

CASE 5698: EL PASO NATURAL GAS
CO. FOR DOWNHOLE COMMINGLING,
RIO ARriba COUNTY, NEW MEXICO

any

CASE NO.

5698

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

Dear Dick:

6/23/76

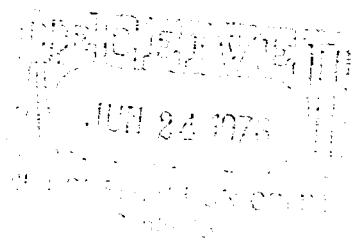
Paul called me about
the oil production figures
for the 28-7 #82 Mesa Verde
well.

We rapidly gathered data
from the Engineering Report
Annuals for 72, 73, 74 & 75
plus the Monthly Volumes
for Jan, Feb, Mar 76.

The volumes are
shown in bbls.

Any questions, please
call.

Bohe



Case 5698
6721

San Juan 28-7 Unit 1152 770

	1972	1973	1974	1975	1976
Jan	40	86	43	0	34
Feb	0	0	0	0	0
March	27	22	0	0	0
April	0	33	37	0	end
May	0	46	0	20	
June	0	0	0	0	
July	0	50	23	0	
Aug	61	0	0	0	
Sept	0	36	0	0	
Oct	57	0	0	0	
Nov	76	33	0	0	
Dec	0	7	0	0	
Cum Jan	243	315	113	20	34
Cum July	5192	5522	5627	5628	5628

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. 5698
Order No. R-5233

APPLICATION OF EL PASO NATURAL GAS
COMPANY 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 June 23, 1976,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 6th day of July, 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, El Paso Natural Gas Company, is the
owner and operator of the San Juan 28-7 Unit Well No. 82, located
in Unit A of Section 4, Township 27 North, Range 7 West, NMPM,
Rio Arriba County, New Mexico.

(3) That the applicant seeks authority to commingle South
Blanco-Pictured Cliffs and Blanco Mesaverde production within
the wellbore of the above-described well.

(4) That from the South Blanco-Pictured Cliffs zone, the
subject well is capable of low marginal production only.

(5) That from the Blanco Mesaverde 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. 5698
Order No. R-5233

(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, 30 percent of the commingled gas production should be allocated to the South Blanco-Pictured Cliffs zone, and 70 percent and 100 percent of the commingled gas and oil production, respectively, to the Blanco Mesaverde zone.

IT IS THEREFORE ORDERED:

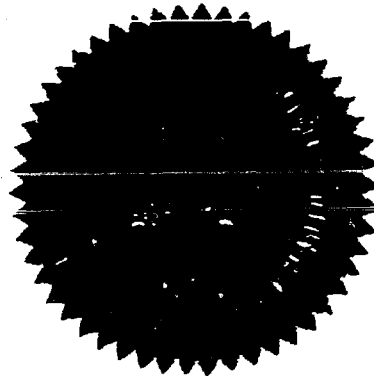
(1) That the applicant, El Paso Natural Gas Company, is hereby authorized to commingle South Blanco-Pictured Cliffs and Blanco Mesaverde production within the wellbore of the San Juan 28-7 Unit Well No. 82, located in Unit A of Section 4, Township 27 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.

(2) That 30 percent of the commingled gas production shall be allocated to the South Blanco-Pictured Cliffs zone and 70 percent and 100 percent of the commingled gas and oil production, respectively, shall be allocated to the Blanco Mesaverde 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.



