

CASE 5614: AMERADA HESS CORP.
FOR DOWNHOLE COMMINGLING, RIO
ARRIBA COUNTY, NEW MEXICO

CASE NO.

5614

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.



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. 5614
ORDER NO. R-5158

Applicant:

~~Amerada Hess Corporation~~

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 x
Artesia OCC
Aztec OCC x

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. 5614
Order No. R-5158

APPLICATION OF AMERADA HESS CORPORATION
FOR DOWNHOLE COMMINGLING, RIO ARRIBA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 20, 1976, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 3rd day of February, 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, Amerada Hess Corporation, is the owner and operator of the Apache "A" Well No. 7, located in Unit J of Section 26, Township 25 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

(3) That the applicant seeks authority to commingle Basin-Dakota gas production and oil produced from an undesignated Gallup Pool within the wellbore of the above-described well.

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

(5) That from the Gallup 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. 5614
Order No. R-5158

(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, all of the commingled gas production should be allocated to the Basin-Dakota zone, and all of the commingled oil production to the Gallup zone.

IT IS THEREFORE ORDERED:

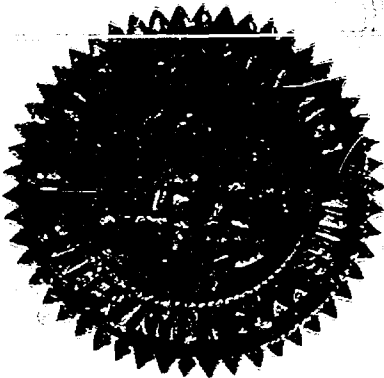
(1) That the applicant, Amerada Hess Corporation, is hereby authorized to commingle Basin-Dakota and Gallup production within the wellbore of the Apache "A" Well No. 7, located in Unit J of Section 26, Township 25 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

(2) That all of the commingled gas production shall be allocated to the Basin-Dakota zone and all of the commingled oil production shall be allocated to the Gallup zone.

(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

Phil R. Lucero
PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

jr/

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE

NEW MEXICO

Case
5614

Hearing Date

JANUARY 20, 1976

TIME: 9:00 A.M.

NAME	REPRESENTING	LOCATION
W.G. Abbott	AGUA	Hobbs
ROGER HANKS	ROGER HANKS	MIDLAND
Charles Herikle	Citl-Richfield & R.R.D.C.	Rooswell
Gilbert E. Miller	Amerada Hess Corp	Tulsa, Okla
Jerry Tweed	Atlantic Richfield	Midland, Texas
WILLIAM T. PORTER	" "	" "
MARK L. ROBINSON	ROBINSON RESOURCE DEVELOPMENT CO INC.	ROSWELL NM
Jim Forrell	MESA PETROLEUM Co	Amarillo, Tex
Don Dent	" "	" "
Jason Kellahin	Kellahin & Fox	Santa Fe
James T. Jennings	Jennings Christy & Copples	Roswell
Ray Bach	Yates Pet	Artesia
Joel Carson	Loose & Carson P.A.	Artesia
HARLEY REAVIS	EXXON	MIDLAND
Jack Huff	Durleson & Huff	Midland
Jim Gierling	EXXON	alt.

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

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 20, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Amerada Hess Corporation) CASE
for downhole commingling, Rio Arriba) 5614
County, New Mexico.)

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: William F. Carr, Esq.
Legal Counsel for the Commission
State Land 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 morish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

Page 2

I N D E X

	<u>Page</u>
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	

GILBERT E. MILLER

Direct Examination by Mr. Kellahin

Cross Examination by Mr. Nutter

3

10

EXHIBIT INDEX

	<u>Page</u>
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	

Amerada's Exhibit No. One, Plat

Amerada's Exhibit No. Two, Porosity Log

Amerada's Exhibit No. Three, Porosity Log

Amerada's Exhibit No. Four, Schematic Diagram

9

9

9

9

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

Page 3

1 MR. NUTTER: The hearing will come to order, please.
2 The first case this morning will be Case Number
3 5614.

4 MR. CARR: Case 5614, application of Amerada Hess
5 Corporation for downhole commingling, Rio Arriba County,
6 New Mexico.

7 MR. KELLAHIN: If the Examiner please, Jason Kellahin
8 of Kellahin and Fox of Santa Fe appearing for the applicant.
9 We have one witness to be sworn.

10 (THEREUPON, the witness was duly sworn.)

11
12 GILBERT E. MILLER

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

15
16 DIRECT EXAMINATION

17 BY MR. KELLAHIN:

18 Q Would you state your name, please?

19 A Gilbert E. Miller.

20 Q By whom are you employed and in what position, Mr.
21 Miller?

22 A Amerada Hess Corporation, Conservation Supervisor
23 in Tulsa, Oklahoma.

24 Q Have you ever testified before the Oil Conservation
25 Commission and made your qualifications a matter of record?

1 A. Yes, sir.

2 Q And what are you qualified as?

3 A As a petroleum engineer.

4 MR. KELLAHIN: Are the witness's qualifications
5 acceptable?

6 MR. NUTTER: Yes, they are.

7 Q (Mr. Kellahin continuing.) Mr. Miller, are you
8 familiar with the application of Amerada Hess in Case 5614?

9 A Yes, sir.

10 Q Briefly what does the applicant propose in this
11 case?

12 A They propose to commingle gas production from the
13 Dakota zone with oil production from the Gallup zone in
14 the Jicarilla Apache Well Number 7 "A" in Rio Arriba County,
15 New Mexico.

16 Q And what is the status of that well at the present
17 time?

18 A It's shut in waiting completion.

19 Q It has never been produced, is this correct?

20 A Other than just testing after treatment.

21 Q Now referring to what has been marked as Applicant's
22 Exhibit Number One, would you identify that exhibit?

23 A This is a plat of the lease showing the location
24 of the well in Section 26, located sixteen hundred and fifty
25 feet from the south line and nineteen hundred and twenty feet

1 from the east line of the section.

2 Q Does the exhibit also show the lease ownership in
3 the vicinity of the well?

4 A It does show the lease ownership in the shaded area
5 and it does indicate the perforated intervals and the approxi-
6 mate production from the wells surrounding the entire twenty-
7 five hundred and sixty acre lease and the wells upon the lease

8 Q Now, there is a key to the wells shown on the
9 exhibit, is there not?

10 A Yes, sir, and it is identified on the map under
11 the geological and geographical data, Pictured Cliffs and
12 the Chacra-Gallup-Dakota and the dual completions and they are
13 color-coded as to their completion intervals.

