

CASE 5606: CITIES SERVICE OIL
COMPANY FOR DOMESTIC CONFINING, ETC.
LEA COUNTY, NEW MEXICO

CASE NO.

5606

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 7, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Cities Service Oil
Company for downhole commingling,
Lea County, New Mexico.

CASE
5606

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

For the Applicant: Jason W. Kellahin, Esq.
KELLAHIN & FOX
Attorneys at Law
500 Don Gaspar
Santa Fe, New Mexico

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

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1 MR. STAMETS: We will call now Case 5606, application
2 of Cities Service Oil Company for downhole commingling, Lea
3 County, New Mexico.

4 MR. KELLAHIN: If the Examiner please, Jason Kellahin,
5 Kellahin and Fox, Santa Fe, appearing for the applicant and
6 I have one witness I would like to have sworn.

7 MR. STAMETS: If he will stand and be sworn, please?

8 (THEREUPON, the witness was duly sworn.)

9 ELMER STARTZ
10 called as a witness, having been first duly sworn, was
11 examined and testified as follows:

12
13 DIRECT EXAMINATION

14 BY MR. KELLAHIN:

15 Q Would you state your name, please?

16 A Elmer Startz.

17 Q How do you spell that, Mr. Startz?

18 A S-t-a-r-t-z.

19 Q By whom are you employed and in what position?

20 A I'm employed by Cities Service Oil Company, I'm
21 the Region Petroleum Engineer over the West Texas area in
22 addition to New Mexico, the State of New Mexico and all of
23 Arizona.

24 Q Are you the petroleum engineer over that entire
25 area?

1 A. Yes, sir.

2 Q. Have you ever testified before the Oil Conservation
3 Commission of New Mexico?

4 A. No, sir.

5 Q. For the benefit of the Examiner would you briefly
6 outline your education and experience in the petroleum field?

7 A. Well, I have a B.S. Degree in engineering from the
8 University of Kansas and I went to work for Cities Service in
9 January of 1955 in the production department and that entire
10 twenty-one years I have been in the production department with
11 Cities Service.

12 Q. And where have you worked while working for Cities
13 Service?

14 A. The first seven years were in Kansas and the past
15 fourteen years I have been in the Permian Basin area stationed
16 in Midland and Odessa.

17 Q. Now, the work you were doing, was that petroleum
18 engineering?

19 A. Yes, sir, it is production work and the waterflood
20 work, drilling and so forth.

21 Q. Now, in your work does the area involved in this
22 application come under your jurisdiction?

23 A. Yes, sir.

24 MR. KELLAHIN: Are the witness's qualifications
25 acceptable?

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1 MR. STAMETS: Mr. Startz, what was your degree in?

2 A. Civil engineering.

3 MR. STAMETS: Yes, they are.

4 Q (Mr. Kellahin continuing.) Mr. Startz, are you
5 familiar with the application of Cities Service in Case 5606?

6 A. Yes, sir.

7 Q Briefly what is proposed by the applicant in this
8 case?

9 A. We propose to commingle, downhole the Drinkard and
10 Tubb production in the Brunson Number 3 well.

11 Q And that is located in --

12 A. It's in Section 3, Township 22 South, Range 27 East
13 of Lea County.

14 Q Lea County?

15 A. Yes, sir.

16 Q Briefly would you give a history of this well?

17 A. This well was originally drilled in 1947 as a
18 Drinkard oil well from the open hole there from the interval
19 sixty-five hundred to sixty-five, sixty-seven. And then in
20 October of 1956 the Tubb gas formation was perforated and the
21 well was recompleted as a dual Tubb and Drinkard well and the
22 Tubb perforations were from fifty-eight, eighty-eight to
23 sixty-one, eighty-six and then in July of 1973 additional
24 Drinkard interval perforations were completed from sixty-two
25 twenty-eight to sixty-four ninety and the open-hole section was

1 abandoned at that time because of uneconomical production.

2 Of course, the well was dualled with the present Drinkard perfs
3 and the Tubb gas perfs.

4 Q Pardon me.

5 A I started to say our packer leakage test in August of
6 1975 showed communications so that brings us up to this hearing.

7 Q That communication has not yet been repaired, is that
8 correct?

9 A No, sir.

10 Q Now, referring to what has been marked as Exhibit
11 Number One, would you identify that exhibit, please?

12 A This is a plat showing the Cities Service Brunson B
13 lease in Section 3 and the surrounding wells and operators.
14 The subject well is marked with a red arrow.

15 This is all of the wells, including the Tubb,
16 Drinkard and other zones in the immediate area.

17 Q Now, referring to what has been marked as Exhibit
18 Number Two, will you identify that exhibit?

19 A This is the same plat showing the Brunson B lease
20 with the subject well marked with a red arrow and this is just
21 the Drinkard and Tubb completions in the immediate area.

22 Q Now, referring to what has been marked as Exhibit
23 Number Three, would you identify that exhibit?

24 A This is the production history of the past three
25 years of the Drinkard zone, some of the oil and gas production.

1 Q Would you have any particular significance to the
2 information shown on that exhibit?

3 A It's just that it has a very high producing GOR zone
4 and it's penalized due to the high GOR.

5 Q Now, referring to what has been marked as Exhibit
6 Number Four, would you identify that exhibit?

7 A This is the production history from the Tubb gas
8 zone and it shows -- the Tubb zone is very marginal, in fact,
9 it is very near the economic limit, it's a separate zone.

10 Q And does it also show a high GOR?

11 A Yes, sir, it's very high, it's slightly over four
12 hundred thousand GOR.

13 Q On those zones what has the gas production been
14 from the Drinkard zone?

15 A Well, the Drinkard has been making, over the last
16 month, about twelve point six million for the month and it
17 has been averaging about fifteen million and the oil is about
18 two barrels a day.

19 Q Running around sixty barrels a month?

20 A Yes, sir.

21 Q What about the production from the Tubb, you say it
22 is marginal?

23 A Yes, sir, it has been making about two million per
24 month of gas and about nine to ten barrels of condensate per
25 month.

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1 Q You testified earlier that you had a packer leakage
2 test which showed there was communication at the present time,
3 with this production from the Tubb is it economical to make a
4 repair of this leak?

5 A No, sir, it wouldn't be economical to repair it.

6 Q If you cannot commingle it would you just lose any
7 remaining production from the Tubb zone?

8 A Yes, sir.

9 Q And produce only the Drinkard?

10 A Yes, sir.

11 Q Now, referring to what has been marked as Exhibit
12 Number Five, would you identify that exhibit, please?

13 A This is a schematic of the current completion, dual
14 completion, it shows the tubing packer set between the two
15 zones with the Drinkard flowing up the tubing and the Tubb
16 flowing up the annulus.