S E A L

jr/

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

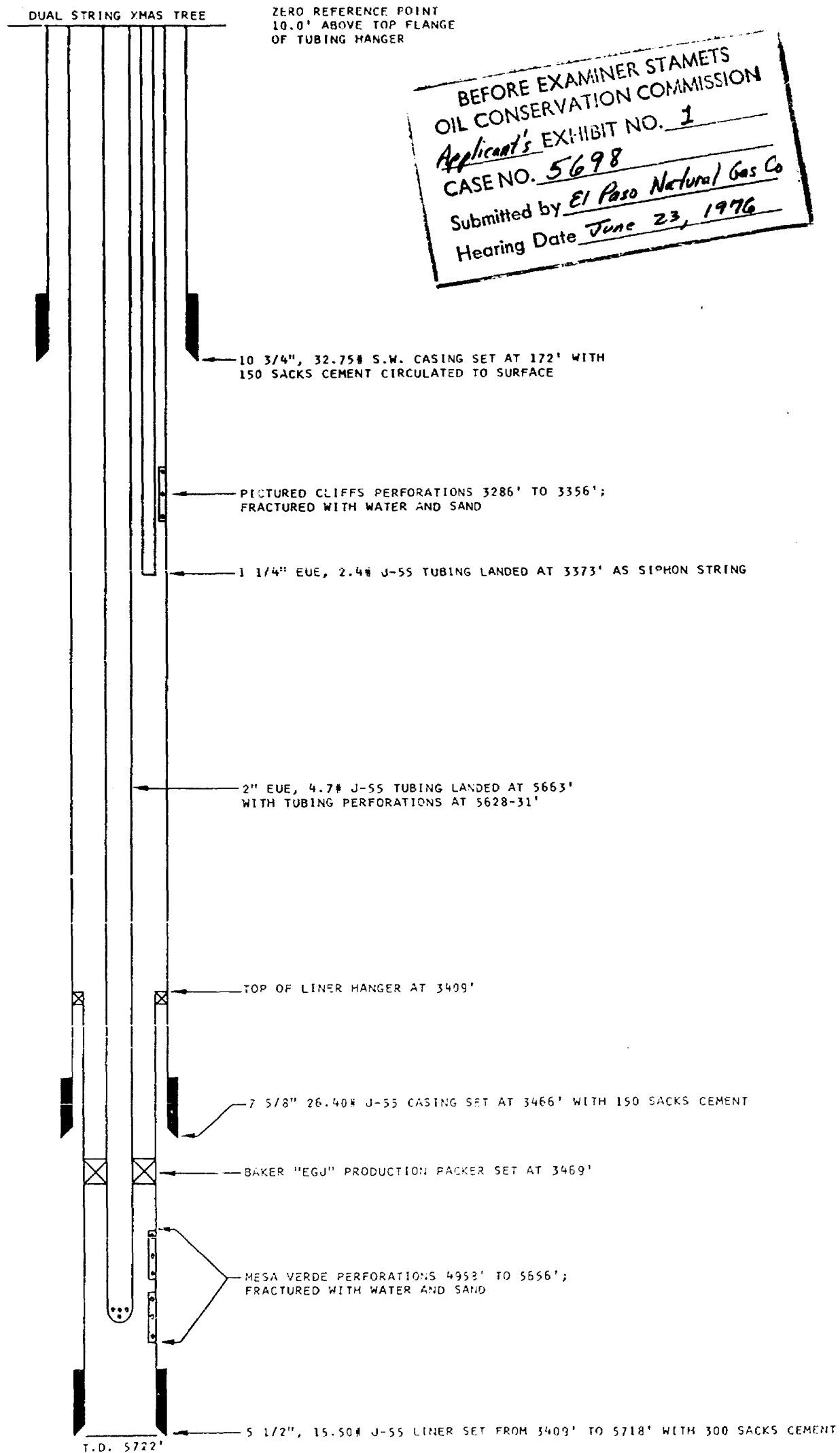
PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member

JOE D. RAMEY, Member & Secretary

EXHIBIT No. 1

SCHEMATIC DIAGRAM of DUAL COMPLETION
El Paso Natural Gas Co. San Juan 28-7 Unit No. 82 (PM)
NE/4 Section 4, T-27-N, R-7-W



El Paso NATURAL GAS
COMPANY

P. O. BOX 1492
EL PASO, TEXAS 79978
PHONE: 915-543 2600

May 5, 1976

EXHIBIT NO. 2

A

San Juan 28-7 Unit Pictured Cliffs &
Mesaverde Participating Area Working
Interest Owners

Re: San Juan 28-7 Unit #82 Well (PC/MV Dual)
NE/4 Section 4-27N-7W
Rio Arriba County, New Mexico

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

Applicant's EXHIBIT NO. 2A-2F

CASE NO. 5698

Submitted by El Paso Natural Gas Co.

