

CASE 5642: Application of PENROC
OIL CORPORATION for DOWNHOLE
COMMINGLING, Eddy County

CASE NO.

5642

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 3, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Penroc Oil Corporation
for downhole commingling, Eddy County,
New Mexico.

CASE
5642

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 Land Office Building
Santa Fe, New Mexico

For the Applicant: W. Thomas 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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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 the next Case, 5642.

2 MR. CARR: Case 5642, application of Penroc Oil
3 Corporation for downhole commingling, Eddy County, New Mexico.

4 MR. KELLAHIN: Tom Kellahin of Kellahin and Fox,
5 Santa Fe, New Mexico appearing on behalf of the applicant and
6 I have one witness to be sworn.

7 (THEREUPON, the witness was duly sworn.)

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9 JOHN CASTLE

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 please state your name and occupation?

16 A My name is John Castle and I'm a consultant for
17 Penroc Oil Corporation in this case.

18 Q Mr. Castle, have you made a study of and are you
19 familiar with the application of Penroc in this particular
20 case?

21 A I have.

22 Q And have you testified before this Commission on
23 previous occasions and had your qualifications as an expert
24 witness accepted and made a matter of record.

25 A Yes.

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Phone: (505) 982-9212

1 MR. KELLAHIN: If the Examiner please, are the
2 witness's qualifications acceptable?

3 MR. STAMETS: They are.

4 Q (Mr. Kellahin continuing.) Mr. Castle, refer to
5 what has been marked as Exhibit Number One, identify it and
6 state what information it contains?

7 A Exhibit Number One is a plat showing the lease
8 ownership and well information. It shows the Penroc well in
9 question and this proration unit outlined in red and Penroc
10 JCW-State Well No. 1 underlined in red.

11 Q The subject well was originally completed as a
12 Morrow well, was it?

13 A The subject well is completed as a Morrow well.

14 Q And you are seeking to commingle Canyon and Morrow
15 production?

16 A Yes, and I might explain now why, it was actually a
17 lack of communications between the field and the office, this
18 well was first tested in the Morrow perforations and then from
19 the log we thought there might be gas or oil in the Canyon
20 zone so we set a retrievable plug above the Morrow perforations
21 and a packer above the Canyon perforations and tested the
22 Canyon. After that proved unsuccessful, the engineer on the
23 well pulled the tubing packer and the retrievable plug and
24 ran the tubing and packer back and set it at the same place
25 rather than having set it below the Canyon perforations as was

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Page 5

1 intended by the office.

2 Q The acreage dedicated to this well is the south half
3 of Section 2?

4 A Yes, that is correct.

5 Q Consisting of three hundred and twenty acres?

6 A Right.

7 Q And the ownership is common for both the Canyon and
8 the Morrow production?

9 A Yes.

10 Q Refer to Exhibit Number Two and identify it?

11 A Exhibit Number Two is a portion of the logs run on
12 this well. The top page shows the Canyon-lime section with its
13 perforations and the treatment. Page two shows the Morrow
14 perforations and its treatment.

15 Q Do you have any potential production for the Canyon
16 formation?

17 A The Canyon was acidized twice, the first time they
18 acidized it with three thousand gallons and swabbed it dry
19 with no show of oil, gas or water so we re-acidized again with
20 the same amount, we swabbed it completely dry again with no
21 shows of oil, gas or water.

22 Q In your opinion is the Canyon productive?

23 A In my opinion there are no fluids or gas of any kind
24 in the Canyon zone.

25 Q What is your potential production for the Morrow?

A The Morrow was, the biggest test we got out of the

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Phone (505) 982-9212

1 Morrow was around four hundred thousand cubic feet per day
2 and had we not already had pipe run and everything, of course,
3 the well would have been plugged but we do think that we will
4 be able to produce probably around three hundred thousand cubic
5 feet a day into a low-pressure line from the Morrow formation
6 but if we do have to recomplete this well, pull the tubing
7 packer and squeeze the perforations we think it would cost
8 somewhere between ten and fifteen thousand dollars to do it
9 and we think it would take the well forever to pay for it at
10 the rate of production that we would be getting for it so we
11 would probably plug the well.

12 Q In the event then that the application is not approved,
13 you anticipate that you would have to abandon the well?

14 A Right. My recommendation would be to plug the well.

15 Q Please refer to Exhibit Number Three and identify
16 it?

17 A Number Three is a schematic drawing of the way the
18 well is completed and showing the Canyon perforations and the
19 Morrow perforation and where the packer is set above the
20 Canyon perforations.

21 Q Referring back to Exhibit Number One, in relation to
22 the subject well where is the nearest Canyon production?

23 A There is no Canyon production in the Winchester Field.
24 The closest Canyon production is in the Bennett and Ryan Well
25 in Section 25 to the northeast and which is undesignated at

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Page 7

1 this time and that was one of the wells mentioned in dual
2 completion in the hearing earlier this morning.

3 Q Please refer to Exhibit Number Four?

4 A Exhibit Number Four are letters signed by all of the
5 offset operators waiving their objections to the way we have
6 this well completed.

7 Q Mr. Castle, were Exhibits One through Four either
8 prepared by you directly or prepared under your direction and
9 supervision?

10 A Yes, they were.

11 Q In your opinion will the approval of this application
12 be in the best interest of conservation and the prevention of
13 waste and the protection of correlative rights?

14 A Yes.

15 MR. KELLAHIN: If the Examiner please, we move the
16 introduction of Exhibits One through Four.

17 MR. STAMETS: These exhibits will be admitted.

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

20 MR. KELLAHIN: That concludes our direct examination.
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22 CROSS EXAMINATION

23 BY MR. STAMETS:

24 Q Mr. Castle, what kind of pressure did you encounter
25 when you acidized the Cisco zone?

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1 A. The pressures broke down, it broke down at just
2 something over eight thousand pounds and treated above seven
3 thousand pounds. And I might mention that that zone was not
4 tested during the drilling. We had a gas detection unit on the
5 well and a geologist on the well all of the time and no show
6 was seen in that section during drilling but we thought from
7 looking at the log that there might be something in there and
8 also the drill stem test in the Morrow, our shut-in pressure
9 on that was something over eighteen hundred pounds so I don't
10 think that there is any way that the Morrow would bleed into
11 the Cisco Canyon perforations.

12 Q That eighteen hundred pounds, was that surface or
13 bottom-hole?

14 A. That was bottom-hole pressure on the drill stem test.
15 Shut-in surface tubing pressure now will build up in forty-
16 eight hours to something around eight hundred pounds and in
17 seventy-two hours about twelve hundred pounds and on test,
18 flowing tubing pressure on a three-quarter inch choke, about
19 five pounds.

20 Q Did you recover all of the acid water from the
21 Cisco?

22 A. Most of it, yes. We were swabbing it into the pit
23 and, of course, did not get an accurate gauge but the engineer
24 on the well seemed to think that he did recover most of the
25 acid water.

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Phone (505) 982-9212

1 Q At that stage what did it do?

2 A Well, it swabbed dry, nothing. We swabbed it all
3 of the way from the seating nipple and we could get nothing,
4 after each treatment.

5 MR. STAMETS: Any other questions of this witness?
6 He may be excused.

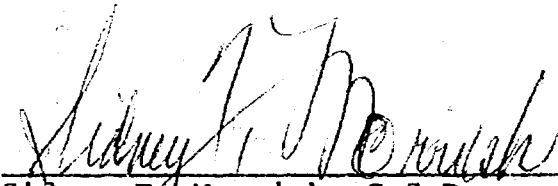
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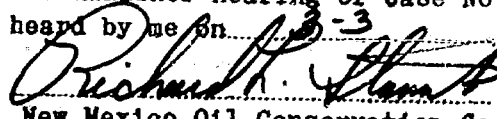
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REPORTER'S CERTIFICATE

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. 5642
heard by me on 3-3, 1976
, Examiner
New Mexico Oil Conservation Commission

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825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
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sid morrish reporting service
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3 thousand pounds. And I might mention that that zone was not
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3 of the way from the seating nipple and we could get nothing,
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5 MR. STAMETS: Any other questions of this witness?
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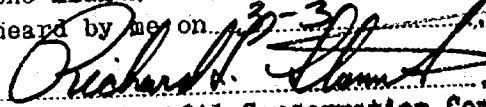
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REPORTER'S CERTIFICATE

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. 5642
heard by me on 3-3-76, 1976.
, Examiner
New Mexico Oil Conservation Commission

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General Court Reporting Service
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Phone (505) 982-9212

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. 5642
Order No. R-5179

APPLICATION OF PENROC OIL CORPORATION
FOR DOWNHOLE COMMINGLING, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 3, 1976, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 10th day of March, 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, Penroc Oil Corporation, is the owner and operator of the JCW-State Well No. 1, located in Unit O of Section 2, Township 20 South, Range 28 East, NMPM, Eddy County, New Mexico.

(3) That the applicant seeks authority to commingle Canyon and Morrow zones within the wellbore of the above-described well.

(4) That through error, the production packer in said well was set above the Canyon zone perforations rather than below.

(5) That from the Canyon zone, the subject well is incapable of production.

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

(7) That the proposed commingling will not cause waste, will not violate correlative rights, and will permit the applicant to avoid the unnecessary expense involved in resetting the packer in said well.

-2-

Case No. 5642
Order No. R-5179

(8) That 100 percent of the commingled production should be allocated to the Morrow zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, Penroc Oil Corporation, is hereby authorized to commingle Canyon and Morrow zones within the wellbore of the JCW-State Well No. 1, located in Unit O of Section 2, Township 20 South, Range 28 East, NMPM, Eddy County, New Mexico.

(2) That 100 percent of the production shall be allocated to the Morrow zone.