14 Q Now, referring to what has been marked as Exhibit
15 Number Two, would you identify that exhibit?

16 A This is a portion of the porosity log, showing the
17 top of the Gallup and it indicates the perforation interval
18 in the Gallup formation.

19 Q Referring to what has been marked as Exhibit Number
20 Three, would you identify that exhibit?

21 A Yes, this is a portion of the same porosity log and
22 it indicates the top of the Dakota formation and the perfora-
23 tion interval within the Dakota.

24 Q And what is the present status of the well, it has
25 been perforated in both of those zones, is that correct?

1 A. Yes, it has been.

2 Q. Now, referring to what has been marked as Exhibit
3 Number Four, would you identify that exhibit?

4 A. Yes, sir, this is a schematic diagram of how we
5 propose to complete the well, showing the casing in the well
6 and the perforation intervals with the tops of the zones
7 marked and in green it shows that we propose to install a
8 packer between the perforated intervals and a sliding sleeve
9 above the packer and produce the wells, commingled through the
10 tubing. This will enable us to close or open the sliding
11 sleeve for commingling or closing for testing.

12 Q. Could you test each zone separately with this type
13 of completion?

14 A. Yes.

15 Q. Now, you say you have run some tests on the well,
16 what is the production from the Gallup?

17 A. The Gallup on a swab test produced about four barrels
18 of oil and forty barrels of water.

19 MR. NUTTER: In what interval of time?

20 A. That was on a twenty-four hour.

21 MR. NUTTER: That's twenty-four hours? Okay.

22 Q. (Mr. Kellahin continuing.) On the basis of production
23 from other Gallup wells in the area, would you anticipate
24 this production to increase in any way?

25 A. It would possibly increase slightly in the oil

sid morrish reporting service

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

Page 7

1 production after we unloaded the water from the refractory.

2 Q To about what rate of production would you anticipate?

3 A It would be a maximum of, oh, in this particular
4 well, probably less than twenty barrels a day would be the
5 maximum anticipated. There is another well on the lease that
6 has pumped five barrels a day.

7 Q Five barrels?

8 A Yes, sir.

9 Q Now, does the Gallup make any gas?

10 A Very little.

11 Q Would you call it a significant amount at all?

12 A No, sir.

13 Q What is the production from the Dakota?

14 A That well after treatment and after swabbing it, it
15 produced between a hundred and thirty-five and a hundred and
16 fifty MCF per day.

17 Q Do you anticipate that that will increase any?

18 A No, sir, not very much, it is very tight.

19 Q Do you know anything about the pressures in the
20 two zones?

21 A After we perforated the Dakota zone and before we
22 treated it, it had a shut-in pressure of twenty-two hundred
23 psi, practically the original pressure for that formation.
24 We did not have a pressure indication on the Gallup zone,
25 although after we treated it and during the swabbing, the

1 fluid level was staying up around three thousand to five
2 thousand feet.

3 Q If you commingle the production from the two zones
4 as you propose, would it cause any damage to either one of
5 the zones?

6 A No, sir.

7 Q Is it economical, Mr. Miller, to dually complete
8 this well?

9 A No, sir.

10 Q Would it be economical to drill and produce just a
11 single zone in the area?

12 A No, sir, it costs more than three hundred thousand
13 dollars to drill this well.

14 Q Would you say that you could recover your cost from
15 one zone separately?

16 A No, sir.

17 Q Do you anticipate that you will recover your costs
18 from the two zones?

19 A It's very unlikely.

20 Q In other words, would you say that you are starting
21 with a marginal well at the outset?

22 A Yes, sir.

23 Q And it would qualify for commingling under rules of
24 the Commission had it been produced for some time?

25 A Yes, sir.

sid morrison reporting service

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

1 Q How would you attribute the production to the two
2 different zones, Mr. Miller?

3 A We can base it on a well test but there was a trace
4 of condensate with the Dakota production. I suspect and could
5 propose since there is the same ownership in all of the zones
6 that we could contribute the gas to the Dakota and the fluid
7 production to the Gallup zone.

8 Q There would be no difference in the ownership of
9 either zone?

10 A No, sir.

11 Q Were Exhibits One through Four prepared by you
12 or under your supervision?

13 A Yes, sir.

14 MR. KELLAHIN: At this time I would like to offer
15 into evidence Exhibits One through Four, inclusive.

16 MR. NUTTER: Amerada's Exhibits One through Four
17 will be admitted into evidence.

18 (THEREUPON, Amerada's Exhibits One through
19 Four were admitted into evidence.)

20 Q (Mr. Kellahin continuing.) Mr. Miller, will
21 approval of this application, in your opinion, result in
22 the recovery of oil and gas that would not otherwise be
23 recovered?

24 A Yes, sir, it will by being able to produce this
25 well longer economically than we would have been able to do

1 in separate completions.

2 MR. KELLAHIN: That's all that I have of the witness.
3 Mr. Nutter.

4
5 CROSS EXAMINATION

6 BY MR. NUTTER:

7 Q Mr. Miller, you mentioned twenty-two hundred pounds
8 on the Dakota, where was that?

9 A That was right after we perforated.

10 Q And where is that pressure measured?

11 A Oh, at the surface, it's tubing pressure.

12 Q You don't have any bottom-hole pressure at the
13 perforation?

14 A No, sir, we did not run a bottom-hole.

15 Q And no pressure on the Gallup except that the fluid
16 stands three to five thousand feet?

17 A Yes, sir.

18 Q Is there any likelihood that pressure in the Dakota
19 is excessive for the Gallup and would prevent the Gallup from
20 producing in the wellbore?

21 A No, sir, we do not believe that it would. We do
22 plan to install a plunger lift in this well if it is indicated
23 that it will be necessary.

24 Q Then the Dakota pressure would actually lift the
25 Gallup oil, is that right?

sid morrish reporting service

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

1 A. Yes, sir.

2 Q. In the event that this downhole commingling doesn't
3 work out, is it possible to run a crossover and produce the
4 Dakota gas up the annulus and the Gallup oil production up
5 the tubing?

6 A. The Gallup oil production more than likely will have
7 to be pumped and so I would suspect that we would have to run
8 two new strings of tubing in order to produce the Gallup and
9 the Dakota separately.

10 Q. It wouldn't be feasible to use the crossover then
11 and one string of tubing for the Gallup?

12 A. I don't believe so, no.

13 Q. Both zones have been perforated and both zones have
14 been tested?

15 A. Yes, sir, briefly.

16 Q. Are there any other wells on this lease that are
17 commingled in this manner?

18 A. No, sir. I might mention at this point that we
19 have over twenty-five hundred barrels of water to recover from
20 both zones following treatment.