Hearing Date June 23, 1976

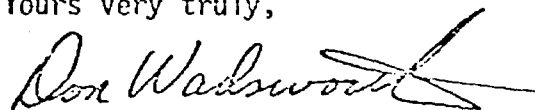
Dear Interest Owner:

The 1975 Packer leakage test performed on the referenced well indicated communication between the Mesaverde and Pictured Cliffs zones, and the New Mexico Oil Conservation Commission has directed that if a satisfactory Packer leakage test has not been received by May 19, 1976, the well will be shut-in. It is El Paso's recommendation that in lieu of a workover to re-establish separate producing zones, an application be made to the Conservation Commission to allow production from the two zones to be commingled.

Production from the well has been relatively stable. Over the past year, production from the Pictured Cliffs Formation has averaged 40 MCF/D and the Mesaverde Formation, 119 MCF/D. The well produces only a small amount of liquid hydrocarbons from the Mesaverde Formation. In commingling, it is recommended that production be allocated to the two zones as follows: Pictured Cliffs - 30% of all dry gas produced, Mesaverde - 70% of all dry gas produced and all liquids.

If you agree with our recommendation, please indicate so by signing and returning one copy of this letter to this office. Your prompt reply will be appreciated since the well will be shut-in on May 19, 1976 if some type of action is not taken.

Yours very truly,



Don Wadsworth
Landman
Land Department
Energy Resource Development

SJ 28-7, 4.1, 4.2

APPROVED this 14th day of May, 1976.

BY: Margaret Hoyer

Margaret Hoyer

Ancillary Commission of Title

May 5, 1976

EXHIBIT NO. 2
B

San Juan 28-7 Unit Pictured Cliffs &
Mesaverde Participating Area Working
Interest Owners

Re: San Juan 28-7 Unit #82 Well (PC/MV Dual)
NE/4 Section 4-27N-7W
Rio Arriba County, New Mexico

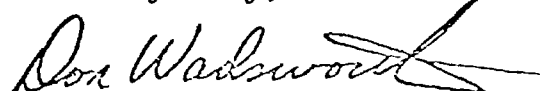
Dear Interest Owner:

The 1975 Packer leakage test performed on the referenced well indicated communication between the Mesaverde and Pictured Cliffs zones, and the New Mexico Oil Conservation Commission has directed that if a satisfactory Packer leakage test has not been received by May 19, 1976, the well will be shut-in. It is El Paso's recommendation that in lieu of a workover to re-establish separate producing zones, an application be made to the Conservation Commission to allow production from the two zones to be commingled.

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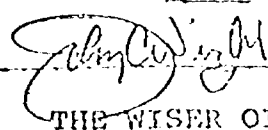
Yours very truly,



Don Wadsworth
Landman
Land Department
Energy Resource Development

SJ 28-7, 4.1, 4.2

APPROVED this 10th day of May, 1976.

BY:  President
THE WISER OIL COMPANY

May 5, 1976

EXHIBIT NO. 2

C

RECEIVED

MAY - 7 1976

San Juan 28-7 Unit Pictured Cliffs &
Mesaverde Participating Area Working
Interest Owners

AMA. PROD.