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

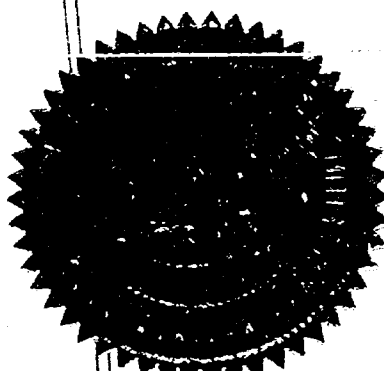
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

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

dr/

BEFORE EXAMINER STATES
OIL CONSERVATION COMMISSION

~~PERF~~ EXHIBIT NO. 2

CASE NO. 5642

Submitted by

Hearing Date 3 MAR 76

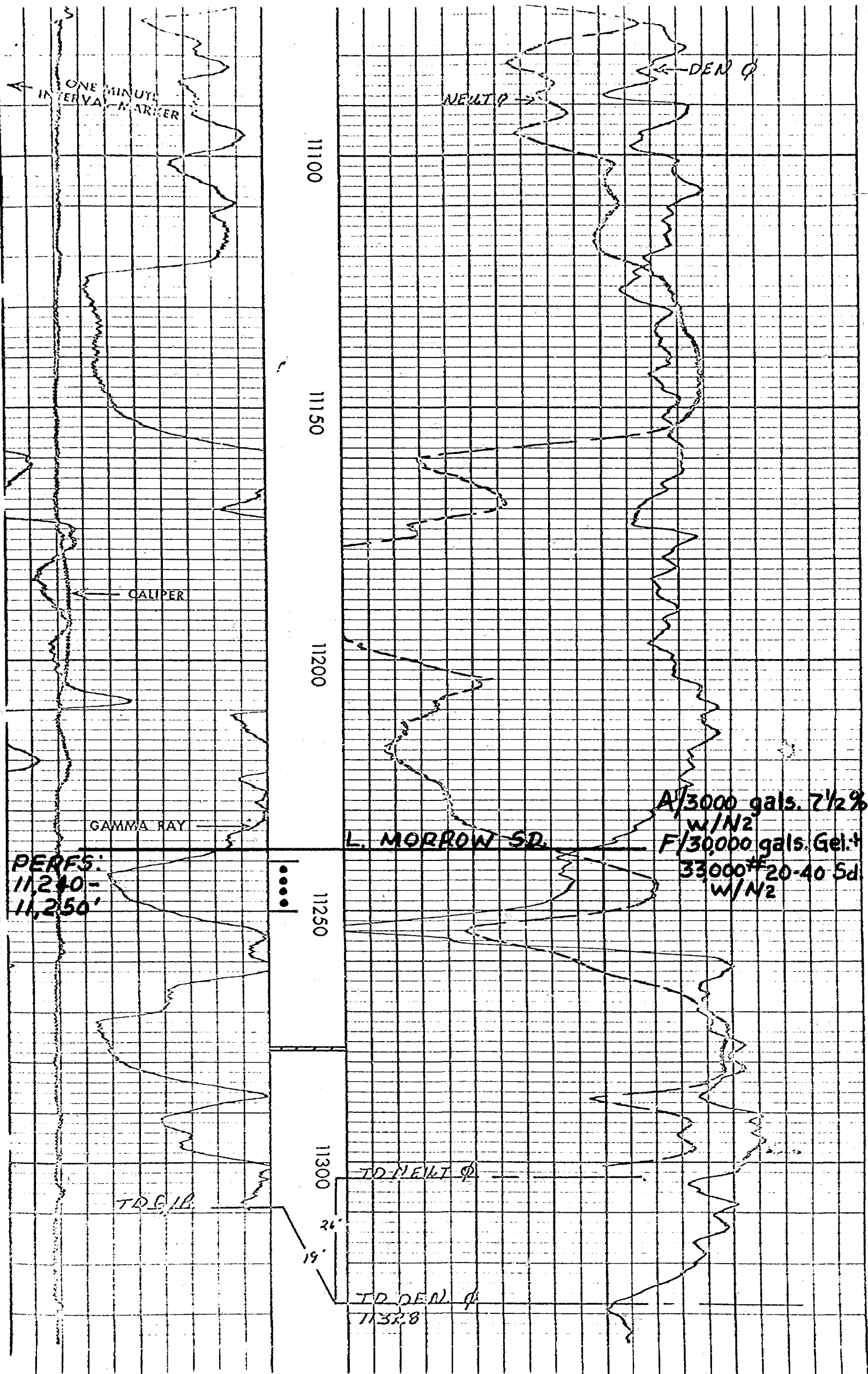
PERFS:
9932-
9952-

CANYON LM

A/3000 gals. 15%
w/N₂

Re A/ (Same)

EXHIBIT NO. 2



PENROC OIL CORP. JCW - State No. 1

Proposed Completion

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION
PENROC EXHIBIT NO. 3
CASE NO. 5642
Submitted by _____
Hearing Date 3 MAR 76

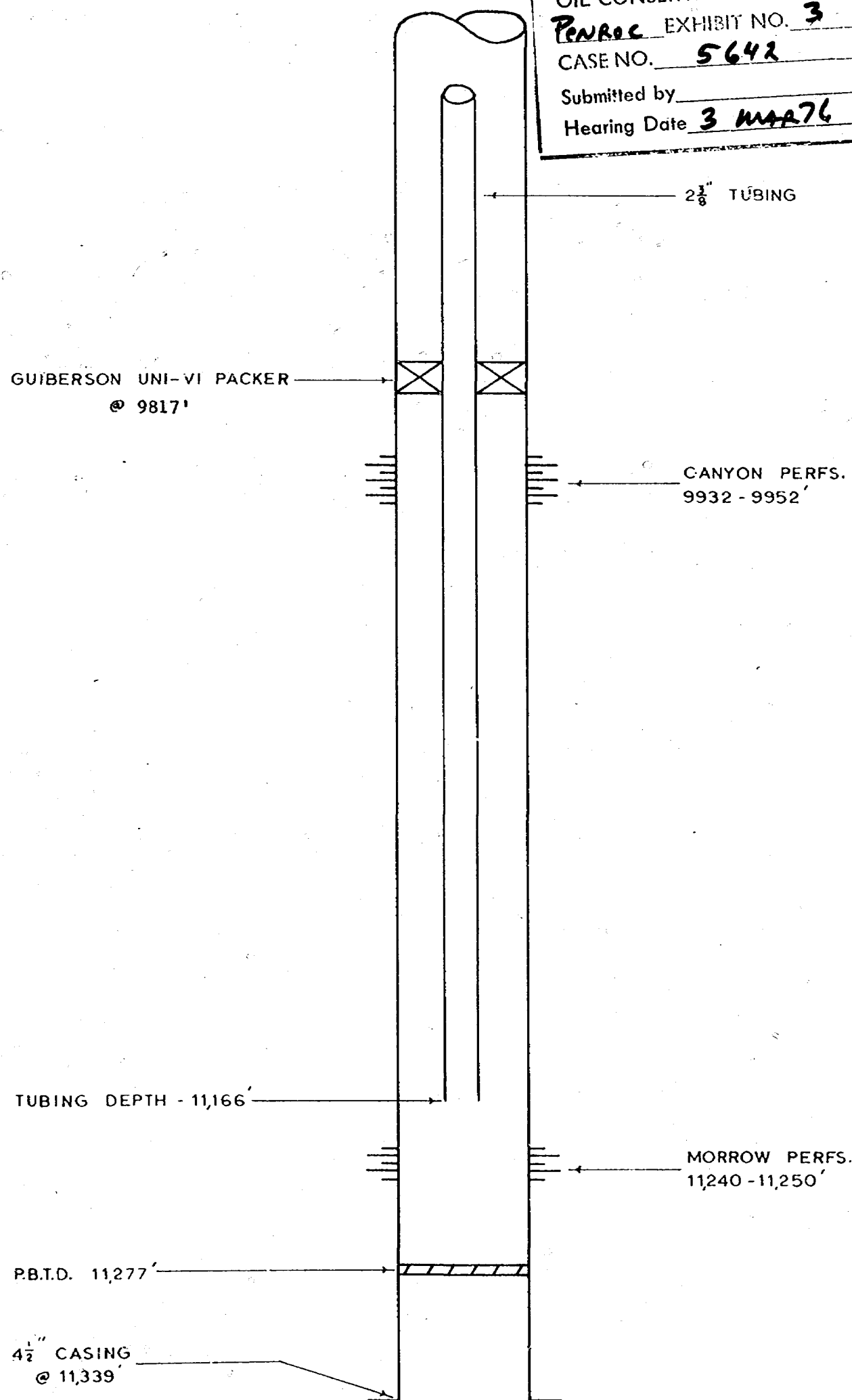


EXHIBIT NO. 3

PENROC Oil Corporation

P. O. DRAWER 831 • MIDLAND, TEXAS • 79701

Telephone (915) 683-1861

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

PENROC EXHIBIT NO. 4

CASE NO. 5642

Submitted by _____

Hearing Date 3 MAR 76

February 17, 1976

Re: NM-142, JCW-State No. 1
S/2 Section 2-20S-28E
Eddy County, New Mexico

Mr. J. C. Williamson
626 Vaughn Building
Midland, Texas 79701

Dear Mr. Williamson:

Penroc Oil Corporation has drilled a well, known as the JCW-State No. 1, located 1980 feet from the East line and 600 feet from the South line of Section 2, Township 20 South, Range 28 East, Eddy County, New Mexico.

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Penroc Oil Corporation therefore respectfully requests that the offset operators consent to the present completion of this well. A formal hearing is scheduled March 3, 1976.

Please indicate your consent in the space provided below.

Very truly yours,

PENROC OIL CORPORATION

By *Stacy J. Packer*
President

ACCEPTED AND APPROVED THIS
20 DAY OF FEBRUARY, 1976.

By *J. C. Williamson*
J. C. Williamson

EXHIBIT NO. 4

PENROC Oil Corporation

P. O. DRAWER 831 • MIDLAND, TEXAS • 79701

Telephone (915) 683-1861

February 17, 1976

Re: NM-142, JCW-State No. 1
S/2 Section 2-20S-28E
Eddy County, New Mexico

Mr. Dero W. Underwood
1495 Midland National Bank Tower
Midland, Texas 79701

Dear Mr. Underwood:

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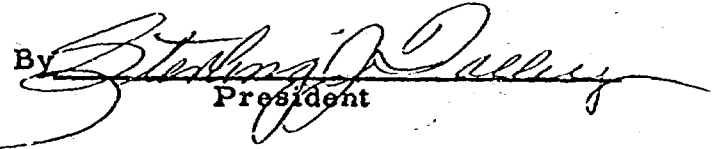
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Very truly yours,

PENROC OIL CORPORATION

By 
President

ACCEPTED AND APPROVED THIS
19 DAY OF FEB., 1976.