17 Q Now, referring to what has been marked as Exhibit
18 Number Six, would you identify that exhibit, please?

19 A This is our proposed recompletion if we are allowed
20 to commingle downhole, we would just simply slide the packer
21 up the hole above the two perms.

22 Q Is the present packer in the well a retrievable
23 packer?

24 A Yes, sir.

25 Q And for a recompletion what would be required?

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1 A. Simply slide it up the hole until it's above the
2 Tubb perf and reset it.

3 Q And that would be an economical operation?

4 A. Yes, sir.

5 Q Now, Mr. Startz, is the ownership as to both of
6 these zones common?

7 A. Yes, sir.

8 Q Is there any difference in royalties or overrides?

9 A. No, sir.

10 Q Or basic ownership?

11 A. No, sir.

12 Q In the event that this is approved will there be any
13 change in the proration unit assigned to the two zones?

14 A. We would recommend that the production be assigned
15 to the Tubb formation.

16 Q I don't believe you understood me. At the present
17 time you have a prorationing unit consisting of the southwest
18 quarter of the southwest quarter of Section 3 or a forty-acre
19 tract, would there be any change in that?

20 A. No, sir.

21 Q Now, if you commingle production how would you
22 allocate the production between the two zones?

23 A. We would recommend allocating it to the Tubb zone.

24 Q Is that because the production from the Drinkard is
25 so small?

1 A. Yes, sir, and then both are very high GOR zones.

2 Q. Would there be any other way that it could be
3 allocated?

4 A. It could be allocated to either zone.

5 Q. Well, I mean as a percentage between the two zones,
6 could that possibly be done?

7 A. No.

8 Q. You don't feel that is practical?

9 A. You mean splitting the production back to each zone?

10 Q. Yes, sir.

11 A. There would be no practical way of determining just
12 exactly how much except for the past tests that we have on the
13 two zones.

14 Q. And since the ownership is common throughout you feel
15 that it isn't necessary to make that division?

16 A. No, sir.

17 Q. Were Exhibits One through Six prepared by you or
18 under your supervision?

19 A. Yes, sir.

20 MR. KELLAHIN: At this time I would like to offer
21 into evidence Exhibits One through Six inclusive.

22 MR. STAMETS: These exhibits will be admitted.
(THEREUPON, Applicant's Exhibits One
23 through Six were admitted into evidence.)

24 MR. KELLAHIN: That completes our direct examination,
25

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1 Mr. Stamets.

3 CROSS EXAMINATION

4 BY MR. STAMETS:

5 Q Mr. Startz, have you determined what the leak is
6 in, whether it is around the packer or in the tubing?

7 A No, sir, we haven't.

8 Q If you simply slid the tubing up the hole and the
9 leak were a hole in the tubing, could this have any harmful
10 effect on the production?

11 A No, sir, in my opinion I don't believe it would.

12 Q Are either of these wells prorated gas wells?

13 A Yes, the Tubb gas is a prorated gas well.

14 Q Is this a marginal well in the Tubb?

15 A Yes, it's very marginal, the Tubb is.

16 Q Looking at Exhibit Number Four and Exhibit Number
17 Three, the oil production from the Drinkard is running about
18 sixty barrels a month, is that correct?

19 A Yes, sir, the November production was about sixty-
20 five barrels for the month.

21 Q Whereas the oil production from the Tubb is about
22 nine barrels a month?

23 A Yes, sir.

24 Q So in that case the oil production from the Drinkard
25 is more significant than the oil production from the Tubb?

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1 A. Yes, sir.

2 Q. Now, referring to the gas production, the Tubb is
3 something in excess of two million a month?

4 A. Yes, sir.

5 Q. And the gas production from the Drinkard is running
6 at approximately what level?

7 A. Twelve, almost thirteen per month there for
8 November.

9 Q. Thirteen million?

10 A. Yes, sir, for the month.

11 Q. On both cases the significant volume of production
12 is from the Drinkard?

13 A. Yes, sir.

14 Q. And yet you want to ascribe all of the production to
15 the Tubb?

16 A. For allowable purposes, they are both over one
17 hundred thousand to one GOR currently and the allowable for
18 the Drinkard is based on our gas production with the scheduled
19 data allowable, I think, of a hundred and forty-two barrels
20 per day and this penalizes our production considerably.

21 Q. Looking at these two exhibits it would appear that
22 the production is regular enough that it could be divided, does
23 Cities Service have any objection to the requirement for the
24 division of production based on these tests?

25 A. No, sir, I don't believe so.

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1 Q Do you have a recommendation for a percentage
2 division of the production?

3 A Not right now I don't have. We could get one I'm
4 sure. We would have to do a little figuring on it.

5 Q Well, the Examiner would appreciate it if you would
6 make the computation and submit it after the hearing.

7 A Yes, sir.

8 MR. STAMETS: Any other questions of the witness?

9 He may be excused.

10 (THEREUPON, the witness was excused.)

11 MR. STAMETS: Is there anything further in this
12 case?

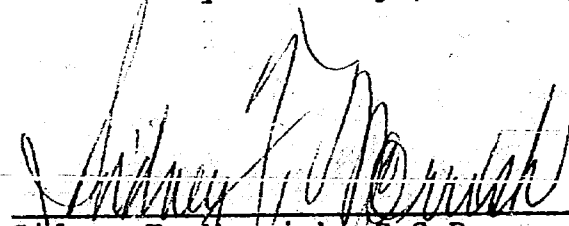
13 MR. KELLAHIN: That's all we have, Mr. Stamets.

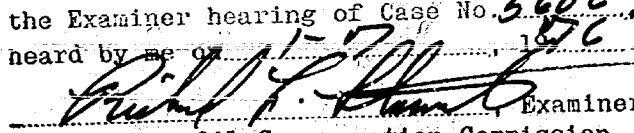
14 MR. STAMETS: We will take the case under
15 advisement.
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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand 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, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5606
heard by me on 1-7-76
 Examiner
New Mexico Oil Conservation Commission

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OIL CONSERVATION COMMISSION

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

87501

DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO



STATE GEOLOGIST
EMERY C. ARNOLD

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: CASE NO. 5606
ORDER NO. R-5149

Applicant:

Cities Service Oil Company

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC ☒
Artesia OCC _____
Aztec OCC _____

Other _____

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. 5606
Order No. R-5149

APPLICATION OF CITIES SERVICE OIL
COMPANY FOR DOWNHOLE COMMINGLING,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 7, 1976, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 14th day of January, 1976, 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, Cities Service Oil Company, is the owner and operator of the Brunson B Well No. 3, located in Unit M of Section 3, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

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

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

(5) That from the Drinkard zone, 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 zones are such that underground waste would not be caused by the proposed commingling provided that the well is not shut-in for an extended period.