Re: San Juan 28-7 Unit #82 Well (PC/MV Dual)
NE/4 Section 4-27N-7W
Rio Arriba County, New Mexico

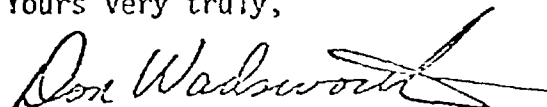
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If you agree with our recommendation, please indicate so by signing and returning one copy of this letter to this office. Your prompt reply will be appreciated since the well will be shut-in on May 19, 1976 if some type of action is not taken.

Yours very truly,



Don Wadsworth
Landman
Land Department
Energy Resource Development

SJ 28-7, 4.1, 4.2

APPROVED this 11 day of May, 1976.

BY: J. J. Smith - Vice President

May 5, 1976

EXHIBIT NO. 2
D

San Juan 28-7 Unit Pictured Cliffs &
Mesaverde Participating Area Working
Interest Owners

Re: San Juan 28-7 Unit #82 Well (PC/MV Dual)
NE/4 Section 4-27N-7W
Rio Arriba County, New Mexico

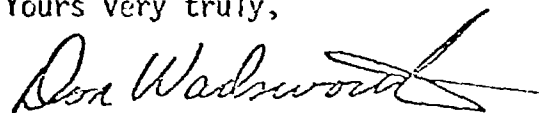
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Production from the well has been relatively stable. Over the past year, production from the Pictured Cliffs Formation has averaged 40 MCF/D and the Mesaverde Formation, 119 MCF/D. The well produces only a small amount of liquid hydrocarbons from the Mesaverde Formation. In commingling, it is recommended that production be allocated to the two zones as follows: Pictured Cliffs - 30% of all dry gas produced, Mesaverde - 70% of all dry gas produced and all liquids.

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Yours very truly,



Don Wadsworth
Landman
Land Department
Energy Resource Development

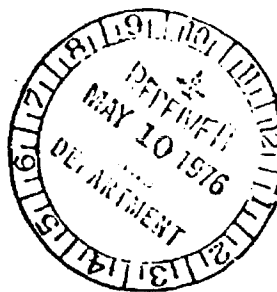
SJ 28-7, 4.1, 4.2

APPROVED this 11 day of May, 1976.

BY: A. A. Meyer

DIVISION PRODUCTION MANAGER
TENNECO OIL COMPANY

El Paso NATURAL GAS
COMPANY



P. O. BOX 1492
EL PASO, TEXAS 79978
PHONE: 915 543 2600

May 5, 1976

EXHIBIT NO. 2
E

San Juan 28-7 Unit Pictured Cliffs &
Mesaverde Participating Area Working
Interest Owners

Re: San Juan 28-7 Unit #82 Well (PC/MV Dual)
NE/4 Section 4-27N-7W
Rio Arriba County, New Mexico

Dear Interest Owner:

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If you agree with our recommendation, please indicate so by signing and returning one copy of this letter to this office. Your prompt reply will be appreciated since the well will be shut-in on May 19, 1976 if some type of action is not taken.

Yours very truly,

A handwritten signature in cursive script that reads "Don Wadsworth".

Don Wadsworth
Landman
Land Department
Energy Resource Development

SJ 28-7, 4.1, 4.2

APPROVED this 7th day of May, 1976.

BY: Theresa J. Simmons

May 5, 1976

EXHIBIT NO. 2
F

San Juan 28-7 Unit Pictured Cliffs &
Mesaverde Participating Area Working
Interest Owners

Re: San Juan 28-7 Unit #82 Well (PC/MV Dual)
NE/4 Section 4-27N-7W
Rio Arriba County, New Mexico

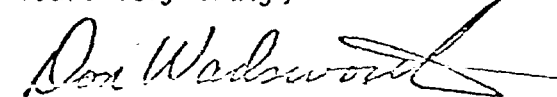
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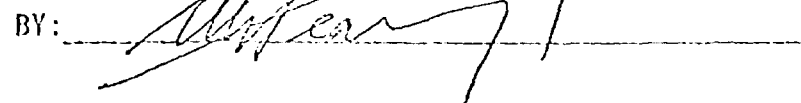
Yours very truly,



Don Wadsworth
Landman
Land Department
Energy Resource Development

SJ 28-7, 4.1, 4.2

APPROVED this 13th day of May, 1976.