By 

D. W. Underwood

FEB 20 1976

PENROC Oil Corporation

P. O. DRAWER 831 • MIDLAND, TEXAS • 79701

Telephone (915) 683-1861

February 17, 1976

Re: NM-142, JCW-State No. 1
S/2 Section 2-20S-28E
Eddy County, New Mexico

Hillin Production Company
P. O. Box 152
Odessa, Texas 79760

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PENROC OIL CORPORATION

By *Sterling J. Dalling*
President

ACCEPTED AND APPROVED THIS
20th DAY OF February, 1976.

HILLIN PRODUCTION COMPANY

By *R. N. Hillin*
R. N. Hillin

PENROC Oil Corporation

P. O. DRAWER 831 • MIDLAND, TEXAS • 79701

Telephone (915) 683-1861

February 17, 1976

Re: NM-142, JCW-State No. 1
S/2 Section 2-20S-28E
Eddy County, New Mexico

Cities Service Oil Company
800 Vaughn Building
Midland, Texas 79701

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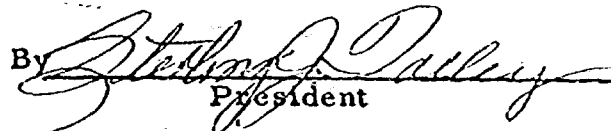
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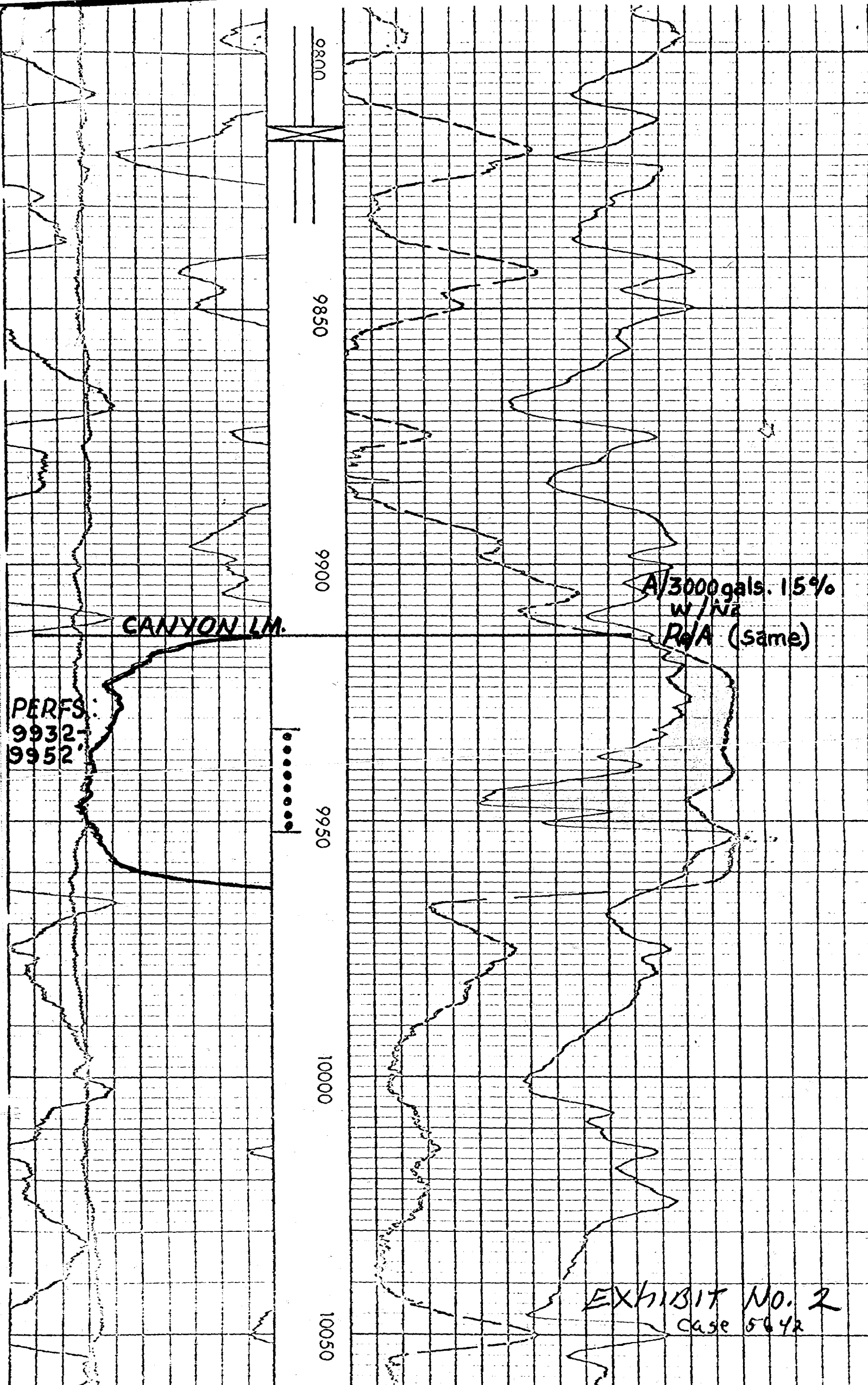

President

ACCEPTED AND APPROVED THIS
20th DAY OF February, 1976.

CITIES SERVICE OIL COMPANY

By



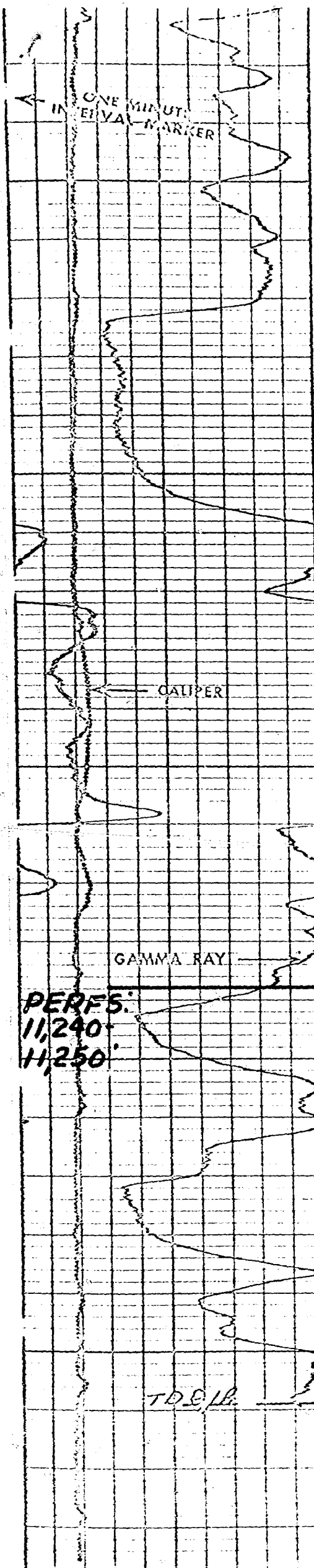


PERFS:
9932-
9952'

CANYON LM.

A/3000 gals. 15%
w/Na
R/A (same)