-2-

Case No. 5606

Order No. R-5149

(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 Hobbs 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, 55 percent and 15 percent, respectively, of the commingled oil and gas production should be allocated to the Tubb zone, and 45 percent and 85 percent, respectively, of the commingled oil and gas production to the Drinkard zone.

IT IS THEREFORE ORDERED:

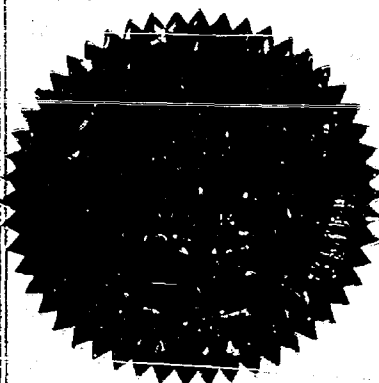
(1) That the applicant, Cities Service Oil Company, is hereby authorized to commingle Tubb and Drinkard production within the wellbore of the Brunson B Well No. 3, located in Unit M of Section 3, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

(2) That 55 percent and 15 percent, respectively, of the commingled oil and gas production shall be allocated to the Tubb zone and 45 percent and 85 percent, respectively, of the commingled oil and gas production shall be allocated to the Drinkard zone.

(3) That the operator of the subject well shall immediately notify the Commission's Hobbs 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.



S E A L

jr/

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member

JOE D. RAMEY, Member & Secretary



CITIES SERVICE OIL COMPANY

Box 1919
Midland, Texas 79701
Telephone (915) 684-7131

January 20, 1976

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico 87501

Attn: Mr. R. L. Stamets

Dear Sir:

Reference is made to Case #5606, Cities Service Oil Company's application for commingling Drinkard and Tubb production in the wellbore of its Brunson B #3 well located in Unit M of Section 3, T22S, R27E, Lea County, New Mexico. Hearing for this application was held January 7, 1976. Cities Services proposes to allocate production after commingling to each zone based on average gas production from each zone during the last six months. Based on these figures future production from Brunson B #3 will be split 14% to the Tubb and 86% to the Drinkard. Condensate production at current bottomhole pressures is considered insignificant reservoir voidage so gas production was used to determine ratio of production from each zone.

Respectfully,

Elmer W. Startz

Elmer W. Startz
Region Petroleum Engineer
Cities Service Oil Company

EWS/pg

*Received of
Order R 5149
Signed
R*

dr/

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. 5606

Order No. R- 5149

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FOR DOWNHOLE COMMINGLING, LEA
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(5) That from the Drinkard zone, 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.

Case No. _____
Order No. R- _____

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

(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 Hobbs 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, 55 percent and 15 percent of the commingled oil and gas production should be allocated to the Tubb zone, and 45 percent and 85 percent of the commingled oil and gas production to the Drinkard zone.

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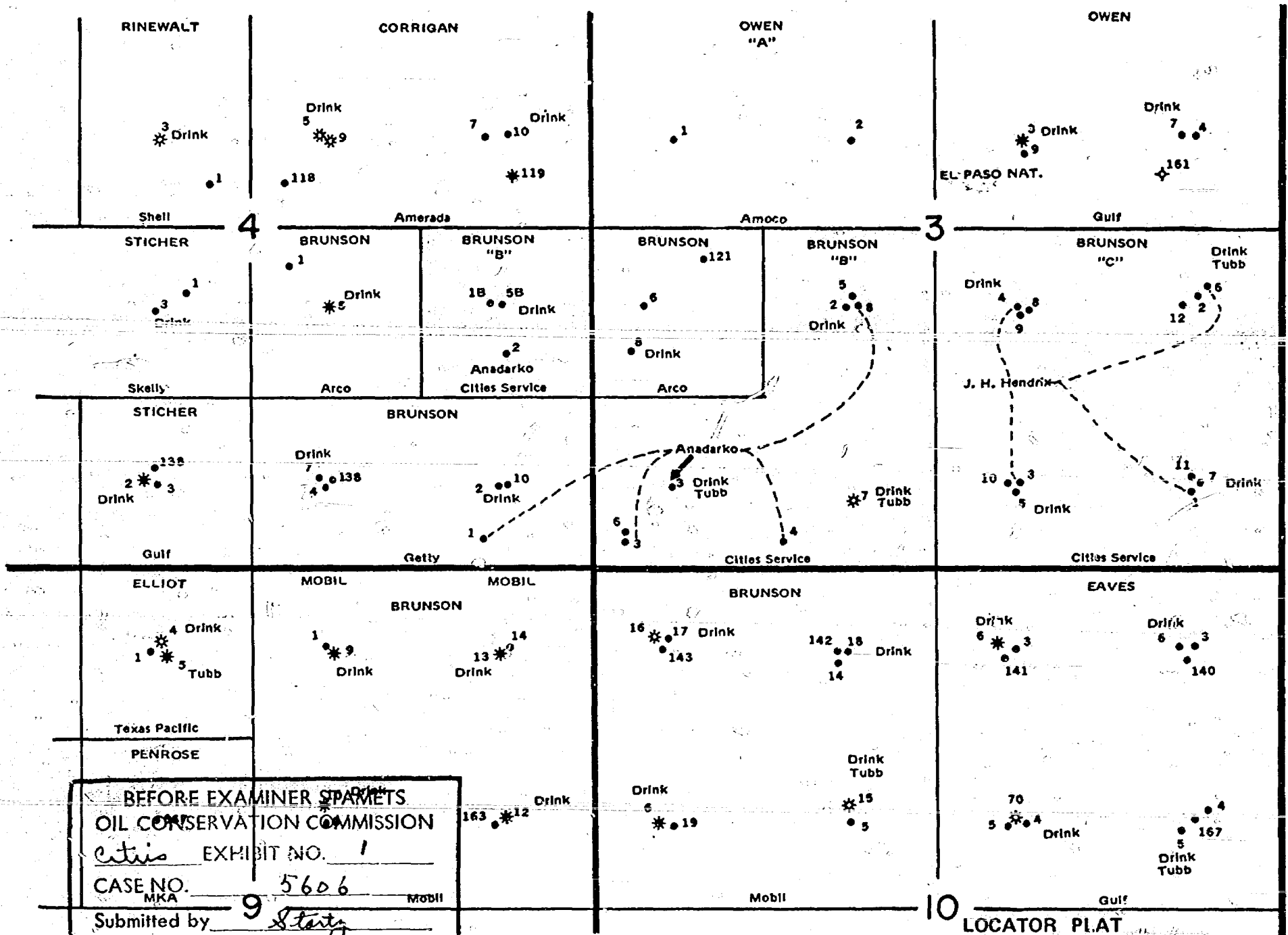
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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