21 Q. That is still in the formation?

22 A. That is still in the formation.

23 Q. So it is a little early yet to tell exactly what
24 you do have?

25 A. Yes, sir, that's my point.

1 MR. NUTTER: Are there any further questions of
2 Mr. Miller? He may be excused.

3 (THEREUPON, the witness was excused.)

4 MR. NUTTER: Do you have anything further,
5 Mr. Kellahin?

6 MR. KELLAHIN: That's all, Mr. Nutter, thank you.


7 MR. NUTTER: Does anyone have anything they wish
8 to offer in Case 5614? We will take the case under advisement.
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

sid morrish reporting service

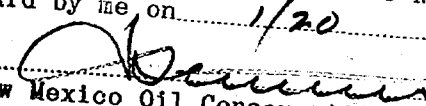
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone: (505) 982-9212

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.

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

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5614
heard by me on 1/20, 19 76
 Examiner
New Mexico Oil Conservation Commission

BEFORE EXAMINED NUTTER

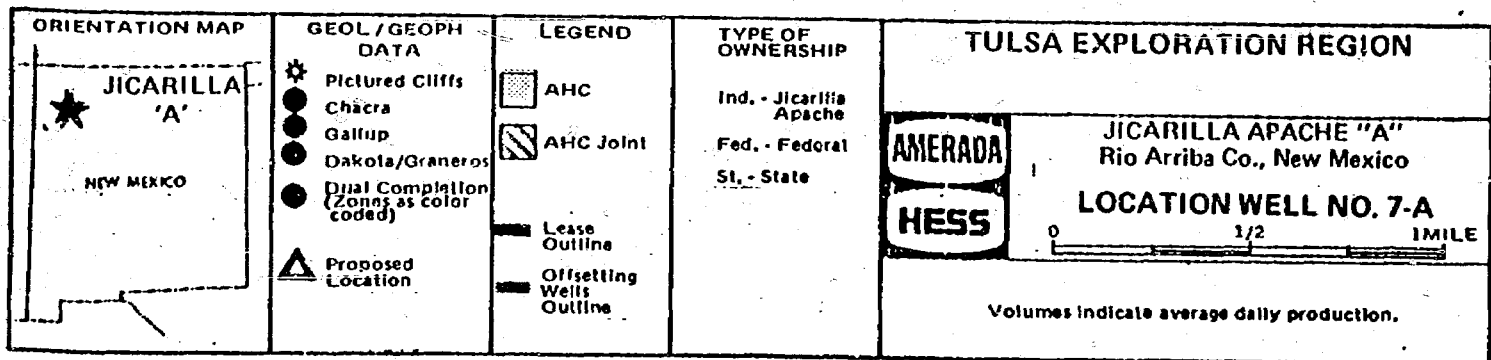
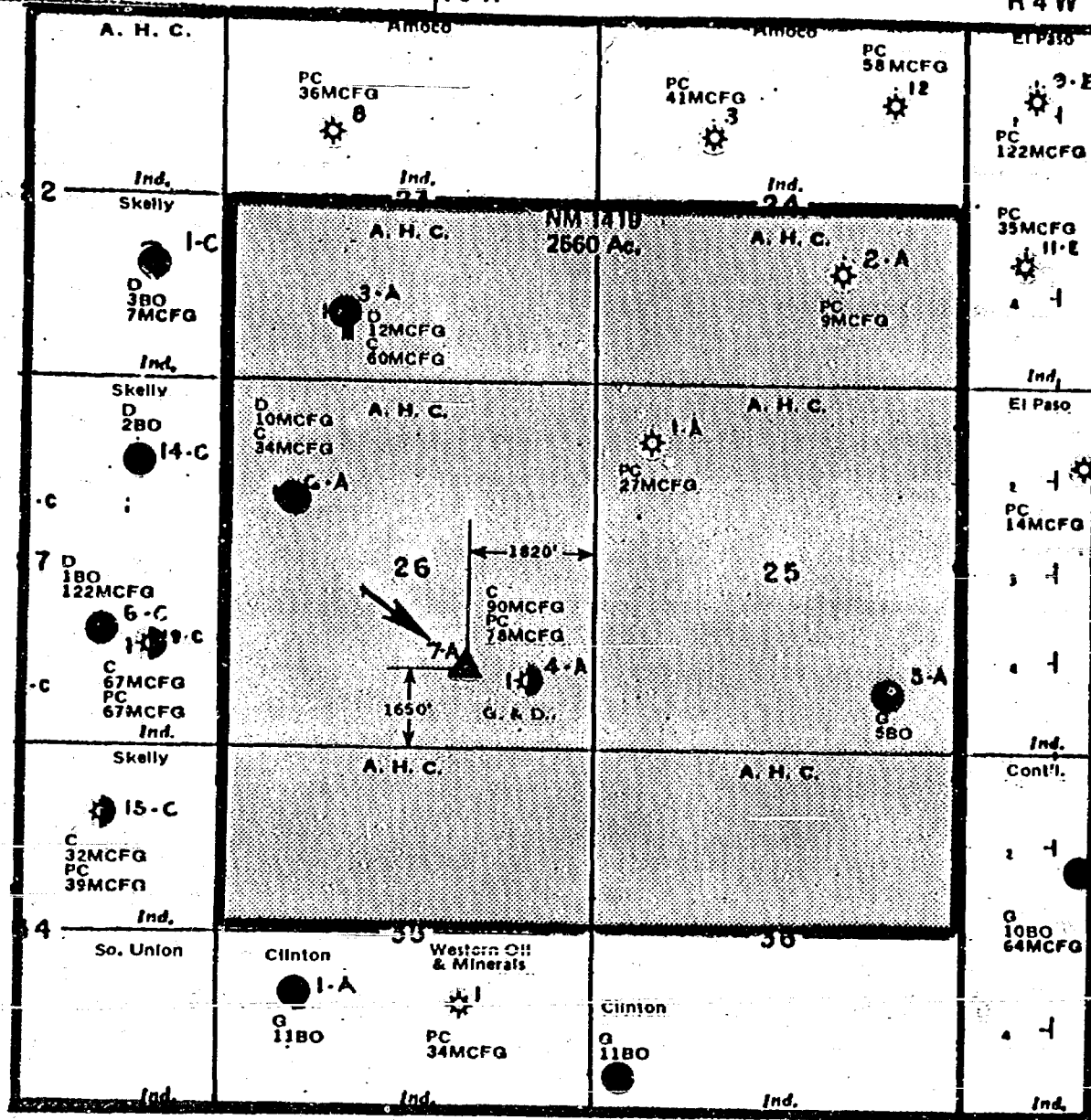
OIL CONSERVATION COMMISSION