EXHIBIT NO. 2
Case 5642



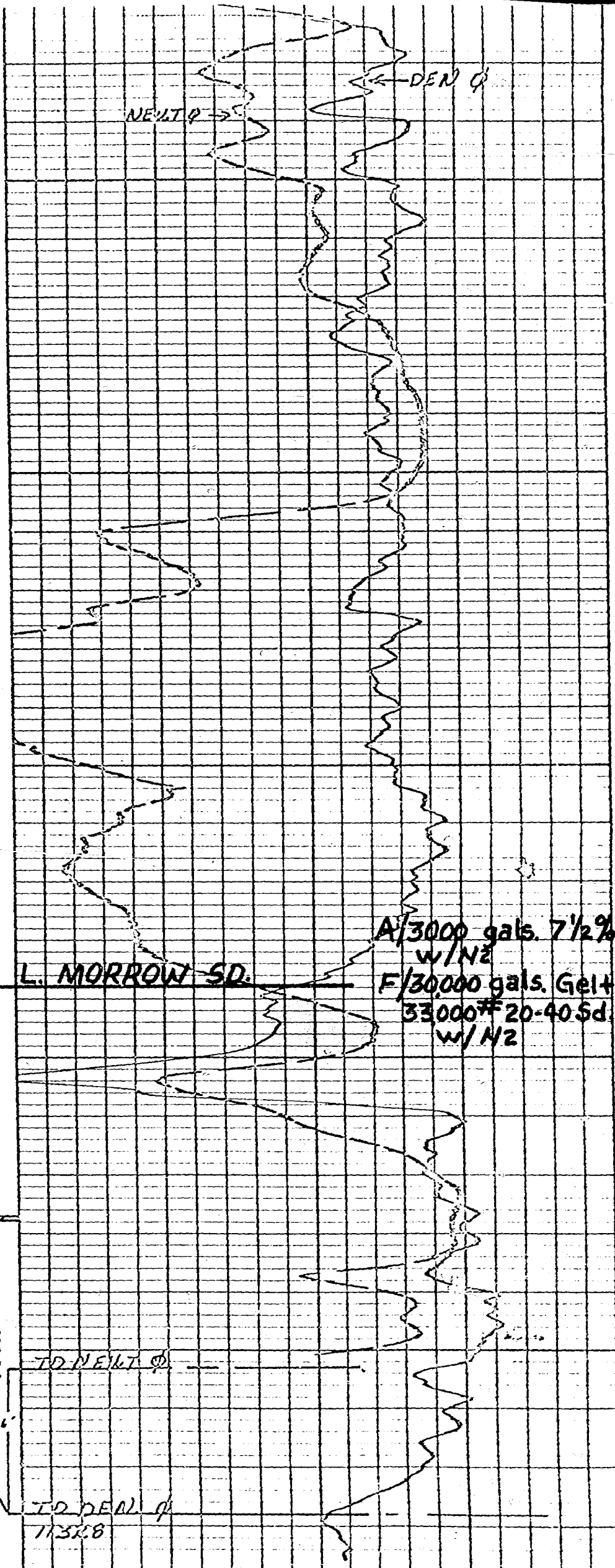
11100

11150

11200

11250

11300

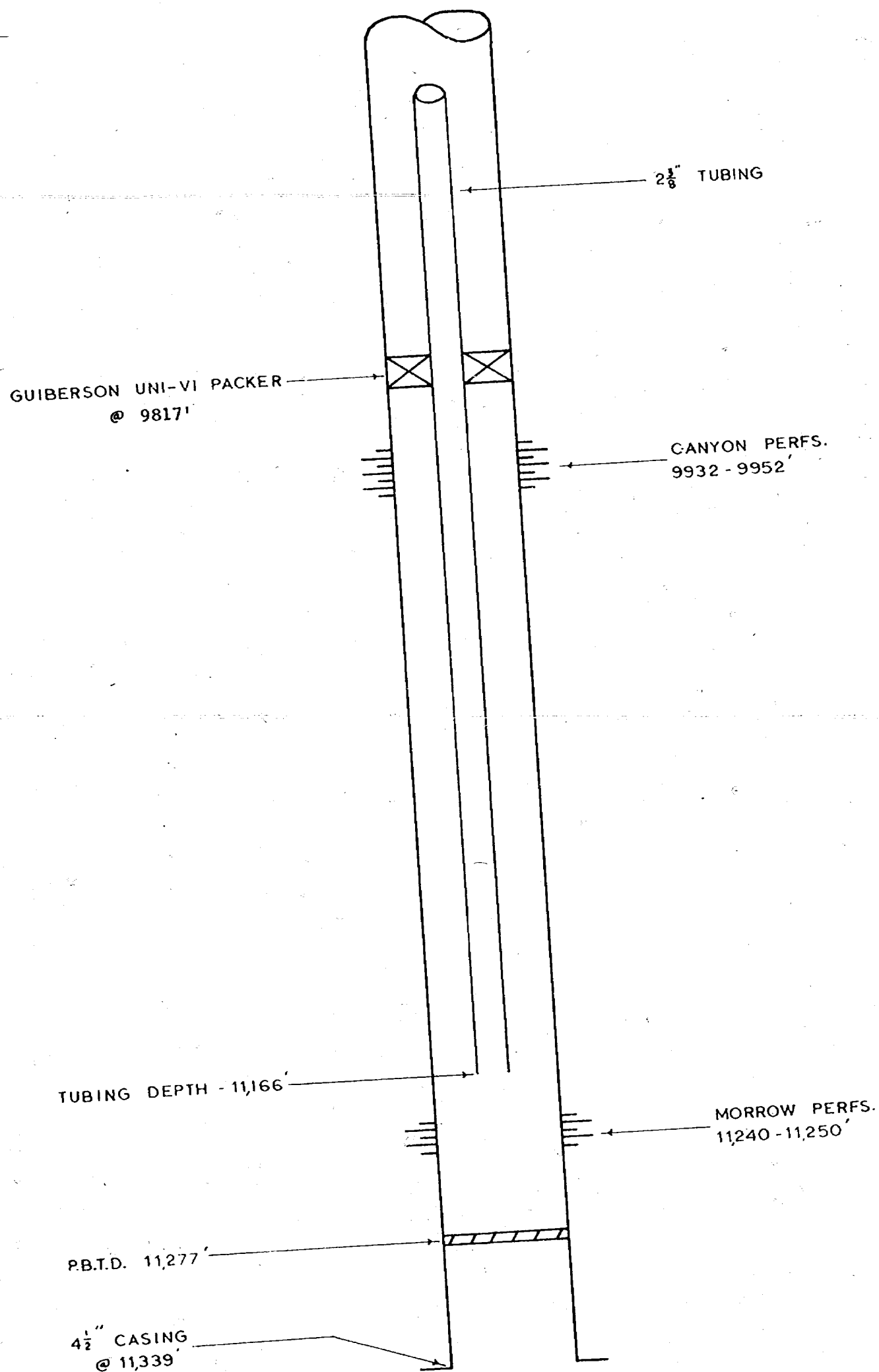


A/3000 gals. 7 1/2%
w/N2
F/30000 gals. Gel+
33000# 20-40 Sd.
w/N2

TD DEPT 11328

PENROC OIL CORP. JCW-State No. 1

Proposed Completion



case 5642
EXHIBIT NO. 3

FEB 20 1978

PENROC Oil Corporation

P. O. DRAWER 831 • MIDLAND, TEXAS • 79701

Telephone (915) 683-1861

February 17, 1976

Re: NM-142, JCW-State No. 1
S/2 Section 2-20S-28E
Eddy County, New Mexico

Hillin Production Company
P. O. Box 152
Odessa, Texas 79760

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Very truly yours,

PENROC OIL CORPORATION

By *Stephen J. Dalling*
President

ACCEPTED AND APPROVED THIS
20th DAY OF February, 1976.

HILLIN PRODUCTION COMPANY

By *R. N. Hillin*

R. N. Hillin

Case 5642

EXHIBIT NO. 4

PENROC Oil Corporation

P. O. DRAWER 831 • MIDLAND, TEXAS • 79701

Telephone (915) 683-1861

February 17, 1976

Re: NM-142, JCW-State No. 1
S/2 Section 2-20S-28E
Eddy County, New Mexico

Cities Service Oil Company
800 Vaughn Building
Midland, Texas 79701

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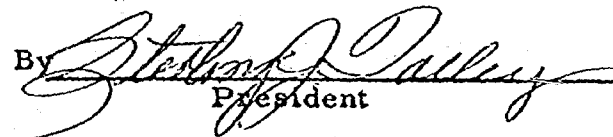
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By 
President

ACCEPTED AND APPROVED THIS
20th DAY OF February, 1976.

CITIES SERVICE OIL COMPANY

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PENROC Oil Corporation

P. O. DRAWER 831 • MIDLAND, TEXAS • 79701

Telephone (915) 683-1861

February 17, 1976

Re: NM-142, JCW-State No. 1
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1495 Midland National Bank Tower
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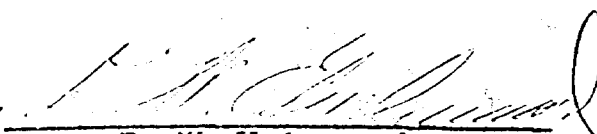
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By 
President

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19 DAY OF FEB., 1976.