BEFORE EXAMINER SPAMETS
OIL CONSERVATION COMMISSION

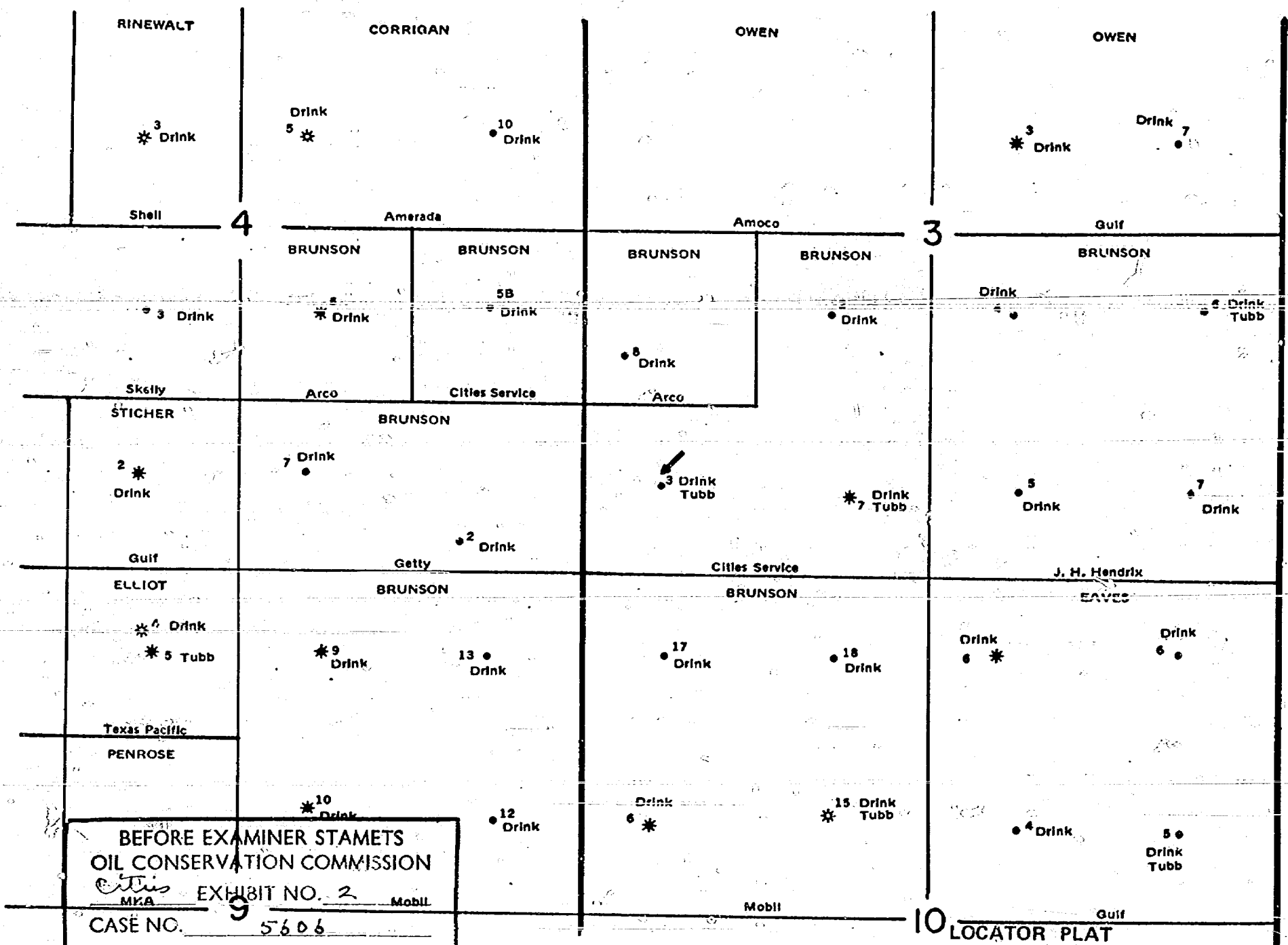
EXHIBIT NO. 1

CASE NO. 5606

Submitted by 9 Starty

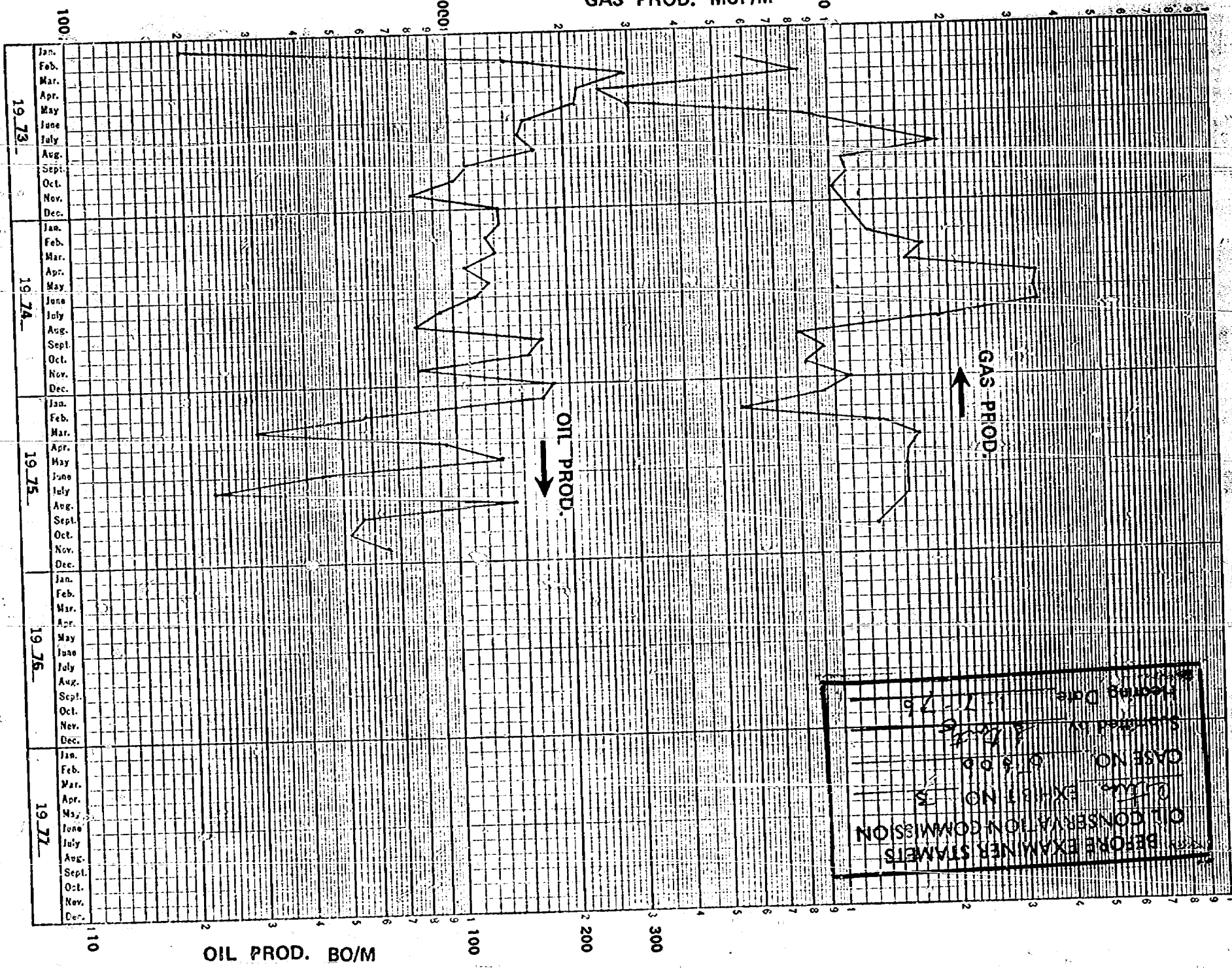
Hearing Date 1-7-76

LOCATOR PLAT
CITIES SERVICE OIL CO.
R. L. BRUNSON LEASE
SEC. 3 & 4, T22S, R 37E
LEA COUNTY, NEW MEXICO