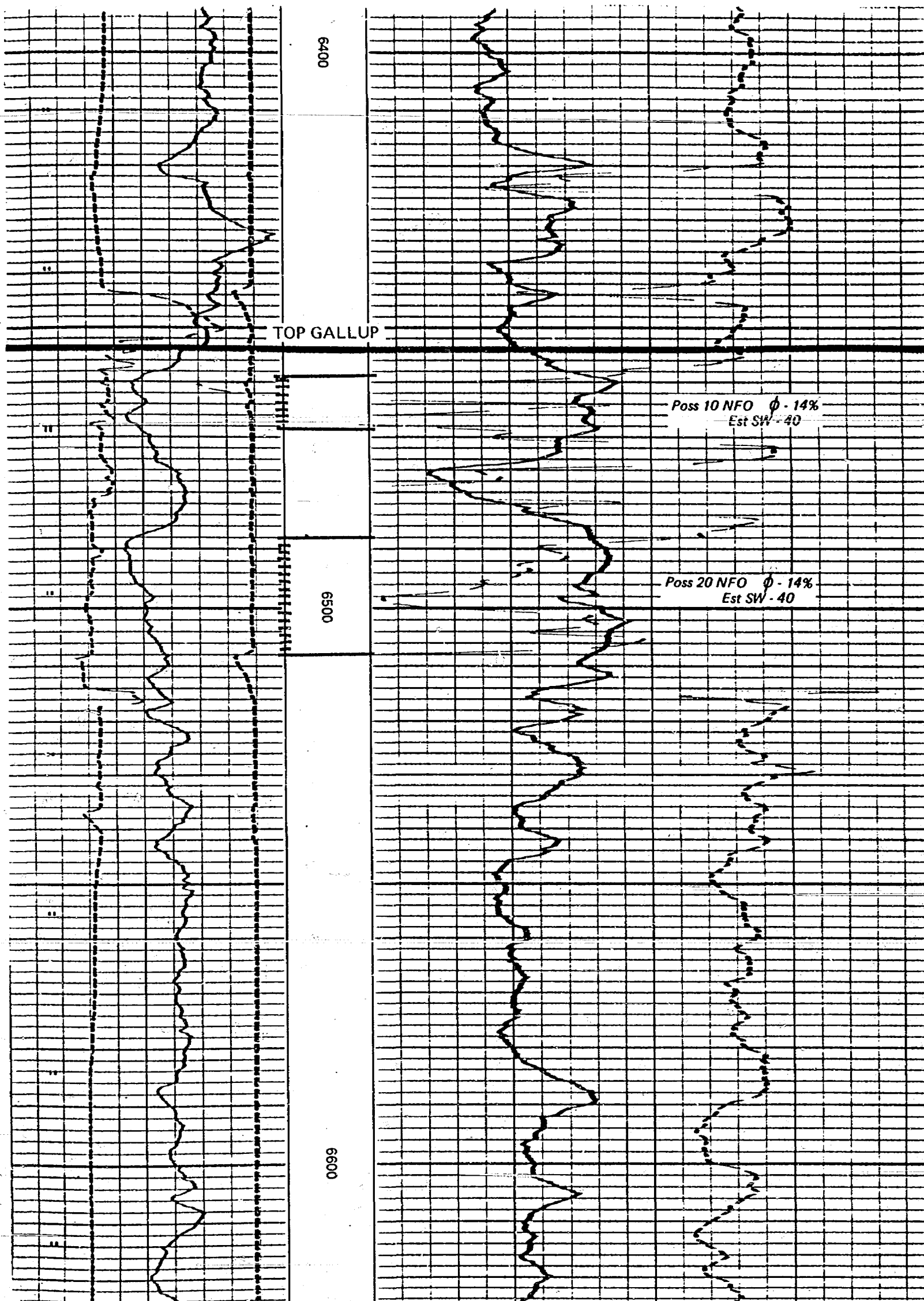
amended EXHIBIT NO. 1

CASE NO. 5614

R 5 W

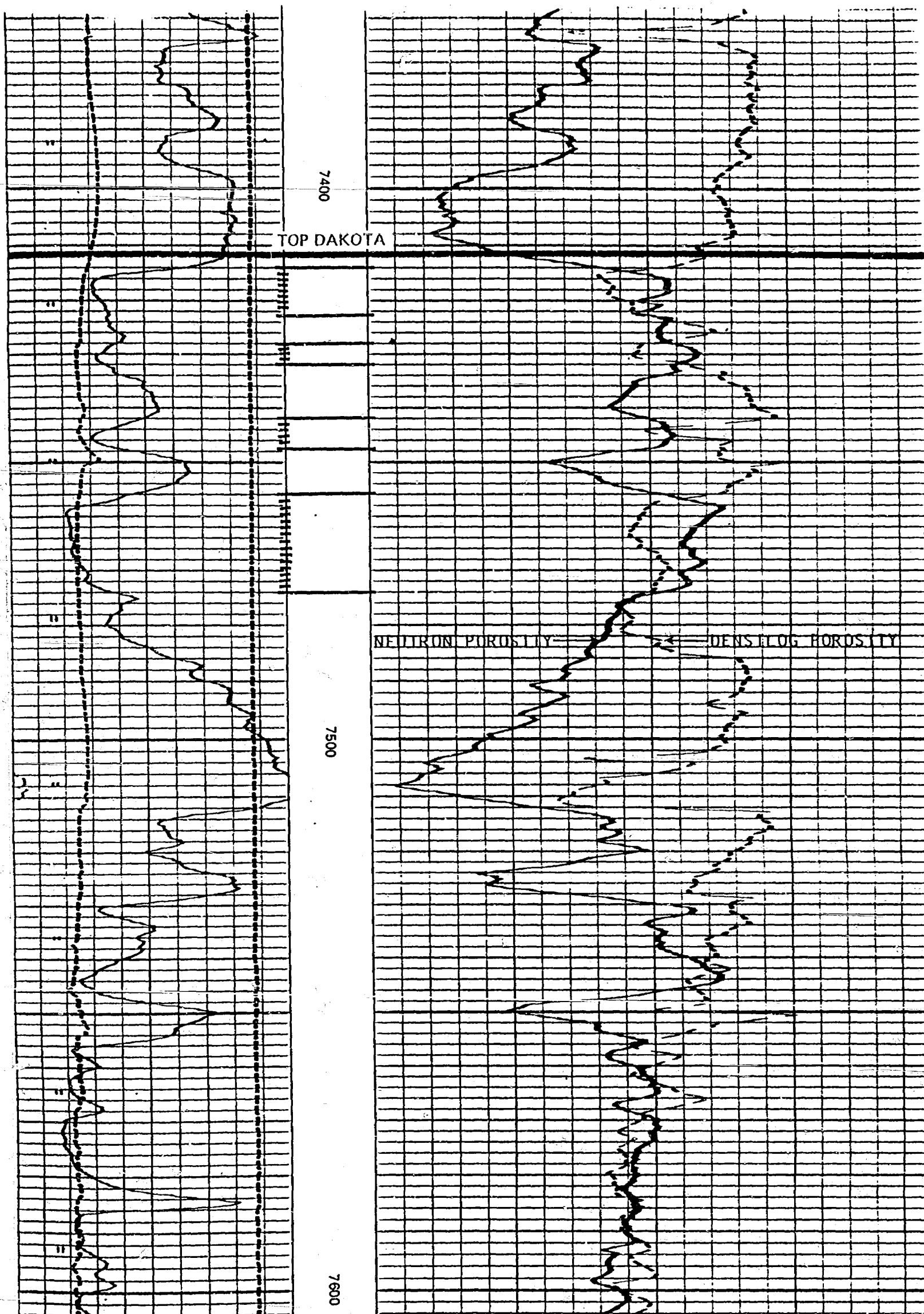
R 4 W





BEFORE EXAMINER NUTTER
 OIL CONSERVATION COMMISSION
 AMERADA HESS CORPORATION
 JICARILLA APACHE "A" NO. 7
 NW SE SEC. 36-25N-6W
 RIO ARriba COUNTY, NEW MEXICO

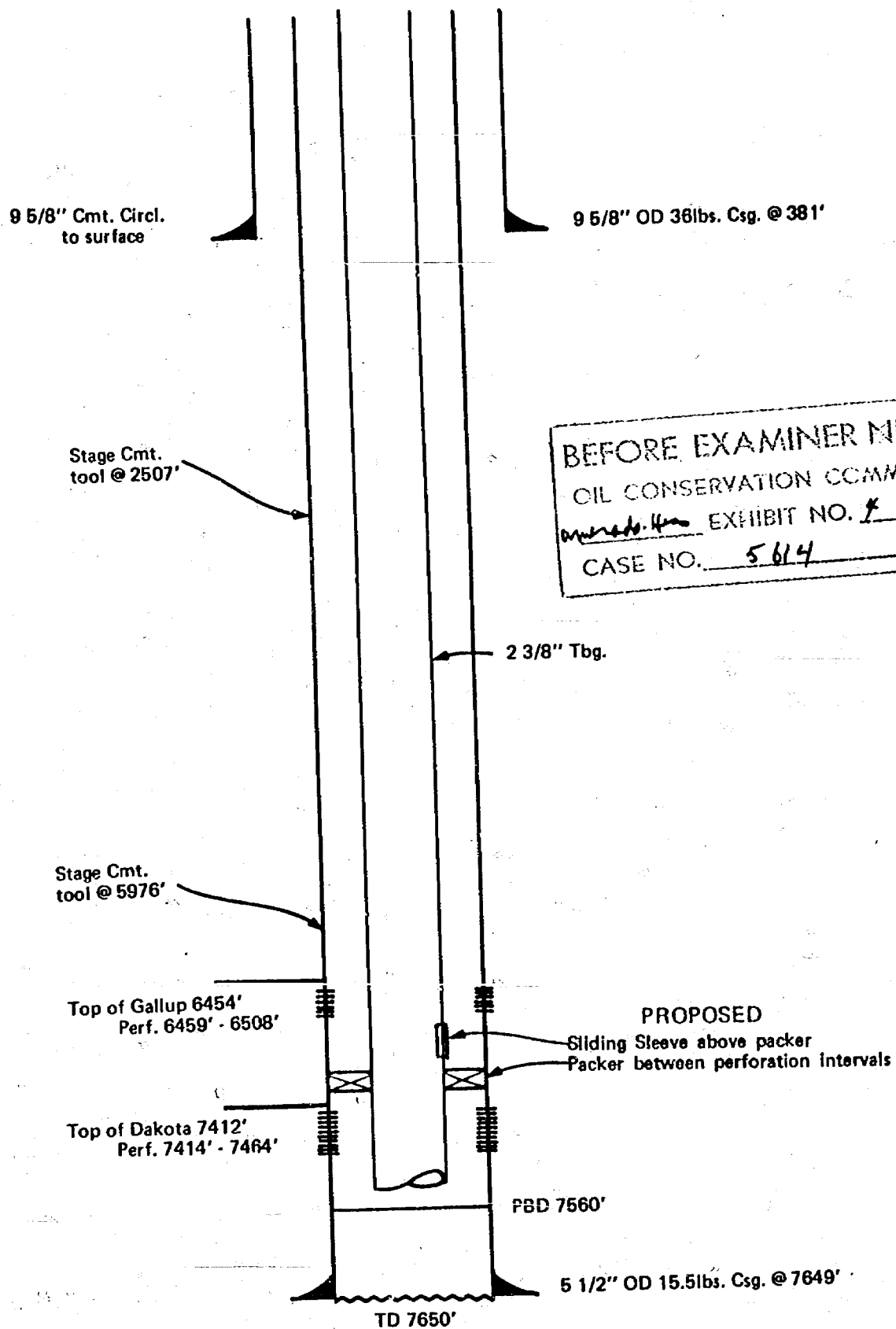
EXHIBIT NO. 2



BEFORE EXAMINER NUTTER
 OIL CONSERVATION COMMISSION
 AMERADA HESS EXHIBIT NO. 3
 CASE NO. 5614

POROSITY LOG SECTION
 AMERADA HESS CORPORATION
 JICARILLA APACHE "A" NO. 7
 NW SE SEC. 36-25N-6W
 RIO ARriba COUNTY, NEW MEXICO
 KB ELEV. 6979.5

AMERADA HESS CORPORATION
JICARILLA APACHE "A" NO. 7
NW SE SEC. 26-25N-6W
RIO ARriba COUNTY, NEW MEXICO
BASIN DAKOTA FIELD



Dockets Nos. 5-76 and 6-76 are tentatively set for hearing on February 4 and February 18, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - TUESDAY - JANUARY 20, 1976