By 
D. W. Underwood

PENROC Oil Corporation

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February 17, 1976

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626 Vaughn Building
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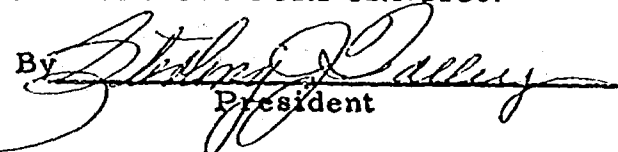
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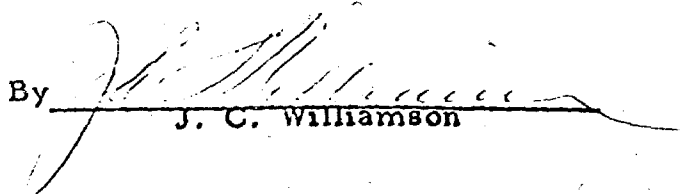
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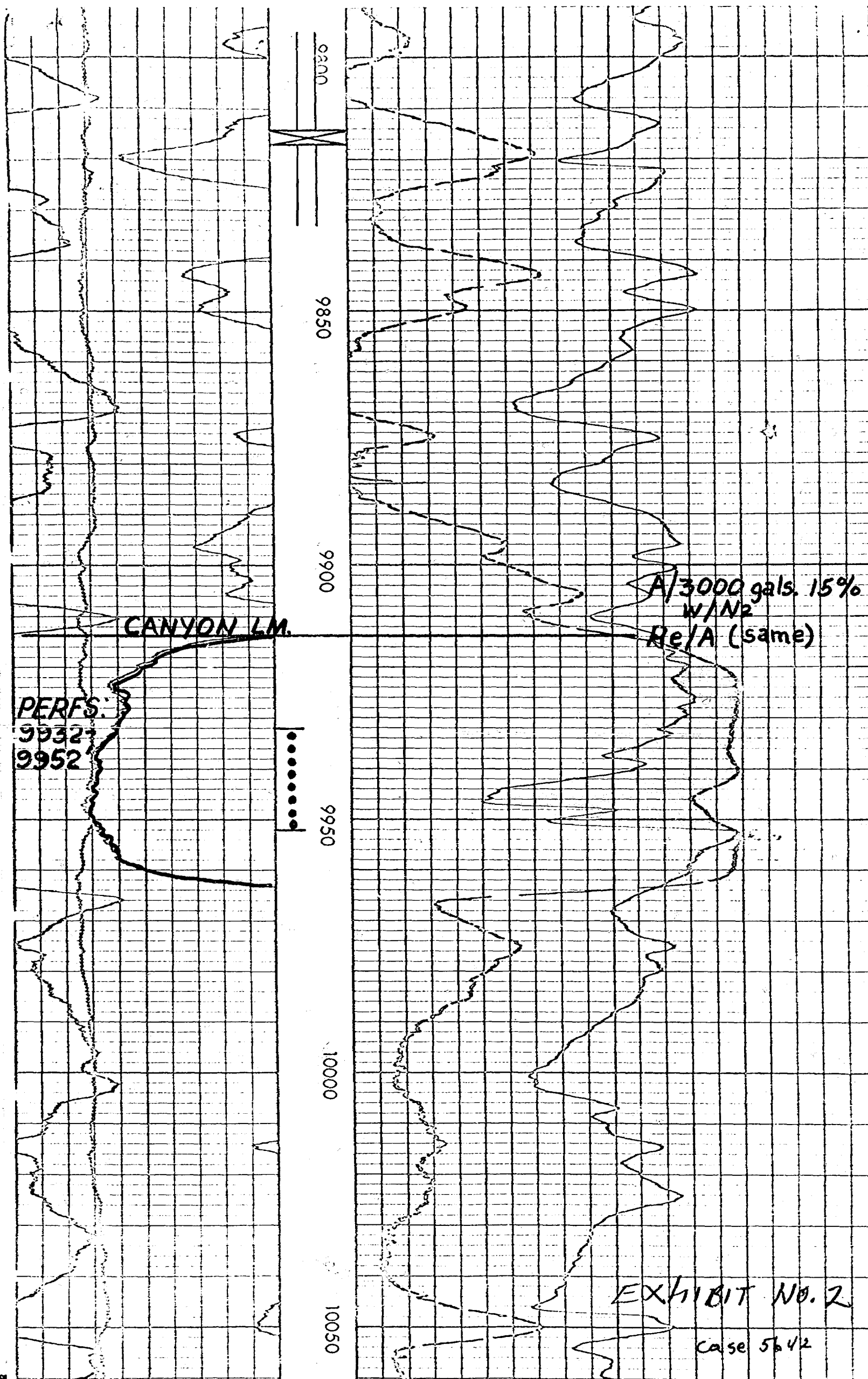
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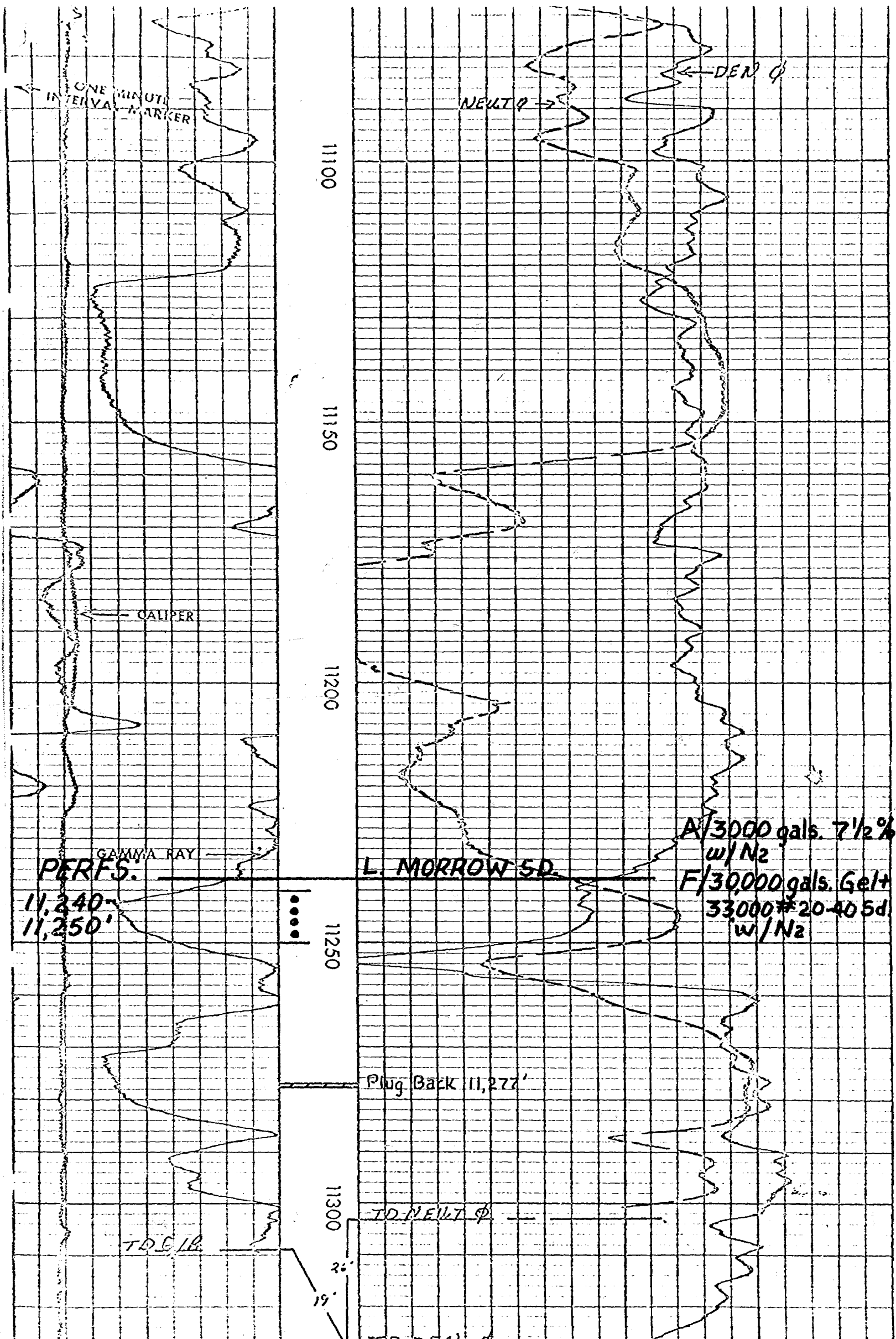
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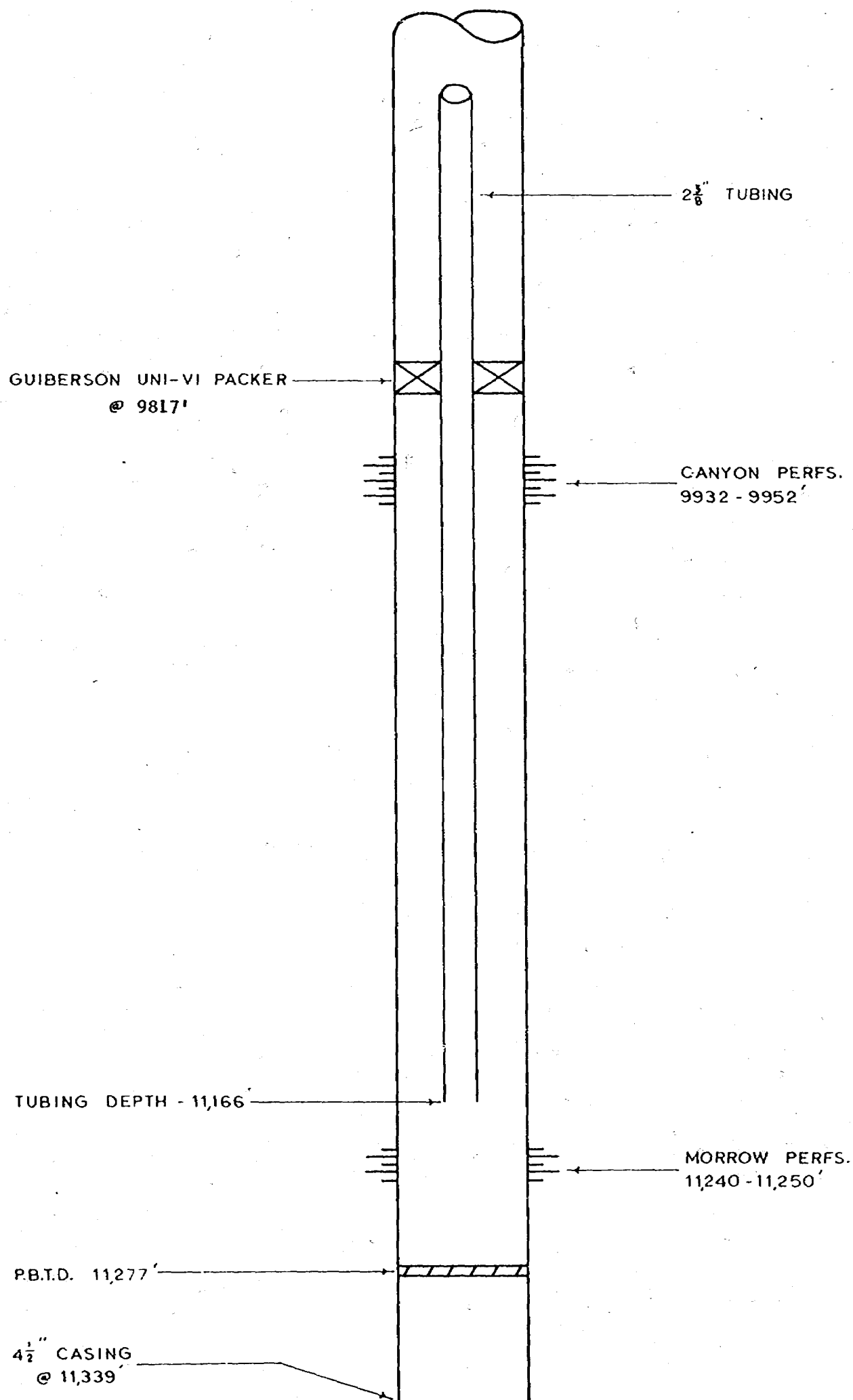
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PENROC OIL CORP. JCW-State No. 1

Proposed Completion



Case 5642

EXHIBIT NO. 3

FEB 20 1976

PENROC Oil Corporation

P. O. DRAWER 831 • MIDLAND, TEXAS • 79701

Telephone (915) 683-1861

February 17, 1976

Re: NM-142, JCW-State No. 1
S/2 Section 2-20S-28E
Eddy County, New Mexico

Hillin Production Company
P. O. Box 152
Odessa, Texas 79760

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Very truly yours,

PENROC OIL CORPORATION

By *Stetson J. Dull*
President

ACCEPTED AND APPROVED THIS
20th DAY OF February, 1976.

HILLIN PRODUCTION COMPANY

By *R. N. Hillin*
R. N. Hillin

PENROC Oil Corporation

P. O. DRAWER 831 • MIDLAND, TEXAS • 79701

Telephone (915) 683-1861

February 17, 1976

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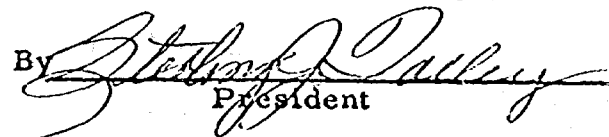
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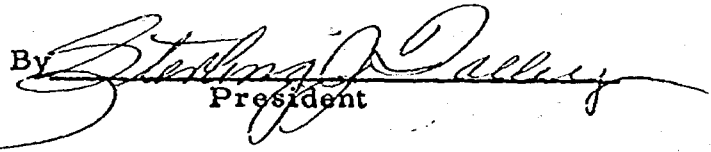
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PENROC OIL CORPORATION

By


President

ACCEPTED AND APPROVED THIS
20 DAY OF FEBRUARY, 1976.