SCALE: 1" = 1000'



K&E 5 YEARS BY MONTHS 46 6690
X 3 LOG CYCLES MADE IN U.S.A.
KEUFFEL & ESSER CO.

GAS PROD. MCF/M



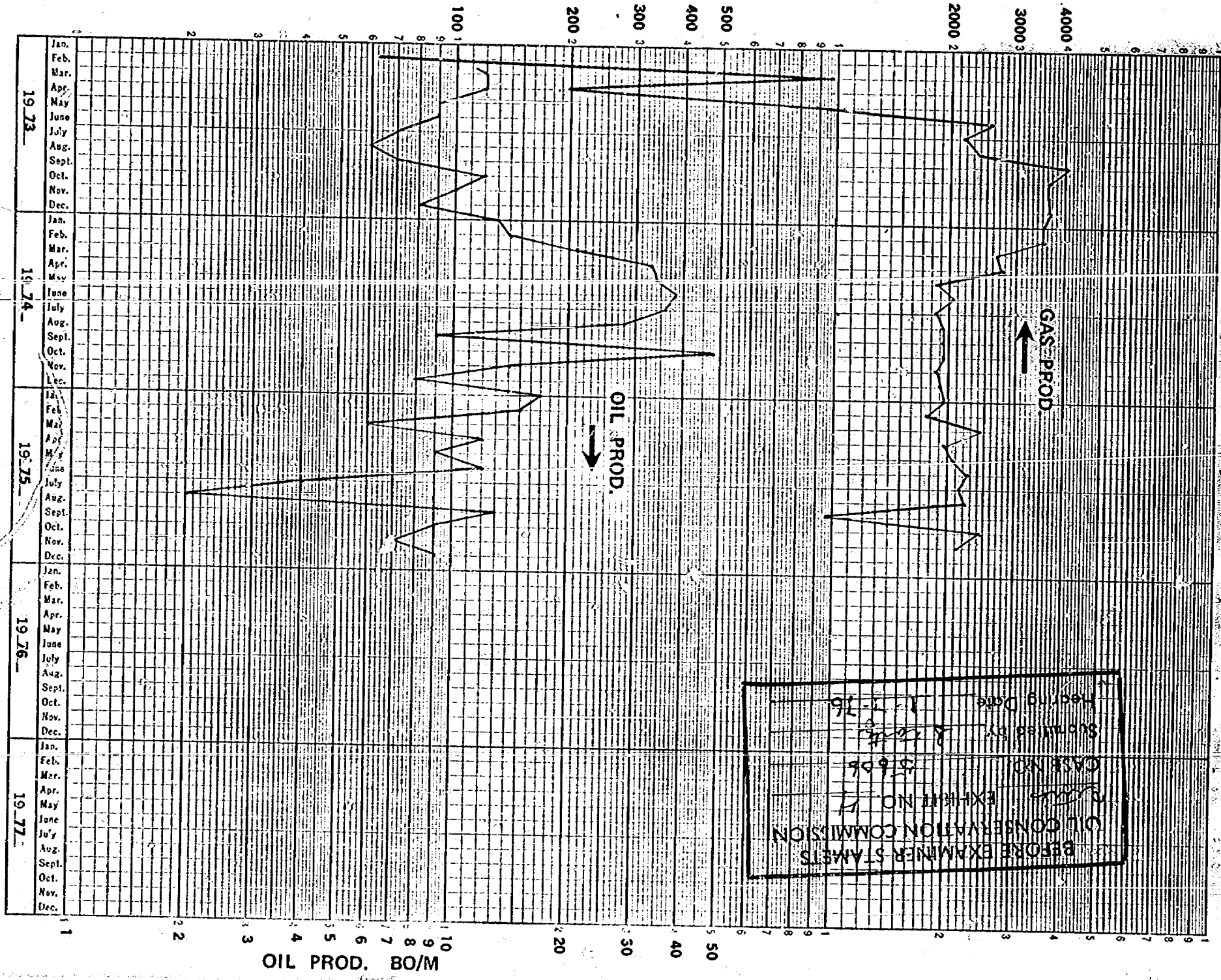
BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION
CASE NO. 01500
EXHIBIT NO. 3
Submitted by A. H. H. H.
Filing Date 1-17-76