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 5614:** Application of Amerada Hess Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle Basin-Dakota gas production and oil produced from an undesignated Gallup pool in the wellbore of its Apache "A" Well No. 7, located in Unit J of Section 26, Township 25 North, Range 5 West, Rio Arriba County, New Mexico.
- CASE 5613:** 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 Morely EW Well No. 1, located 660 feet from the South and East lines of Section 27, Township 17 South, Range 25 East, Eddy County, New Mexico, the S/2 of said Section 27 to be dedicated to the well.
- CASE 5616:** Application of Atlantic Richfield Company for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to simultaneously dedicate a previously approved 320-acre non-standard gas proration unit comprising the W/2 of Section 29, Township 24 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, to its W. H. Harrison "D" WN Com Well No. 1, located in Unit L of said Section 29 and its W. H. Harrison "A" WN Well No. 2, at an unorthodox location 660 feet from the North and West lines of said Section 29.
- CASE 5617:** Application of Robinson Resource Development 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 a Morrow test well to be drilled 1530 feet from the North line and 330 feet from the East line of Section 18, Township 21 South, Range 25 East, Eddy County, New Mexico, the N/2 of said Section 18 to be dedicated to the well.
- CASE 5618:** Application of Mesa Petroleum Co. for a triple completion, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of the triple completion (conventional) of its Primo Well No. 1A, located in Unit D of Section 6, Township 31 North, Range 10 West, San Juan County, New Mexico, to produce gas from the Pictured Cliffs, Chacra and Mesaverde formations.
- CASE 5117:** (Reopened)
In the matter of Case 5117 being reopened pursuant to the provisions of Order No. R-4691, which order established temporary special pool rules for the North Dagger Draw-Upper Pennsylvanian Pool, Eddy County, New Mexico. All interested parties may appear and show cause why said pool should not be developed on less than 320-acre spacing and why the special depth bracket allowable should remain in effect.
- CASE 5619:** Application of Agua, Inc. for an extension of time, Order No. R-4495-A, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a 90-day extension of the February 7, 1976, deadline to cease the disposal of produced salt water through perforations from 4,230 feet to 4,320 feet in its SWD Well No. C-2, located in Unit C of Section 2, Township 22 South, Range 37 East, Lea County, New Mexico.
- CASE 5603:** (Continued from January 7, 1976 Examiner Hearing)
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 well.
- CASE 5604:** (Continued from January 7, 1976 Examiner Hearing)
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.

Docket No. 4-76

Dockets Nos. 5-76 and 6-76 are tentatively set for hearing on February 4 and February 18, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - WEDNESDAY - JANUARY 21, 1976

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

CASE 5592: (De Novo)

Application of Agua, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water by injection into the San Andres formation through the open-hole interval from approximately 4000 to 5000 feet in its Blinbry-Drinkard SWD System Well No. A-22 located 817 feet from the North line and 965 feet from the East line of Section 22, Township 22 South, Range 37 East, Lea County, New Mexico.

Upon application of Agua, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

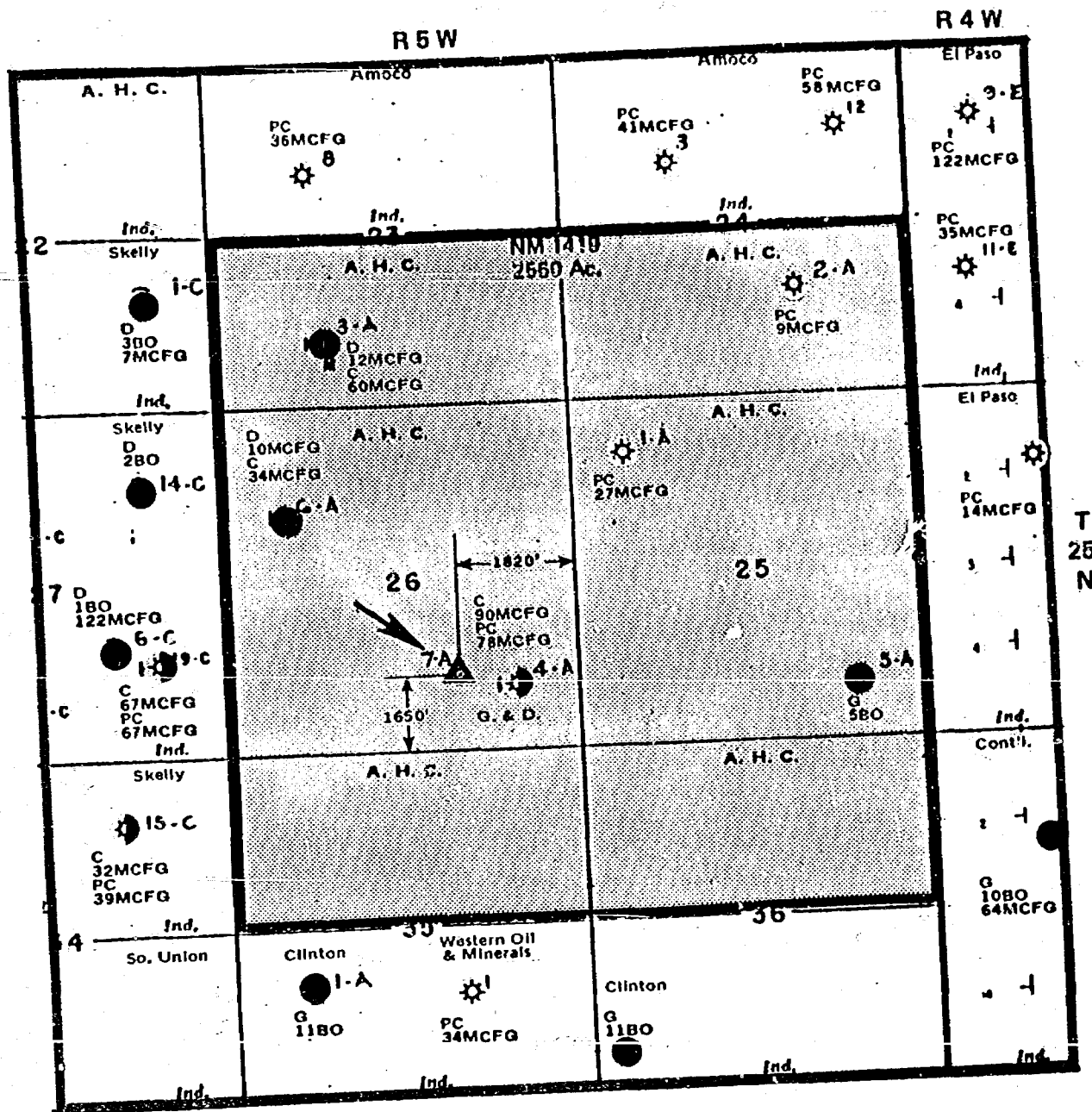
CASE 5571: (De Novo)

Application of Robert G. Cox for amendment of Order No. R-4561, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks amendment of Order No. R-4561, which order permitted the directional drilling of applicant's Federal "EA" Well No. 1, located 330 feet from the North and West lines of Section 12, Township 18 South, Range 27 East, Empire-Abo Pool, Eddy County, New Mexico, in such a manner as to be bottomed within 100 feet of the surface location. Applicant seeks the amendment of said order to permit bottoming of the subject well approximately 58 feet from the North line and 8 feet from the West line of said Section 12 and to permit verification of said downhole location by single-shot directional surveys made concurrently with the drilling of said well.