BY: 

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF EL PASO NATURAL GAS COMPANY
FOR DOWNHOLE COMMINGLING AT
SAN JUAN 27-8 UNIT WELL No. 82,
SECTION 4, TOWNSHIP 27 NORTH,
RANGE 7 EAST, RIO ARriba COUNTY,
NEW MEXICO.

Case No. 5698

ENTRY OF APPEARANCE

COMES NOW MONTGOMERY, FEDERICI, ANDREWS, HANNAHS & BUELL,
and enters its appearance in the above-entitled matter, on
behalf of the Applicant.

MONTGOMERY, FEDERICI, ANDREWS, HANNAHS
& BUELL

By



Attorneys for Applicant
Post Office Box 2307
Santa Fe, New Mexico 87501

Dockets Nos. 19-76 and 20-76 are tentatively set for hearing on July 7 and July 21, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 23, 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. Stumets, Examiner, or Daniel S. Mutter, Alternate Examiner:

CASE 5689: (Continued from June 9, 1976 Examiner Hearing)

Application of Dalport Oil Corporation for an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Jones Federal Well No. 4 to be drilled 990 feet from the South line and 1477 feet from the West line of Section 22, Township 15 South, Range 29 East, South Lucky Lake-Queen Pool, Chaves County, New Mexico.

CASE 4843: (Reopened) (Continued from June 9, 1976 Examiner Hearing)

In the matter of Case 4843 being reopened pursuant to the provisions of Order No. R-4435-A, which order extended the special pool rules for the Southeast Chaves Queen Gas Area, Chaves County, New Mexico, including a provision for 320-acre spacing and proration units for gas wells. All interested parties may appear and show cause why said Order No. R-4435 should not be rescinded.

CASE 5695: Application of Yates Petroleum Corporation for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its J Lazy J Well No. 13, to be drilled as the 5th well on the 40-acre tract, in the center of Unit G, of Section 22, Township 17 South, Range 25 East, Eagle Creek-San Andres Pool, Eddy County, New Mexico.

CASE 5696: Application of Yates Petroleum Corporation for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Eagle Creek-San Andres Pool by the injection of water into the San Andres formation through its J Lazy J Wells Nos. 3, 6, 9, and 11, all located in Unit G of Section 22, Township 17 South, Range 25 East, Eddy County, New Mexico.

CASE 5697: Application of Elk Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Northeast Kennitt Unit Area comprising 3520 acres, more or less, of State land in Township 16 South, Range 34 East, Lea County, New Mexico.

CASE 5693: Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle South Blanco-Pictured Cliffs and Blanco Mesaverde gas production in the wellbore of its San Juan 23-7 Unit Well No. 82 located in Unit A of Section 4, Township 27 North, Range 7 West, Rio Arriba County, New Mexico.

CASE 5699: Application of Dalport Oil Corporation for an exception to the provisions of Order No. R-3221, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its Jones-Federal Well No. 3 located in Unit K of Section 22, Township 15 South, Range 29 East, South Lucky Lake-Queen Pool, Chaves County, New Mexico.

CASE 5700: Application of Morris R. Antweil for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the S/2 of Section 24, Township 20 South, Range 27 East, Eddy County, New Mexico, to be dedicated to a proposed gas well to be drilled at an orthodox location in the S/2 of said Section 24. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5701: Application of Araho, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres, Abo and Paddock formations through the perforated interval from approximately 5245 feet to 5430 feet and the open-hole interval from approximately 5523 feet to 5900 feet in its State SWD Well No. 2, located in Unit F of Section 2, Township 17 South, Range 36 East, Lovington Field, Lea County, New Mexico.