By


J. C. Williamson

Dockets Nos. 9-76 and 10-76 are tentatively set for hearing on March 17 and March 31, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 3, 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. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 5621: (Continued and Readvertised)

Application of El Paso Natural Gas Company, as agent for Northwest Production Corporation, for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle Basin-Dakota and Blanco-Mesaverde gas production in the wellbore of the Northwest Production Corporation Jicarilla 119N Well No. 4, located in Unit H of Section 6, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

CASE 5631: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of the Special Rules for the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico, to permit the drilling of wells in said pool at any point within a 40-acre tract not closer than 330 feet to the outer boundary thereof.

CASE 5632: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of the Special Rules for the Devils Fork-Gallup Pool, Rio Arriba County, New Mexico, to delete therefrom the provisions for a volumetric withdrawal formula and substitute therefor a casinghead gas equivalent formula similar to that in effect for the Angels Peak-Gallup Pool, as promulgated by Order No. R-1410-C.

CASE 5633: Application of Shell Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinbry, Tubb-Drinkard and Devonian production in the wellbore of its J. P. No. 1 Well located in Unit C of Section 2, Township 25 South, Range 37 East, Justis Field, Lea County, New Mexico.

CASE 5634: Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Duncan Dome Unit Area comprising 7,641 acres, more or less, of State lands in Township 17 South, Ranges 17 and 18 East, Chaves County, New Mexico.

CASE 5635: Application of Sundance Oil Company for salt water disposal, Chaves 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 perforated interval from approximately 3852 to 3858 feet in its Ingram Federal Well No. 2 located in Unit I of Section 5, Township 8 South, Range 31 East, Tom Tom-San Andres Pool, Chaves County, New Mexico.

CASE 5636: Application of Julian Ard for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled in the center of the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 32, Township 9 South, Range 37 East, West Sawyer-San Andres Pool, Lea County, New Mexico, in exception to the provisions of Rule 4, Order No. R-3850.

CASE 5637: Application of R. C. Bennett & J. C. Ryan for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Exxon-State Well No. 2, located in Unit F of Section 25, Township 19 South, Range 28 East, Eddy County, New Mexico, to produce gas from the Upper Pennsylvanian formation through the casing-tubing annulus and gas from the Morrow formation through tubing.

CASE 5638: Application of Belco Petroleum Corporation for Amendment of Order No. R-5111, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Commission Order No. R-5111, which order pooled all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 5, Township 22 South, Range 27 East, to be dedicated to a well drilled at an unorthodox location 660 feet from the South line and 1980 feet from the West line of said Section 5. Applicant proposes the amendment of said order to pool all such mineral interests in the formations of Mississippian and Siluro-Devonian age underlying the W/2 of said Section 5 and to approve the unorthodox location of the well for said formations.

CASE 5639: Application of Franklin, Aston & Fair for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Strawn production for its Aztec State No. 3 Well located 710 feet from the North line and 2110 feet from the East line of Section 36, Township 17 South, Range 32 East, Lea County, New Mexico, and for the promulgation of special rules therefor, including a provision for 160-acre spacing units.

CASE 5640: Application of Phillips Petroleum Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of East Brunson-Ellenburger, East Brunson-McKee and Drinkard oil production in the wellbore of its Sims No. 6 Well located in Unit M of Section 24, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 5641: Application of John Yuronka 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 Queen formation through the open-hole interval from approximately 3800 to 3875 feet in his State JC "T" Well No. 1 located in Unit B of Section 16, Township 23 South, Range 36 East, Lemaha-Martin Pool, Lea County, New Mexico.

CASE 5642: Application of Penroc Oil Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Canyon and Morrow production in the wellbore of its JCN-State Well No. 1, located in Unit O of Section 2, Township 20 South, Range 20 East, Eddy County, New Mexico.

CASE 5643: Southeastern New Mexico nomenclature case calling for an order for the creation and extension of certain pools in Eddy and Lea Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production and designated as the West Arkansas Junction-San Andres Pool. The discovery well is the Coquina Oil Corporation State KKN Well No. 1, located in Unit J of Section 20, Township 18 South, Range 36 East, NMPM. Said pool would comprise:

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

(b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Cabin Lake-Atoka Gas Pool. The discovery well is the Corinne Grace Livingston Ridge Unit Well No. 1Y, located in Unit L of Section 36, Township 21 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 30 EAST, NMPM
Section 36: W/2

(c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Grayburg-San Andres production and designated as the Cemetery-Grayburg San Andres Pool. The discovery well is the Gulf Oil Corporation Jones Federal NCT-A Well No. 1, located in Unit L of Section 14, Township 20 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM
Section 14: SW/4

(d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the North Cemetery-Wolfcamp Gas Pool. The discovery well is the David Fasken Seven Rivers Federal Well No. 1, located in Unit C of Section 17, Township 20 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM
Section 17: N/2

(e) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the West Henshaw-Wolfcamp Pool. The discovery well is the Yates Petroleum Corporation Marco Polo EA State Well No. 1, located in Unit H of Section 32, Township 16 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 30 EAST, NMPM
Section 32: NE/4

(f) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Queen-Grayburg and San Andres production and designated as the South Loco Hills Queen-Grayburg-San Andres Pool. The discovery well is the Gene A. Snow Alscott Well No. 1, located in Unit I of Section 31, Township 18 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 31: SE/4 NE/4 & NE/4 SE/4
Section 32: S/2 NW/4, N/2 SW/4, S/2 NE/4 and SE/4 NE/4

(g) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the West Lusk-Morrow Gas Pool. The discovery well is the Adobe Oil Company Hannifin State Com Well No. 1, located in Unit P of Section 16, Township 19 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 16: S/2

(h) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Otis-Morrow Gas Pool. The discovery well is the Apexco Inc. Walterschied Com Well No. 1, located in Unit G of Section 35, Township 22 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
Section 26: W/2
Section 35: All

(i) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Penasco Draw-Atoka Gas Pool. The discovery well is the Yates Petroleum Corporation Scout EH Federal Com Well No. 2, located in Unit I of Section 27, Township 18 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 27: E/2

(j) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Scanlon-Morrow Gas Pool. The discovery well is the Harvey E. Yates Fannie Lou Federal Well No. 1, located in Unit G of Section 31, Township 20 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 31: N/2

(k) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Queen production and designated as the Square Lake-Queen Gas Pool. The discovery well is the Corpening Enterprises Exxon State Well No. 1, located in Unit M of Section 16, Township 16 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM
Section 16: SW/4

(l) EXTEND the Atoka-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 21: S/2 SE/4 & E/2 SW/4
Section 28: N/2 NE/4

(m) EXTEND the North Burton Flat-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 13: N/2
Section 14: All

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

TOWNSHIP 21 SOUTH, RANGE 30 EAST, NMPM
Section 35: E/2
Section 36: W/2

(o) EXTEND the Cruz-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM
Section 19: NE/4

(p) EXTEND the Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 25: SE/4

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 30: SW/4

- (q) EXTEND the La Rica-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 3: All

- (r) EXTEND the Paddock Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 21: SW/4

- (s) EXTEND the Red Lake-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 24: E/2

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 19: W/2

- (t) EXTEND the Tonto (Seven Rivers) Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 13: SW/4
Section 14: S/2

- (u) EXTEND the Townsend-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 4: Lots 1, 2, 7, 8, 9, 10, 15, & 16, and SE/4

- (v) EXTEND the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM
Section 16: All
Section 34: All

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 3: All

CASE 5098: (Reopened) (Continued from February 18, 1976 Examiner Hearing)

In the matter of Case 5098 being reopened pursuant to the provisions of Order No. R-4682, which order established special rules for the Red Tank-Morrow Gas Pool, Lea County, New Mexico, including a provision for 640-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing.



DIRECTOR
JOE D. RAMEY

OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. DRAWER DD - ARTESIA
88210

LAND COMMISSIONER
PHIL R. LUCERO

January 27, 1976



STATE GEOLOGIST
EMERY C. ARNOLD

Case 5642

Penroc Oil Corporation
Drawer 831
Midland, Texas 79701

ATTENTION: Mr. Sterling J. Talley

Re: JCW State
#1-O, 2-20-28
Eddy County, N. M.

Gentlemen:

A copy of your letter and attachments dated January 16, 1976, concerning the completion procedure on the subject well were forwarded to Mr. Daniel S. Nutter, Chief Engineer for the Oil Commission in Santa Fe.

I have been advised by Mr. Nutter that a hearing will be required prior to producing the well as it is now completed.

Sincerely yours,

W. A. Gressett
W. A. Gressett
Supervisor, District II

WAG/ep
cc/Daniel S. Nutter, Santa Fe



DIRECTOR
JOE D. RAMEY

OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. DRAWER DD - ARTESIA

88210

LAND COMMISSIONER
PHIL R. LUCERO

January 8, 1976



STATE GEOLOGIST
EMERY C. ARNOLD

Penroc Oil Corporation
Drawer 831
Midland, Texas 79701

Re: JCW State
#1-O, 2-20-28
Eddy County, N. M.

Gentlemen:

We hereby acknowledge receipt of Form C-105 Completion Report and Log with attachments on the subject well.

Said Form C-105 shows perfs in the Upper Penn and the Morrow are all open to the well bore with no means of separation. Therefore, no allowable will be assigned until the zones are separated in the well bore or the downhole commingling has been approved by Santa Fe after notice and hearing.

Further, if a 4 point test has been run, please submit same.

If you have any questions concerning this matter, please feel free to call upon me.