CITIES SERVICE OIL CO.
BRUNSON B. No. 3
DRINKARD - DRINKARD

3

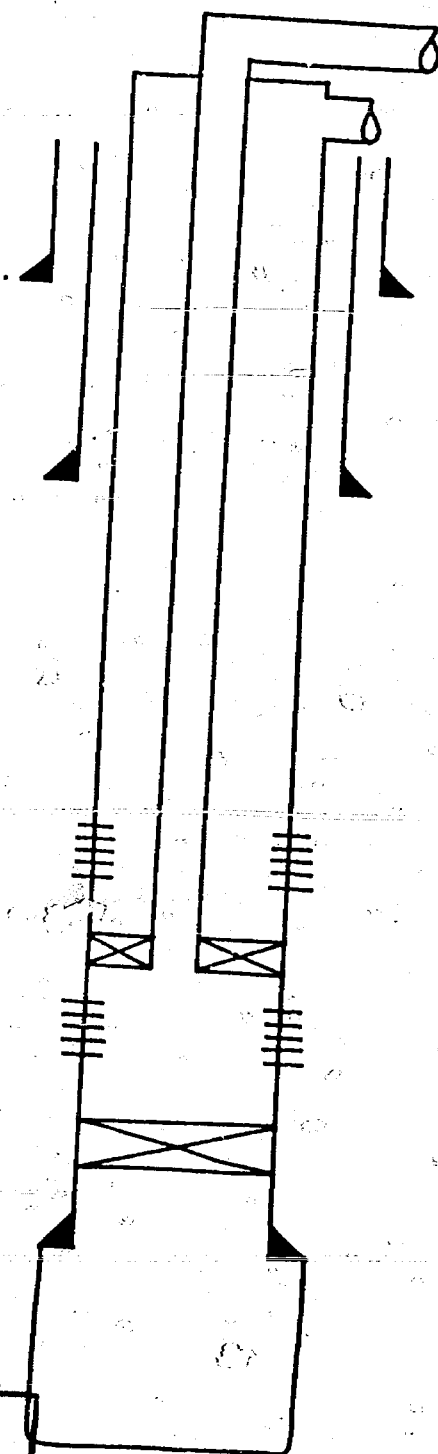
K&E 5 YEARS BY MONTHS 46 6690
X 3 LOG CYCLES
KEUFFEL & ESSER CO. MADE IN U.S.A.

GAS PROD. MCF/M



CITIES SERVICE OIL CO
BRUNSON B No. 3
TUBB GAS - TUBB

CITIES SERVICE OIL CO.
BRUNSON B No. 3
CURRENT TUBB - DRINKARD
DUAL COMPLETION



202 jts. 2 3/8" EUE tubing

13" csg. @ 300'

8 5/8" csg. @ 2810'

Tubb perfs. 5888' - 6186'

Baker Lok - Set packer @ 6203'

Drinkard perfs. 6228' - 6490'

CIBP @ 6494'

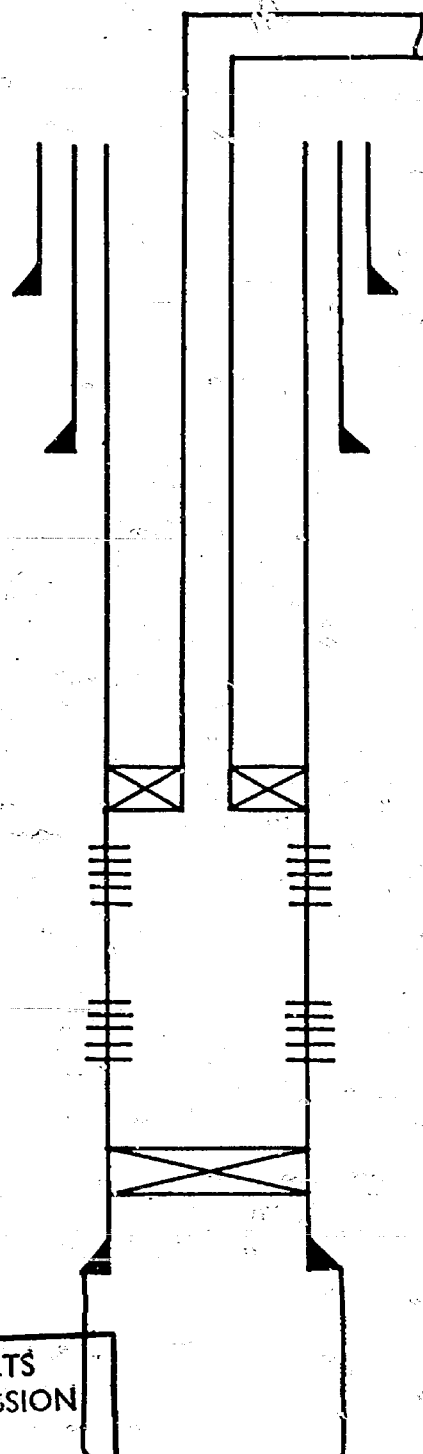
5 1/2" csg. @ 6500'

TD 6567'

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION
Cities EXHIBIT NO. 5
CASE NO. 5606
Submitted by Stutz
Hearing Date 1-7-76

5

CITIES SERVICE OIL CO.
BRUNSON B No. 3
TUBB - DRINKARD
PROPOSED COMMINGLED COMPLETION



2 3/8" EUE Tubing

13" csg. @ 300'

8 5/8" csg. @ 2810'

Tubb perms. 5888' - 6183'

Drinkard perms. 6228' - 6490'

CIBP @ 6494'

5 1/2" csg. @ 6500'

TD 6567'

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

Cities EXHIBIT NO. 6

CASE NO. 5606

Submitted by *J. Terry*

Hearing Date 1-7-76

Dockets Nos. 2-76 and 3-76 are tentatively set for hearing on January 14 and January 21, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 7, 1976

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. Stanets, Examiner or Daniel S. Nutter, Alternate Examiner:

- CASE 5600:** Application of Champlin Petroleum Company for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the East Carlsbad-Wolfcamp Gas Pool, Eddy County, New Mexico, including a provision for 320-acre spacing.
- CASE 5601:** Application of Consolidated Oil & Gas, Inc. for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle Tapacito-Pictured Cliffs and Basin-Dakota gas production in the wellbore of its Tribal "C" Well No. 10-7, located in Unit J of Section 7, Township 26 North, Range 3 West, Rio Arriba County, New Mexico.
- CASE 5602:** Application of Consolidated Oil & Gas, Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Fulcher Kutz-Pictured Cliffs and Aztec-Fruitland gas production in the wellbore of its Collins Well No. 1, Manley Well No. 1, and Walz Well No. 1, located, respectively, in Units E, P, and L of Section 31, Township 29 North, Range 10 West, San Juan County, New Mexico.
- CASE 5603:** Application of Burleson and Huff for compulsory pooling, a non-standard gas proration unit, and an unorthodox location, 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 35, Township 25 South, Range 37 East, Lea County, New Mexico, to form a non-standard 160-acre proration unit; applicant further seeks the pooling of all mineral interests in the Langlie-Mattix Pool underlying each of the following tracts in said Section 35 to form three standard 40-acre proration units: the NE/4 NW/4, to be dedicated to applicant's Dabbs Well No. 1, located 330 feet from the North line and 2310 feet from the West line of said Section 35; the SE/4 NW/4, to be dedicated to applicant's Dabbs Well No. 3, located 1980 feet from the North and West lines of said Section 35; and the SW/4 NW/4, to be dedicated to a well to be drilled on said tract at a standard Langlie-Mattix Pool location. In the event re-entry into either the Dabbs Well No. 1 or No. 3 is unsuccessful, applicant proposes to drill a replacement well at a standard location on its tract. Applicant further proposes to dedicate the 160-acre Jalmat proration unit to one of the three above-described wells, and in the event it should be the Dabbs Well No. 1, applicant seeks approval for the unorthodox Jalmat location for said well. Also to be considered will be the cost of re-entering, drilling, and completing said wells and the allocation of such costs as well as actual operating costs and charges for supervision. Also to be considered will be the designation of the applicant as operator of the wells and a charge for the risk involved in re-entering, drilling, and completing said wells.
- CASE 5604:** Application of Burleson & Huff for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Querecho Plains-Queen Pool by the injection of water into the Queen formation through its Anadarko Federal Well No. 6 to be drilled at an unorthodox location in the approximate center of the SW/4 of Section 27, Township 18 South, Range 32 East, Lea County, New Mexico. Applicant further seeks an administrative procedure for approval of additional wells at standard and non-standard locations within the project area.

CASE 5605: Application of Saguaro Oil Company for special pool rules, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Table Mesa-Dakota Oil Pool, San Juan County, New Mexico, including a provision for 2 1/2-acre spacing.

CASE 5606: Application of Cities Service Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle Tubb and Drinkard production in the wellbore of its Brunson B Well No. 3, located in Unit M of Section 3, Township 22 South, Range 27 East, Lea County, New Mexico.

CASE 5607: Application of Black River Corporation for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill an undesignated Canyon formation well at an unorthodox location 280 feet from the South line and 150 feet from the West line of Section 33, Township 25 South, Range 24 East, Eddy County, New Mexico.

CASE 5608: Application of Northern Natural Gas Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Magruder Hill Unit / comprising 2,258 acres, more or less, of Federal, State, and fee lands in Township 22 South, Range 25 and 26 East, Eddy County, New Mexico.

CASE 5609: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Nellor "EO" Well to be drilled at a point 1980 feet from the North line and 660 feet from the West line or in the alternative, 660 feet from the North and West lines of Section 30, Township 17 South, Range 26 East, Eddy County, New Mexico, the N/2 of said Section 30 to be dedicated to the well.

CASE 5610: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Caskey "EV" Well to be drilled at a point 660 feet from the South line and 1400 feet from the West line of Section 30, Township 17 South, Range 26 East, Eddy County, New Mexico, the S/2 of said Section 30 to be dedicated to the well.

CASE 5611: Application of David C. Collier for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of his Welch State No. 7 Well located 1330 feet from the South and West lines of Section 17, Township 18 South, Range 28 East, Artesia Pool, Eddy County, New Mexico, said well having formerly been a water injection well.

CASE 5612: Application of Dalport Oil Corporation for exception to the provisions of Order No. R-3221, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks as an exception to the provisions of Commission Order No. R-3221 permission to dispose of produced salt water from its State C Wells Nos. 1, 2, and 3, located in Units D, E, and L, respectively, of Section 16, Township 15 South, Range 30 East, Double L Queen Associated Pool, Chaves County, New Mexico, in an unlined surface pit located in Unit E of said Section 16.

CASE 5596: (Reopened & Readvertised)

Application of Burk Royalty Company for statutory unitization, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of secondary recovery, all mineral interests in the Queen formation underlying the following-described lands, Double L-Queen Pool, Chaves County, New Mexico:

Examiner Hearing - Wednesday - January 7, 1976

Docket No. 1-76
-3-

TOWNSHIP 14 SOUTH, RANGE 29 EAST, NMPM

Section 23: E/2 SE/4
Section 24: W/2 SW/4
Section 25: NW/4, SW/4 NE/4, N/2 SW/4, SE/4 SW/4, W/2 SE/4,
& SE/4 SE/4
Section 36: NE/4 NW/4, NE/4, N/2 SE/4, & SE/4 SE/4

TOWNSHIP 14 SOUTH, RANGE 30 EAST, NMPM

Section 31: W/2, W/2 SE/4, & SE/4 SE/4

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM

Section 1: E/2 E/2
Section 12: NE/4 & E/2 SE/4
Section 13: NE/4 NE/4

TOWNSHIP 15 SOUTH, RANGE 30 EAST, NMPM

Section 6: N/2, SW/4, & NW/4 SE/4
Section 7: W/2 W/2 & NE/4 NW/4
Section 18: NW/4

Among the matters to be considered at the hearing will be the necessity of unit operations and the feasibility of the proposed secondary recovery program; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of a fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations.

CASE 5613: Southeastern New Mexico nomenclature case calling for an order for the creation and extension of certain pools in Lea, Eddy, and Chaves Counties, New Mexico.

