
AREA CODE 505

Mr. Emery Arnold  
NEW MEXICO OIL CONSERVATION COMMISSION  
1000 Rio Brazos Road  
Aztec, New Mexico 87410

Re: Coleman No. 2 Well, C-8-17N-8W  
Lone Pine Dakota "D" Pool  
McKinley County, New Mexico

Dear Mr. Arnold:

Please consider this our request for extension of No Flare Order No. E-3-111, which granted exception to No-Flare Rule No. 306 for our Coleman No. 2 well located in Section 8, Township 17 North, Range 8 West, Lone Pine Dakota "D" Pool, McKinley County, New Mexico.

In support thereof, we would show the Commission that circumstances have not changed since the entry of No-Flare Order No. E-3-111; that no market presently exists for the gas in question, nor is it economically feasible to re-inject the same into the reservoir; that continuous efforts are being made by the undersigned to find a market for said gas, the most recent inquiry having been to Tesoro Petroleum Corporation as shown by the attached letter of our consulting engineer, Mr. Jack B. Cook, dated March 25, 1975.

Very truly yours,

BURR & COOLEY

By

Joel B. Burr, Jr.

JBB:jjh  
Encl.

REPLY MESSAGE

Case 5418

This Form available from Grayarc Co., Inc., A Subsidiary of Dictaphone Corporation, 682 Third Ave., Brooklyn, N. Y. 11232

TO NEW MEXICO OIL CONSERVATION COMMISSION  
P. O. Box 2088  
Santa Fe, New Mexico 87501

FROM

BURR & COOLEY  
152 PETROLEUM CENTER BUILDING  
FARMINGTON, NEW MEXICO 87401  
Telephone: (505) 325-1702

SUBJECT:

FOLD Gentleman:

OIL CONSERVATION COMM  
Santa Fe

DATE: Jan. 23, 1975

Enclosed herewith for filing are original and two copies of Application  
for Exception to the Commission's No-Flare Order.

PLEASE REPLY TO → SIGNED

*H. Cooley*

DATE

SIGNED

GRAYARC CO., INC., BROOKLYN, N. Y. 11232

THIS COPY FOR PERSON ADDRESSED

OIL CONSERVATION COMMISSION

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION  
OF

JOEL B. BURR, JR. and WILLIAM J.  
COOLEY

For an exception to the Commission's  
No-Flare Order

APPLICATION

COMES NOW Joel B. Burr, Jr. and William J. Cooley, herein-  
after referred to as "Burr & Cooley", and respectfully make  
application to the Commission for an exception to the Commission's  
No-Flare Order for the Coleman No. 2 well located in Unit C of  
Section 8, Township 17 North, Range 8 West.

In support of the foregoing Application, the applicants  
would show the Commission that the present rate of production  
is approximately 110 barrels per day, and that the current gas-  
oil ratio for the subject well is 1890 to 1.

Applicants would also show the Commission that they have  
made diligent efforts to sell the gas production from the  
subject well in order that such gas could be put to beneficial  
use. However, all such efforts have failed and there is currently  
no market whatsoever or other beneficial use to which such gas  
can be put.

Applicants would also show the Commission that their  
correlative rights, as well as those of the Navajo Indian allottee  
royalty owners, would be severely impaired by reason of lease-  
line drainage which is not off-set by counter-drainage, unless  
the exception to the no-flare order herein requested is granted.

WHEREFORE, applicants pray that this matter be set down for  
hearing before one of the Commission's examiners and that, after

DOCKET MAILED

Date 2-7-75



Case 5418

due notice of hearing, the relief herein requested be duly granted.

Respectfully submitted,

BURR & COOLEY  
152 Petroleum Center Building  
Farmington, New Mexico 87401

By

  
William J. Cooley

DRAFT

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. 5418

Order No. R-          

APPLICATION OF JOEL B. BURR AND  
WILLIAM J. COOLEY FOR PERMISSION  
TO FLARE CASINSHEAD GAS, MCKINLEY  
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 19, 1975,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this            day of           , 19  , 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 applicants, Joel B. Burr and William  
J. Cooley, are the operators of the Coleman Well  
No. 2, located in Unit C of Section 8, Township 17 North,  
Range 8 West, NM PM, McKinley County, New Mexico.

(3) That at the time of hearing of this case,  
the aforesaid Coleman well No. 2 was located within  
the horizontal boundaries of the Lone Pine Dakota  
"D" Oil Pool, as defined and described by the  
Commission, but there was on file with the  
Commission and pending hearing an  
application to consider the deletion of

the N/2 NW/4 of Section 8, Township 17 North, Range 8 West, NMPM, McKinley County, New Mexico, from the horizontal limits of the Lone Pine Dakota "D" Oil Pool, and the concomitant extension of the horizontal limits of the Hopah Dakota Pool to include therein said lands.

(4) That Case No. 5495 ~~concerning~~ concerning said application was heard by the Commission on June 12, 1975, and Order No. R-5057, ~~dated July 15, 1975~~ dated July 17, 1975, the aforesaid changes in pool boundaries were made.

(5) That the subject well of this instant case, being applicant's Culeman well No 2, is located on the lands deleted from the Lone Pine Dakota "D" Oil Pool and added to the Hopah Dakota Pool, so that now the said well is properly classified as producing from the Hopah Dakota Pool.

(6) That pressure maintenance operations are being conducted in the Lone Pine Dakota "D" Oil Pool by the injection of gas produced from said pool back into the reservoir.

(7) That for certain reasons it is impracticable to inject Hopah Dakota Pool casinghead gas <sup>from the subject well</sup> into the Lone Pine Dakota "D" Pressure Maintenance Project, and there is no other beneficial use to which the gas produced from the subject well may be economically put.

Joel Burr  
Kingsley  
CASE 5418

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. 5418  
Order No. R-7219

APPLICATION OF JOEL B. BURR, JR. AND  
WILLIAM J. COOLEY FOR PERMISSION TO FLARE  
CASINGHEAD GAS, MCKINLEY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 19,  
1975, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this \_\_\_\_\_ day of February, 1983, the Division  
Director, having considered the record and the recommendations  
of the Examiner, and being fully advised in the premises,

FINDS:

That subsequent to this hearing, this well was plugged and  
abandoned and this case should be dismissed.

IT IS THEREFORE ORDERED:

That Case No. 5418 is hereby dismissed.

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