Case 5642

| | |
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| LAND OFFICE | |
| OPERATOR | |

NEW MEXICO OIL CONSERVATION COMMISSION
WELL COMPLETION OR RECOMPLETION REPORT AND LOG

RECEIVED

Form C-105
Revised 1-1-65

| |
|--|
| 5a. Indicate Type of Lease |
| State <input checked="" type="checkbox"/> Fee <input type="checkbox"/> |
| 5. State Oil & Gas Lease No. |
| K-5090 & K-6598 |

| | | | |
|---|----------------|--|--------------|
| 10. TYPE OF WELL | | JAN 6 1976 | |
| b. TYPE OF COMPLETION | | O.C.C. ARTESIA, OFFICE | |
| 2. Name of Operator | | Penroc Oil Corporation ✓ | |
| 3. Address of Operator | | P. O. Drawer 831, Midland, Texas 79701 | |
| 4. Location of Well | | UNIT LETTER <u>0</u> LOCATED <u>1980</u> FEET FROM THE <u>East</u> LINE AND <u>660</u> FEET FROM | |
| 15. Date Spudded | | 16. Date T.D. Reached | |
| 8/19/75 | | 9/25/75 | |
| 17. Date Compl. (Ready to Prod.) | | 18. Elevations (D.F., RKB, RT, GR, etc.) | |
| 11/15/75 | | 3271.5' GR | |
| 19. Elev. Casinghead | | 3270' | |
| 20. Total Depth | | 21. Plug Back T.D. | |
| 11,339 | | 11,277' | |
| 22. If Multiple Compl., How Many | | 23. Intervals Drilled By | |
| | | Rotary Tools | |
| | | Cable Tools | |
| 24. Producing Interval(s), of this completion - Top, Bottom, Name | | 25. Was Directional Survey Made | |
| 11,240-11,250' Morrow | | Yes | |
| 26. Type Electric and Other Logs Run | | 27. Was Well Cored | |
| Forxo-Guard & Compensated Density | | No | |
| 28. CASING RECORD (Report all strings set in well) | | | |
| CASING SIZE | WEIGHT LB./FT. | DEPTH SET | HOLE SIZE |
| 13 3/8" | 48# | 400' | 17" |
| 8 5/8" | 24# & 32# | 2701' | 11" |
| 4 1/2" | 13.5# & 11.6# | 11339' | 7 7/8" |
| 29. LINER RECORD | | 30. TUBING RECORD | |
| SIZE | TOP | BOTTOM | SACKS CEMENT |
| | | | SCREEN |
| | | | SIZE |
| | | | DEPTH SET |
| | | | PACKER SET |
| 31. Perforation Record (Interval, size and number) | | 32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC. | |
| 11,240-250' .24" (22 holes) | | DEPTH INTERVAL | |
| 9932-52' .24" (21 holes) (After acid, * swab dry, no press, no gas, no wtr.) | | AMOUNT AND KIND MATERIAL USED | |
| | | 11,240-250' A/3000 gal Morrow-Flo 7 1/2% + | |
| | | 135,000 SCF N ₂ . Frac w/30,000 gal clear gel w/33,000# 20/40 sd + 1,000,000 SCF N ₂ . | |
| 33. A/3000 gal 15% FE NE w/105,000 SCF PRODUCTION N ₂ | | | |
| Date First Production | | Production Method (Flowing, gas lift, pumping - Size and type pump) | |
| WO low press. conn. | | Flow | |
| Date of Test | | Hours Tested | |
| 11/26/75 | | 4 | |
| Choke Size | | Prod'n. For Test Period | |
| 3/4" | | Oil - Bbl. | |
| | | Gas - MCF | |
| | | Water - Bbl. | |
| | | Gas - Oil Ratio | |
| Flow Tubing Press. | | Casing Pressure | |
| 25# | | packer | |
| Calculated 24-Hour Rate | | Oil - Bbl. | |
| | | Gas - MCF | |
| | | Water - Bbl. | |
| | | Oil Gravity - API (Corr.) | |
| 34. Disposition of Gas (Sold, used for fuel, vented, etc.) | | Test Witnessed By | |
| Shut-in waiting on connection | | El Paso Natural Gas Co. | |
| 35. List of Attachments | | | |
| 2 notarized copies deviation survey, 1 copy each 3 DSTs | | | |
| 2 copies each Forxo-Guard & Compensated Density logs. | | | |
| 36. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief. | | | |
| SIGNED <u>E. J. Dilling</u> | | TITLE <u>President</u> | |
| | | DATE <u>1/6/76</u> | |

Case 5642

INSTRUCTIONS

This form is to be filled with the appropriate District Office of the Commission not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, Items 30 through 34 shall be reported for each zone. The form is to be filled in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico

Northwestern New Mexico

| | | | |
|------------------------------|---|-----------------------------|-------------------------|
| T. Anhy _____ | T. Canyon <u>Lime 9914'</u> | T. Ojo Alamo _____ | T. Penn. "B" _____ |
| T. Salt _____ | T. Strawn <u>Lime 10115'</u> | T. Kirtland-Fruitland _____ | T. Penn. "C" _____ |
| D. Sulf _____ | T. Atoka <u>Morrow Shale</u> | T. Pictured Cliffs _____ | T. Penn. "D" _____ |
| T. Yates _____ | T. Miss <u>10981'</u> | T. Cliff House _____ | T. Leadville _____ |
| T. 7 Rivers _____ | T. Devonian <u>Barnett</u> | T. Menefee _____ | T. Madison _____ |
| T. Queen _____ | T. Silurian <u>11,302'</u> | T. Point Lookout _____ | T. Elbert _____ |
| T. Grayburg _____ | T. Montoya _____ | T. Mancos _____ | T. McCracken _____ |
| T. San Andres _____ | T. Simpson _____ | T. Gallup _____ | T. Ignacio Qtzite _____ |
| T. Glorieta _____ | T. McKee _____ | Base Greenhorn _____ | T. Granite _____ |
| T. Paddock _____ | T. Ellenburger _____ | T. Dakota _____ | T. _____ |
| T. Blinbry _____ | T. Gr. Wash _____ | T. Morrison _____ | T. _____ |
| T. Tubb _____ | T. Granite _____ | T. Todilto _____ | T. _____ |
| T. Drinkard _____ | T. Delaware Sand <u>2890'</u> | T. Entrada _____ | T. _____ |
| T. Abo _____ | T. Bone Springs <u>4704'</u> | T. Wingate _____ | T. _____ |
| T. Wolfcamp <u>Lime 9077</u> | T. <u>1st BS sd 6522'</u> | T. Chinle _____ | T. _____ |
| T. Penn. _____ | T. <u>2nd BS sd 7160</u> | T. Permian _____ | T. _____ |
| T. Cisco (Bough C) _____ | T. <u>3rd BS sd 8475'</u> | T. Penn. "A" _____ | T. _____ |
| | T. <u>B.3rd BS sd 8917'</u> | | |

FORMATION RECORD (Attach additional sheets if necessary)

| From | To | Thickness In Feet | Formation | From | To | Thickness In Feet | Formation |
|-------|-------|----------------------|--|------|----|----------------------|-----------|
| 0 | 2890 | 2890 | Redbeds, Salt, & Anhydrite | | | | |
| 2890 | 4704 | 1814 | Delaware Mountain Group, fine grained sandstones, shales & tan-brn fine dnse dolomites. | | | | |
| 4704 | 9077 | 4373 | Bone Spring massive carbonate section w/sandstone bodies at 6522'(1st), 7160'(2nd), 8475'(3rd). Also includes some shale stringers. | | | | |
| 9077 | 10115 | 1038 | Wolfcamp Section being clean carbonates in upper part, shales & interbedded limestones in middle with carbonates in the lower section. | | | | |
| 10115 | 10981 | 866 | Strawn limestone followed by alternating shales and lime stringers w/Atoka Lime included in lower portion. | | | | |
| 10981 | 11302 | 321 | Shales and sandstones of the Morrow. | | | | |
| 11302 | 11339 | 37 | Barnett shale | | | | |

Case 5642

PENROC Oil Corporation

P. O. DRAWER 831 • MIDLAND, TEXAS • 79701

Telephone (915) 683-1861

January 16, 1976

Re: Request to Produce JCW-
State well from Morrow
Gas Zone with Dry Canyon
perforations Co-mingled
below packer.

New Mexico Oil Conservation Commission
P. O. Drawer DD
Artesia, New Mexico 88210

Attention Mr. W. A. Gressett

Gentlemen:

RECEIVED

JAN 19 1976

O. C. C.
ARTESIA, OFFICE

The Penroc Oil Corporation JCW-State No. 1 well was drilled at a location in SW/4 SE/4 Section 2, T20S, R28E, Eddy County, New Mexico and was completed as a marginal, low-pressure gas well from the Lower Morrow on November 15, 1975. It is currently shut-in.

As you instructed, Commission Form C-103 is being forwarded to show all perforations, treatments and results that were conducted during completion attempts of this well. It can be noted that two Pennsylvanian zones were perforated being in the Lower Morrow and the Canyon Lime. The Morrow yielded a limited amount of gas with a slight amount of condensate and the Canyon swabbed dry with no showing of oil, gas or water.

Because of a misunderstanding of instructions, tubing was run into the JCW-State with a packer set above the Canyon perforations instead of above the Morrow perfs. This condition was shown and reported on Commission Form C-105.

Excessive mechanical and new equipment failures and malfunctions resulted in an extremely costly completion of this well. Twenty-three days time was spent to reach the point where a low-yield well re-

New Mexico Oil Conservation Commission
January 16, 1976
Page 2

sulted. For these reasons it is Penroc's request that approval be granted to produce the JCW-State from the Morrow with the dry Canyon perforations exposed below the packer.

El Paso Natural Gas Company tested this well on November 26, 1975. Results indicated insufficient pressure to enter El Paso's high pressure system and volume of gas was too low for the Company to utilize a compressor. Therefore El Paso has released its call on the gas in order that a market into Phillips Petroleum Company's low pressure system can be achieved. This being the case, some production of hydrocarbons can be realized that otherwise may be lost forever.

Your early consideration of this request will be appreciated.