CASE 5702: Application of Cities Service Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Tubb Gas Pool and Drinkard Oil Pool production in the wellbore of its Brunson "B" Well No. 7 located in Unit N of Section 3, Township 22 South, Range 37 East, Lea County, New Mexico.

El Paso NATURAL GAS
COMPANY

San 5698
MAY 24 1976
OIL CONSERVATION COMMISSION
P. O. BOX 1492
EL PASO, TEXAS 79978
PHONE 915-543-2600

May 19, 1976

The New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

El Paso Natural Gas Company respectfully requests a hearing be set before the Commission or its designated examiner at your convenience. El Paso seeks approval to downhole commingle gas from the South Blanco Pictured Cliffs with gas from the Blanco Mesaverde in its San Juan 28-7 Unit No. 82 well. El Paso's Unit No. 82 well is located in the NE/4 Section 4, T-27-N, R-7-W, Rio Arriba County, New Mexico.

Very truly yours,

E. R. Manning
E. R. Manning
Chief Proration Engineer

ERM:sh

cc: A. R. Kendrick

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. 5698

Order No. R- 5233

APPLICATION OF EL PASO NATURAL GAS COMPANY
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 June 23,
19 76, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of July, 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, El Paso Natural Gas Company, is the
owner and operator of the San Juan 28-7 Unit Well No. 82, located
in Unit A of Section 4, Township 27 North, Range
7 West, NMPM, Rio Arriba County, New Mexico.

(3) That the applicant seeks authority to commingle South
Blanco-Pictured Cliffs and Blanco Mesaverde production
within the wellbore of the above-described well.

(4) That from the South Blanco-Pictured Cliffs zone, the
subject well is capable of low marginal production only.

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

(6) That the proposed commingling may result in the recovery
of additional hydrocarbons from each of the subject pools, thereby
preventing waste, and will not violate correlative rights.

Case No. _____
Order No. R- _____

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

(8) That to afford the Commission the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the 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, 30 percent of the commingled gas production should be allocated to the South Blanco-Pictured Cliffs zone, and 70 percent and 100 percent of the commingled gas and oil production, respectively, to the Blanco Mesaverde zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, El Paso Natural Gas Company, is hereby authorized to commingle South Blanco-Pictured Cliffs and Blanco Mesaverde production within the wellbore of the San Juan 28-7 Unit Well No. 82, located in Unit A of Section 4, Township 27 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.

(2) That 30 percent of the commingled gas production shall be allocated to the South Blanco-Pictured Cliffs zone and 70 percent and 100 percent of the commingled gas and oil production, respectively, shall be allocated to the Blanco Mesaverde 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.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 23, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of El Paso Natural Gas case
Company for downhole commingling, 5698
Rio Arriba County, New Mexico.

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil William F. Carr, Esq.
Conservation Commission: Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant: Rand C. Schmidt, Esq.
Associate Counsel
El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas

MONTGOMERY, FEDERICI, ANDREWS,
HANNAHS & BUELL
Attorneys at Law
350 East Palace Avenue
Santa Fe, New Mexico

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

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PAUL W. BURCHELL

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El Paso's Exhibit Two-A through F, Letters

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1 MR. STAMETS: We will call next Case 5698.

2 MR. CARR: Case 5698, application of El Paso
3 Natural Gas Company for downhole commingling, Rio Arriba
4 County, New Mexico.

5 MR. STAMETS: Call for appearances.

6 MR. SCHMIDT: Mr. Examiner, my name is Rand Schmidt,
7 I'm an attorney with El Paso Natural Gas Company in the office
8 of General Counsel. I have a letter of appearance here that
9 I would like to present here from the law firm of Montgomery,
10 Federici and I would like to have that entered in the
11 record.

12 MR. STAMETS: This will be entered.

13 MR. SCHMIDT: And we also have two exhibits that
14 we are going to ask to have entered into the record.

15 MR. STAMETS: Okay. I would like the witness in
16 this case to stand and be sworn.

17 (THEREUPON, the witness was duly sworn.)