Upon application of Robert G. Cox, this case will be heard De Novo pursuant to the provisions of Rule 1220.

NOTE: Case No. 5592, above, will be dismissed at the request of applicant.

Area 5614



ORIENTATION MAP <p>JICARILLA 'A' NEW MEXICO</p>	GEOL / GEOPH DATA <ul style="list-style-type: none"> ★ Pictured Cliffs ● Chacra ● Gallup ● Dakota/Graneros ● Dual Completion (Zones as color coded) ▲ Proposed Location 	LEGEND <ul style="list-style-type: none"> □ AHC ▨ AHC Joint — Lease Outline — Offsetting Wells Outline 	TYPE OF OWNERSHIP <ul style="list-style-type: none"> Ind. - Jicarilla Apache Fed. - Federal St. - State 	TULSA EXPLORATION REGION <div style="display: flex; align-items: center;"> <div style="margin-left: 10px;"> <p>JICARILLA APACHE "A" Rio Arriba Co., New Mexico</p> <p>LOCATION WELL NO. 7-A</p> <p>0 1/2 1 MILE</p> <p>Volumes indicate average daily production.</p> </div> </div>
---	---	--	--	--

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF AMERADA HESS CORPORATION FOR
APPROVAL OF DOWN-HOLE COMMINGLING,
RIO ARriba COUNTY, NEW MEXICO

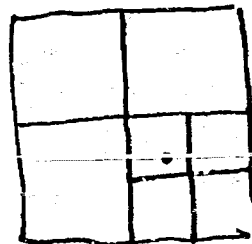
A P P L I C A T I O N

Comes now Amerada Hess Corporation and applies to the Oil Conservation Commission of New Mexico for approval of production in the well-bore in its Apache "A" No. 7 Well, located 1820 feet from the East line, and 1650 feet from the South line of Section 26, Township 25 North, Range 5 West, N.M.P.M., Rio Arriba County, New Mexico, and in support thereof would show the Commission:

1. The subject well was drilled to a total depth of 7650 feet, and 5 1/2 inch casing was set at 7649. The well was perforated from 7414-7464 feet in the Dakota sands, Basin Dakota Gas Pool. A retrievable bridge plug was set above the Dakota perforations, and the Gallup Sand was perforated from 6459 to 6508 feet in an undesignated Gallup pool. The well was tested for gas production from the Dakota and oil production from the Gallup.

2. It is anticipated that both the Gallup and Dakota zones will have marginal economic potential as the sands are tight and expected to produce only at low rates.

3. Approval of down-hole commingling of the two zones will reduce the amount of producing equipment required, improve the efficiency of the production mechanics and increase the



Case 5614

ultimate recovery by extending the economic life of production from each formation. The approval of commingling is in the interests of conservation, will prevent waste, and correlative rights will not be impaired.

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 commingling in the well-bore as applied for.

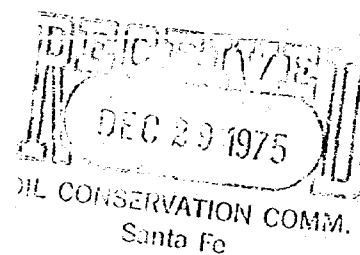
Respectfully submitted,
AMERADA HESS CORPORATION