Very truly yours,

PENROC OIL CORPORATION


Sterling J. Talley

SJT/be

Case 5642

| | |
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| OPERATOR | |

NEW MEXICO OIL CONSERVATION COMMISSION
RECEIVED

JAN 19 1976

Form C-103
Supersedes Old
C-102 and C-103
Effective 1-1-65

| |
|--|
| 5a. Indicate Type of Lease State <input checked="" type="checkbox"/> Fee <input type="checkbox"/> |
| 5. State Oil & Gas Lease No. K-5090 & K-6598 |
| 7. Unit Agreement Name |
| 8. Farm or Lease Name JCW-State |
| 9. Well No. 1 |
| 10. Field and Pool, or Wildcat Winchester-Morrow |
| 12. County Eddy |

SUNDY NOTICES AND REPORTS ON WELLS **O. C. C.**
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A POTENTIAL WELL. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

| |
|---|
| 1. OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER- |
| 2. Name of Operator Penroc Oil Corporation |
| 3. Address of Operator P. O. Drawer 831, Midland, Texas 79701 |
| 4. Location of Well UNIT LETTER <u>O</u> <u>1980</u> FEET FROM THE <u>East</u> LINE AND <u>660</u> FEET FROM THE <u>South</u> LINE, SECTION <u>2</u> TOWNSHIP <u>20S</u> RANGE <u>28E</u> NMPM. |
| 15. Elevation (Show whether DF, RT, GR, etc.) 3271.5 GR |

16. Check Appropriate Box To Indicate Nature of Notice, Report or Other Data

| NOTICE OF INTENTION TO: | | SUBSEQUENT REPORT OF: | |
|--|---|--|---|
| PERFORM REMEDIAL WORK <input type="checkbox"/> | PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> | PLUG AND ABANDONMENT <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | OTHER <input type="checkbox"/> | CASING TEST AND CEMENT JOBS <input type="checkbox"/> | OTHER <input type="checkbox"/> |

17. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1503.

To provide information requested concerning the perforations, treatments and results in the captioned well.

(Please refer to attached page)

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

| | | |
|---------------------------------|------------------------|---------------------|
| SIGNED <u>B. J. Dally</u> | TITLE <u>President</u> | DATE <u>1/16/76</u> |
| APPROVED BY _____ | TITLE _____ | DATE _____ |
| CONDITIONS OF APPROVAL, IF ANY: | | |

Case 5642

JCW-State No. 1

Lower Morrow Sand

Perf 4½" csg w/3-1/8" csg gun 11,240-250' w/2 jet shots/ft (total 22 holes) Swabbed hole down to seating nipple, well blowing to pit w/weak flare, no pressure.

Acidized perfs 11,240-250' w/3000 gals 7½% Morrow-Flo acid, 135,000 std. cu. ft. N₂. Open well, blew down in 35 mins. Swabbed hole down to seating nipple, have continuous flow of gas on 3/4" choke, no pressure, est. volume 200 MCFGPD. After 13½ hrs flow on 3/4" ch., FTP 5#, gas volume 290 MCFGPD.

After 37½ hrs of flow on 3/4" ch., FTP 10#, gas volume 362 MCFGPD.

Fraced perfs 11,240-250' w/30,000 gal clear gel w/33,000# 24-40 mesh sand & 1 million std. cu. ft. N₂. Opened well and blew 4½ hrs and died. Had show gas 1 hr 35 mins. Shut well in. In the AM have 1600# TP. Open well, blows down, swab dry, have weak blow gas at surface. Reversed out sand, swab hole down, flared to pit on 3/4" ch., FTP 15#, gas volume 435 MCFGPD.

Canyon

Perf 4½" csg w/3-1/8" csg gun 9932-52' w/1 jet shot/ft (total 21 holes). Swabbed hole dry with no show gas.

Acidized perfs 9932-52' w/3000 gals 15% FE NE acid w/126,000 std. cu. ft. N₂. Open well and blew down in 41 mins. Pulled swab from seating nipple, no fluid recovery, packer is leaking. @ 11090?

Re-acidized perfs 9932-52' w/3000 gals FE NE acid w/105,000 std. cu. ft. N₂. Opened well and blew down in 2 hrs. Swabbed hole to seating nipple, swabbed dry w/only sli indication of gas.

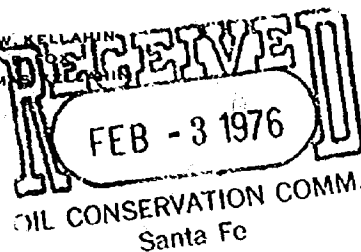
SI overnite, this AM 175# SITP. Blew down in 5 mins. Swabbed to seating nipple, recovered 200 feet non-gas cut load water. Waited 1/2 hr, ran swab to seating nipple, tubing dry, recovered no water, no show gas.

Case 5642

KELLAHIN AND FOX
ATTORNEYS AT LAW
500 DON GASPAR AVENUE
POST OFFICE BOX 1789
SANTA FE, NEW MEXICO 87501

TELEPHONE 982-4315
AREA CODE 505

JASON W. KELLAHIN
ROBERT
W. THOMAS



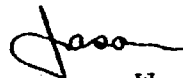
February 2, 1976

Mr. Joe Ramey, Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 2008
Santa Fe, New Mexico 87501

Dear Joe:

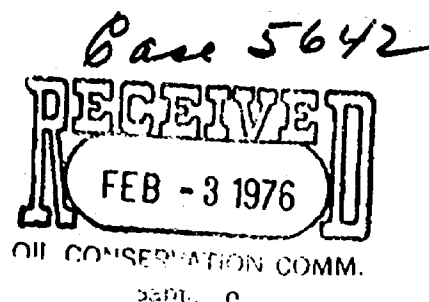
Enclosed for filing are the original and two copies
of the application of Penroc Oil Corporation for approval
of the completion of the JCW-State No. 1 well in Eddy
County, New Mexico. We would appreciate this application
being set for hearing on March 3.

Yours very truly,


Jason W. Kellahin

JWK:kjf

Enclosure



BEFORE THE

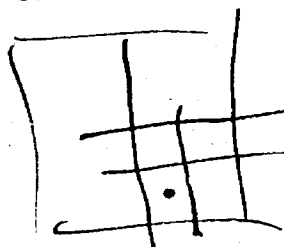
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF PENROC OIL CORPORATION FOR
APPROVAL OF UNORTHODOX WELL
COMPLETION, EDDY COUNTY, NEW MEXICO

A P P L I C A T I O N

Comes now Penroc Oil Corporation and applies to the Oil Conservation Commission for approval of an unorthodox well completion for its JCW-State No. 1 well, located 1980 feet from the East line, and 660 feet from the South line of Section 2, Township 20 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof would show the Commission:

1. The subject well was completed from the Winchester-Morrow Gas Pool, with perforations from 11,240 to 11,250 feet. An attempt was made to complete in the Canyon lime, and perforations were made from 9,932 to 9,952 feet, but the completion was unsuccessful.
2. A packer was set above the Canyon lime at 9,817 feet in the expectation that the Canyon could be completed. The formation is tight, and no pressure was found on testing the formation. Production from the Morrow is about 400 mcf per day, and a recompletion of the well is not justified. Pressures in the Morrow are extremely low.
3. Applicant proposes to leave the well in its present state of completion. Because of the low pressures, and the tight formation in the Canyon, no damage will result, and no gas will be lost to the upper formation. A recompletion, or re-setting of the packer cannot be economically justified



because of the marginal production from the Morrow.

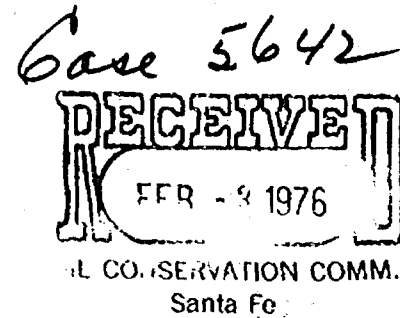
WHEREFORE applicant prays that this application be set for hearing before the Commission or the Commission's duly appointed examiner, and that after notice and hearing as required by law, the Commission enter its order approving the present completion of the well.

Respectfully submitted,

PENROC OIL CORPORATION

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

Attorneys for Applicant



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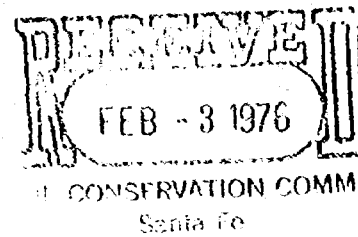
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Santa Fe, New Mexico 87501

Attorneys for Applicant



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OIL CONSERVATION COMMISSION OF NEW MEXICO

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Respectfully submitted,

PENROC OIL CORPORATION

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

Attorneys for Applicant

(4) That through error, the production packer in said well was set above the Canyon zone perforations rather than below.

dr/

(Signature)

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:

(Signature)

CASE NO. 5642

Order No. R- 5179

APPLICATION OF Penroc Oil Corporation
FOR DOWNHOLE COMMINGLING, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 3,
19 76, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of March, 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, Penroc Oil Corporation, is the
owner and operator of the JCW-State Well No. 1, located
in Unit 0 of Section 2, Township 20 South, Range
28 East, NMPM, Eddy County, New Mexico.

(3) That the applicant seeks authority to commingle
Canyon and Morrow ²⁰⁴²⁵_{production}
within the wellbore of the above-described well.

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

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

(7) That the proposed commingling ~~may result in the recovery~~
will not cause
~~of additional hydrocarbons from each of the subject pools, thereby~~
~~preventing waste, and will not violate correlative rights, and~~
will permit the applicant to avoid the
unnecessary expense involved in ~~resetting~~
resetting the packer in the said well.

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 Artesia district office of the Commission any time the subject well is shut-in for 7 consecutive days.

~~(8) That in order to allocate the commingled production to each of the commingled zones in the subject well, _____ percent of the commingled _____ production should be allocated to the _____ Canyon _____ zone, and _____ percent of the commingled _____ production to the _____ Morrow _____ zone.~~

IT IS THEREFORE ORDERED:

(1) That the applicant, Penroc Oil Corporation, is hereby authorized to commingle Canyon and Morrow ~~zones~~ ^{production} within the wellbore of the JCW-State Well No. 1, located in Unit 0 of Section 2, Township 20 South, Range 28 East, NMPM, Eddy County, New Mexico.

(2) That 100 percent of the ~~commingled~~ production shall be allocated to the Canyon zone and ~~_____ percent of the commingled production shall be allocated to the~~ Morrow 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.

(3) 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.