18 MR. SCHMIDT: Mr. Examiner, we have one witness
19 today, Mr. Paul Burchell.

20
21 PAUL W. BURCHELL

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

1
2 BY MR. SCHMIDT:

3 Q For the record would you please state your name and
4 where you reside?

5 A My name is Paul W. Burchell and I reside in
6 El Paso, Texas.

7 Q By whom are you employed and in what capacity?

8 A I'm employed by the El Paso Natural Gas Company as
9 Senior Proration Engineer.

10 Q Mr. Burchell, are you familiar with Case 5698
11 involving El Paso Natural Gas Company?

12 A Yes, I am.

13 Q As a Proration Engineer have you previously been
14 qualified as a witness before this Commission or one of its
15 Examiners?

16 A Yes, I have.

17 Q And your qualifications were accepted at that time?

18 A Yes, they were.

19 MR. SCHMIDT: Mr. Examiner, would the witness's
20 qualifications be acceptable to you?

21 MR. STAMETS: They are.

22 Q (Mr. Schmidt continuing.) Mr. Burchell, what is
23 El Paso seeking in Case Number 5698?

24 A El Paso seeks permission to downhole commingle gas
25 from the South Blanco-Pictured Cliffs Pool with gas of the

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1 Blanco-Mesaverde Pool and we would like to produce this gas
2 through one meter located at our Well, the 28-7 Init Well which
3 is No. 82. This well is located in Unit A of Section 4,
4 27 North, 7 West, Rio Arriba County, New Mexico, of course.

5 We further propose to allocate the gas from both of
6 these zones in such a manner that a certain percentage would
7 be considered Mesaverde and the remaining percentage would be
8 considered Pictured Cliffs.

9 Q Mr. Burchell, has a leak been determined to exist
10 in this well?

11 A Yes, the 1975 Annual Packer Leakage Tests indicated
12 communications between both zones in this dually completed
13 well.

14 Q Has an attempt been made to determine the cause of
15 this leak?

16 A Yes, a temperature survey was run in the Mesaverde
17 tubing, however, we were not able to pinpoint an abnormality,
18 however, subsequent testing of pressures alternating production
19 on both sides of the well confirmed that communication still
20 does exist.

21 Q Why is El Paso asking for permission to downhole
22 commingle?

23 A El Paso considers this to be the most economic and
24 conservative method to undertake, mainly due to both zones'
25 poor or low productivity and also because of the high cost

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1 that is involved in repairing the suspected leak.

2 Q Do you have an exhibit showing the equipment that
3 is located in this well?

4 A Yes, I do.

5 Q Would you please explain what this exhibit shows?
6 This is Exhibit Number One that you have there.

7 A Exhibit Number One is a diagrammatic sketch of the
8 equipment that has been marked as El Paso's Exhibit Number
9 One.

10 This shows several things but in particular there are
11 two strings of tubing installed in the San Juan 28-7 Unit
12 No. 82 Well. It also shows that there is a Baker EGJ produc-
13 tion packer which is set at three thousand, four hundred and
14 sixty-nine feet.

15 The well is perforated from three thousand, two
16 hundred and eighty-six feet to three thousand, three hundred
17 and fifty-six feet in the Pictured Cliff Pool, which is above
18 the packer and the Mesaverde Pool is perforated from four
19 thousand, nine hundred and fifty-eight feet to five thousand,
20 six hundred and fifty-six feet below the packer.

21 Q Prior to the time that communications were noted
22 between these two zones, what was the normal producing rate
23 from each zone in the well?

24 A For the year 1974 both zones were prorated marginal
25 and that year production amounted to forty-four thousand, two

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1 hundred and forty MCF from the Mesaverde and nineteen thousand,
2 and forty-eight MCF from the Pictured Cliffs. This amounts to
3 seventy percent Mesaverde and thirty percent Pictured Cliffs.