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

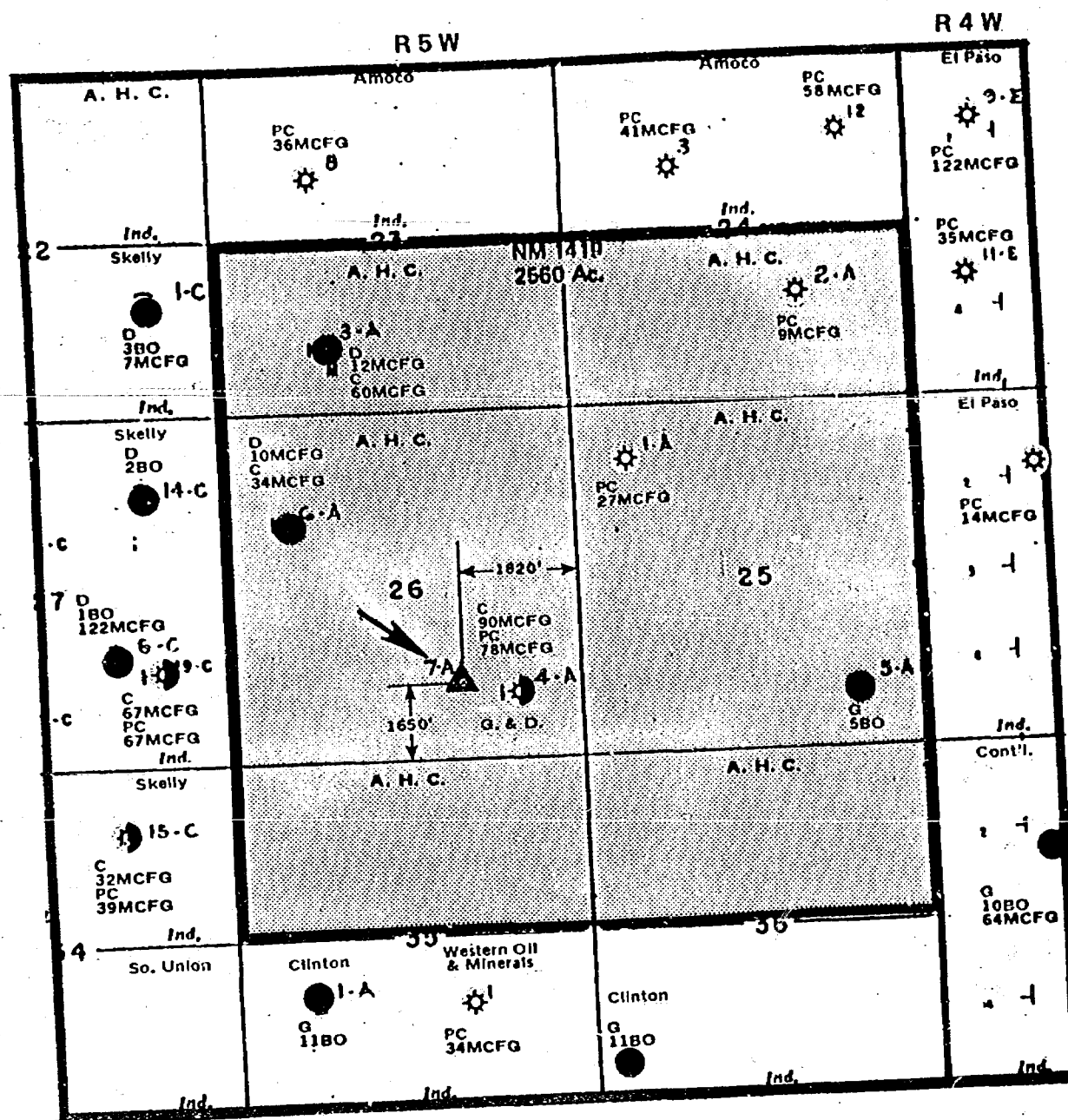
ATTORNEYS FOR APPLICANT

DOCKET MAILED

Date 1/12/76



Case 5614



ORIENTATION MAP		GEOLOGICAL DATA		LEGEND		TYPE OF OWNERSHIP		TULSA EXPLORATION REGION	
<p>JICARILLA 'A'</p> <p>NEW MEXICO</p>		<p>● Pictured Cliffs</p> <p>● Chacra</p> <p>● Gallup</p> <p>● Dakota/Graneros</p> <p>● Dual Completion (Zones as color coded)</p> <p>▲ Proposed Location</p>		<p>■ AHC</p> <p>■ AHC Joint</p> <p>— Lease Outline</p> <p>— Offsetting Wells Outline</p>		<p>Ind. - Jicarilla Apache</p> <p>Fed. - Federal</p> <p>St. - State</p>		<p>AMERADA</p> <p>HESS</p> <p>JICARILLA APACHE "A"</p> <p>Rio Arriba Co., New Mexico</p> <p>LOCATION WELL NO. 7-A</p> <p>0 1/2 1 MILE</p> <p>Volumes indicate average daily production.</p>	

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF AMERADA HESS CORPORATION FOR
APPROVAL OF DOWN-HOLE COMMINGLING,
RIO ARriba COUNTY, NEW MEXICO

A P P L I C A T I O N

Comes now Amerada Hess Corporation and applies to the Oil Conservation Commission of New Mexico for approval of production in the well-bore in its Apache "A" No. 7 Well, located 1820 feet from the East line, and 1650 feet from the South line of Section 26, Township 25 North, Range 5 West, N.M.P.M., Rio Arriba County, New Mexico, and in support thereof would show the Commission:

1. The subject well was drilled to a total depth of 7650 feet, and 5 1/2 inch casing was set at 7649. The well was perforated from 7414-7464 feet in the Dakota sands, Basin Dakota Gas Pool. A retrievable bridge plug was set above the Dakota perforations, and the Gallup Sand was perforated from 6459 to 6508 feet in an undesignated Gallup pool. The well was tested for gas production from the Dakota and oil production from the Gallup.

2. It is anticipated that both the Gallup and Dakota zones will have marginal economic potential as the sands are tight and expected to produce only at low rates.

3. Approval of down-hole commingling of the two zones will reduce the amount of producing equipment required, improve the efficiency of the production mechanics and increase the

Case 5614

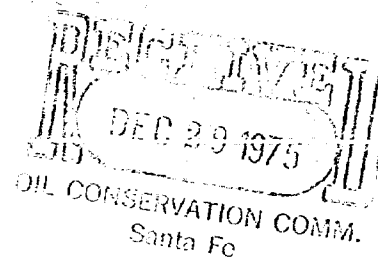
ultimate recovery by extending the economic life of production from each formation. The approval of commingling is in the interests of conservation, will prevent waste, and correlative rights will not be impaired.

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 commingling in the well-bore as applied for.

Respectfully submitted,
AMERADA HESS CORPORATION

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

ATTORNEYS FOR APPLICANT



BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF AMERADA HESS CORPORATION FOR
APPROVAL OF DOWN-HOLE COMMINGLING,
RIO ARriba COUNTY, NEW MEXICO

A P P L I C A T I O N

Comes now Amerada Hess Corporation and applies to the Oil Conservation Commission of New Mexico for approval of production in the well-bore in its Apache "A" No. 7 Well, located 1820 feet from the East line, and 1650 feet from the South line of Section 26, Township 25 North, Range 5 West, N.M.P.M., Rio Arriba County, New Mexico, and in support thereof would show the Commission:

1. The subject well was drilled to a total depth of 7650 feet, and 5 1/2 inch casing was set at 7649. The well was perforated from 7414-7464 feet in the Dakota sands, Basin Dakota Gas Pool. A retrievable bridge plug was set above the Dakota perforations, and the Gallup Sand was perforated from 6459 to 6508 feet in an undesignated Gallup pool. The well was tested for gas production from the Dakota and oil production from the Gallup.

2. It is anticipated that both the Gallup and Dakota zones will have marginal economic potential as the sands are tight and expected to produce only at low rates.

3. Approval of down-hole commingling of the two zones will reduce the amount of producing equipment required, improve the efficiency of the production mechanics and increase the

ultimate recovery by extending the economic life of production from each formation. The approval of commingling is in the interests of conservation, will prevent waste, and correlative rights will not be impaired.

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 commingling in the well-bore as applied for.

Respectfully submitted,

AMERADA HESS CORPORATION

By

Jason W. Kellahin

Kellahin & Fox

P. O. Box 1769

Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

DRAFT

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. 5614

Order No. R- 5158

APPLICATION OF AMERADA HESS CORPORATION
FOR DOWNHOLE COMMINGLING, RIO ARriba
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 20,
19 76, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this February day of January, 19 76, 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, Amerada Hess Corporation, is the
owner and operator of the Apache "A" Well No. 7, located in Unit J
of Section 26, Township 25 North, Range 5 West, NMPM, Rio Arriba
County, New Mexico.

(3) That the applicant seeks authority to commingle Basin-Dakota
Basin-Dakota gas production and oil produced from an undesignated
Gallup Pool within the wellbore of the above-described well.

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

(5) That from the Gallup 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.

(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, all percent of the commingled gas production should be allocated to the Basin-Dakota zone, and all percent of the commingled oil production to the Gallup zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, Amerada Hess Corporation, is hereby authorized to commingle Basin-Dakota and Gallup production within the wellbore of the Apache "A" Well No. 7, located in Unit J of Section 26, Township 25 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

(2) That all percent of the commingled gas production shall be allocated to the Basin-Dakota zone and all percent of the commingled oil production shall be allocated to the Gallup zone.

(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.

-3-

Case No. 5614
Order No. R-

(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.