(a) Create a new pool in Lea County, New Mexico, classified as an oil pool for Bone Springs production and designated as the West Grana Ridge-Bone Springs Pool. The discovery well is Southern U. A. Production Company Barbara Federal Well No. 1 located in Unit 1 of Section 6, Township 22 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM
Section 6: SE/4

(b) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Hay Hollow-Strawn Gas Pool. The discovery well is Great Western Drilling Company Hay Hollow Unit Well No. 1 located in Unit J of Section 11, Township 26 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 27 EAST, NMPM
Section 11: E/2

(c) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Delaware production and designated as the Ross-Draw-Delaware Gas Pool. The discovery well is J. C. Williamson Ross Draw Unit Well No. 1 located in Unit N of Section 27, Township 26 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM
Section 27: W/2 Section 34: NW/4

(d) Create a new pool in Chaves County, New Mexico, classified as an oil pool for San Andres production and designated as the Sulinar-San

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Docket No. 1-76
-4-

Andres Pool. The discovery well is McClellan Oil Corporation Lisa A Federal Well No. 1Y located in Unit K of Section 13, Township 15 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM

Section 13: SW/4

(e) Extend the vertical limits of the Legg-Morrow Gas Pool in Lea County, New Mexico, to include the Atoka formation; and redesignate the pool as the Legg Atoka-Morrow Gas Pool.

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

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM

Section 26: S/2 Section 35: N/2

(g) Extend the Bar-U-Pennsylvanian Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 33 EAST, NMPM

Section 31: S/2

(h) Extend the North Burton Flats-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM

Section 19: S/2 Section 30: W/2

(i) Extend the Chaveroo-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 33 EAST, NMPM

Section 17: NW/4 Section 18: NE/4

(j) Extend the East Chisum-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 11 SOUTH, RANGE 28 EAST, NMPM

Section 9: E/2 SE/4 and S/2 SW/4

(k) Extend the High Plains-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM

Section 26: SW/4

(l) Extend the Jalzat Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM

Section 2: NW/4

(m) Extend the South Lucky Lake-Queen Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM

Section 22: W/2 NW/4

(n) Extend the Pecos-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM

Section 27: SW/4 NE/4 and W/2 SE/4

(o) Extend the North Vacuum-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM

Section 5: SW/4

(p) Extend the Vacuum-Queen Gas Pool in Lea County, New Mexico, to include therein:

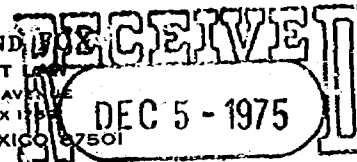
TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM

Section 11: SW/4

Case 5606

W. KELLAHIN
RT E. FOX
W. THOMAS KELLAHIN

KELLAHIN AND FOX
ATTORNEYS AT LAW
500 DON GASPAR AVENUE
POST OFFICE BOX 111
SANTA FE, NEW MEXICO 87501



TELEPHONE 982-4315
AREA CODE 505

December 4, 1975
Santa Fe

Mr. Joe D. Ramey, Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Dear Mr. Ramey:

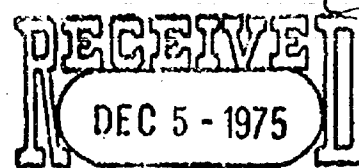
Enclosed please find three copies of the application
of Cities Service Oil Company for permission to commingle
production from the Brunson B No. 3 well for filing.

Yours very truly,

Jason W. Kellahin
Jason W. Kellahin

JWK:kjf

Enclosure



OIL CONSERVATION COMM.
Santa Fe

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF CITIES SERVICE OIL COMPANY
FOR APPROVAL OF COMMINGLING OF
PRODUCTION, LEA COUNTY, NEW MEXICO

A P P L I C A T I O N

Clint M

Comes now Cities Service Oil Company and applies to the Oil Conservation Commission of New Mexico for permission to commingle production in the well bore, in its Brunson B No. 3 well, located 4620 feet from the North and East lines of Section 3, Township 22 South, Range ~~27~~³⁷ East, N.M.P.M., Lea County, New Mexico, and in support thereof would show the Commission:

1. The subject well is presently producing gas from the Tubb formation (prorated - Tubb non-associated gas pool from 5,888 to 6,186 feet), and oil with a high gas-oil ratio from the Drinkard formation (prorated - Drinkard Oil Pool from 6,228 to 6,567 feet. The Tubb is presently produced through the tubing-casing annulus, and the Drinkard through the tubing.

2. Applicant proposes to commingle the Tubb and Drinkard formations downhole, and produce them through a single string of tubing.

3. Approval of the application will result in a conservation of energy, will increase the economic life of the well, thereby resulting in greater ultimate production, will prevent waste, and will not impair correlative rights.

WHEREFORE applicant prays that this application be

set for hearing before the Commission or the Commission's
duly appointed examiner, and that after notice and hearing
as required by law, the Commission enter its order approving
the commingling as prayed for.

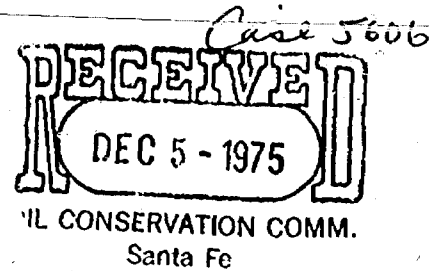
Respectfully submitted,

CITIES SERVICE OIL COMPANY

By Jason W. Kellahin
Jason W. Kellahin
Kellahin & Fox
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

DOCKET MAILED
DEC 29 12/29/75
DEC 29



BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF CITIES SERVICE OIL COMPANY
FOR APPROVAL OF COMMINGLING OF
PRODUCTION, LEA COUNTY, NEW MEXICO

A P P L I C A T I O N

Unit
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from the Drinkard formation (prorated - Drinkard Oil Pool)
from 6,228 to 6,567 feet. The Tubb is presently produced
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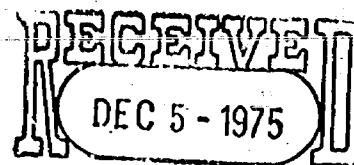
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the commingling as prayed for.

Respectfully submitted,
CITIES SERVICE OIL COMPANY

By Jason W. Kellahin
Jason W. Kellahin
Kellahin & Fox
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT



OIL CONSERVATION COMM.
Santa Fe

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF CITIES SERVICE OIL COMPANY
FOR APPROVAL OF COMMINGLING OF
PRODUCTION, LEA COUNTY, NEW MEXICO

A P P L I C A T I O N

*Unit
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1. The subject well is presently producing gas from the Tubb formation (prorated - Tubb non-associated gas pool from 5,888 to 6,186 feet), and oil with a high gas-oil ratio from the Drinkard formation (prorated - Drinkard Oil Pool) from 6,228 to 6,567 feet. The Tubb is presently produced through the tubing-casing annulus, and the Drinkard through the tubing.

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Respectfully submitted,
CITIES SERVICE OIL COMPANY

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