4 During 1974 the daily average was a hundred and
5 forty MCF for the Mesaverde and sixty-two MCF for the Pictured
6 Cliffs. This is a combined daily rate of two hundred and two
7 MCF.

8 Q What is the ability of the San Juan 28-7 Unit No. 82
9 Well to produce gas at this present time?

10 A As of April 1976 the well was producing at a
11 combined daily rate of two hundred and three MCF.

12 Q So there has actually been no loss of production
13 due to the communication between the two zones?

14 A No, there hasn't.

15 Q Are the flow rates for this well considered to be
16 quite small?

17 A Yes, I consider these flow rates to be quite
18 small and as I have previously stated both zones are prorated
19 marginal.

20 Q Does the well produce any liquids?

21 A Yes, the Mesaverde formation does produce a small
22 amount of liquid hydrocarbons. I believe for 1975 this
23 amounted to approximately twenty barrels.

24 Q What work would need to be done to repair the
25 suspected leak in this well?

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1 A. You would have to work the well over, first bring
2 in a work-over rig, then you would have to kill the well, pull
3 both strings of tubing as well as the packer and then you
4 would have to replace any of the tubing that was corroded or
5 eroded and the packer and you would have to run it all back
6 in the hole, retest it. That is the total amount of work,
7 generally.

8 Q. What would be the estimated cost of this repair
9 work that you have just described?

10 A. It is estimated that it would cost at least seventeen
11 thousand, three hundred and seventy dollars.

12 Q. Is it possible that a greater cost might be
13 involved?

14 A. This is possible if you got over the hole and spent
15 a little bit longer time than you anticipated or if you had
16 to replace more tubing than you estimated.

17 Q. Might the cost of repairing this well as a dual
18 completion be considered economically infeasible?

19 A. Yes, it might be that we could not repair the well
20 and the Pictured Cliffs formation out of necessity would have
21 to be abandoned or plugged and the gas in that pool would be
22 abandoned.

23 Q. In your opinion would granting this application
24 for downhole commingling of the gas prevent waste?

25 A. Yes, it would.

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1 Q Does El Paso propose a formula by which gas
 2 production can be apportioned between the two producing zones?

3 A Yes, based on my prior testimony related to the
 4 production history, it is recommended that seventy percent of
 5 the well's production, gas production, be attributed to the
 6 Blanco-Mesaverde Pool and thirty percent of the production be
 7 attributed to the South Blanco-Pictured Cliffs Pool.

8 It is further recommended that any liquid hydrocarbons
 9 that would be produced would be attributed to the Mesaverde.

10 Q What is the nature of the ownership involved in
 11 this case?

12 A El Paso Natural Gas Company is the working interest
 13 owner and the operator. In addition to El Paso there are six
 14 other working interest owners in the Unit.

15 Q Is there common ownership or royalty and overriding
 16 royalty interests in the subject well spacing unit as between
 17 the two producing formations?

18 A Yes, that's right and, of course, this well is
 19 committed to the 28-7 Unit and the unit agreement.

20 Q Has El Paso approached the other working interest
 21 owners regarding commingling of the gas from this well?

22 A Yes, El Paso has obtained letters of consent from
 23 all of the working interest owners agreeing to a division of
 24 the gas based on the formula that I have just stated, seventy
 25 percent Mesaverde and thirty percent Pictured Cliffs.

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1 Q Do you have copies of these letters with you today?

2 A Yes, I do. These letters have been marked as Exhibit
3 Two-A through F.

4 Q In your opinion would such an agreement and the
5 granting of this application protect correlative rights?

6 A Yes, it would.

7 Q Do you have anything further you would like to
8 present in this case?

9 A No, I do not.

10 Q Were Exhibits One through Two-A through F prepared
11 by you or under your supervision?

12 A Yes, Exhibit One was prepared by me, under my
13 supervision. Exhibit Two I acquired them from the Land
14 Department.

15 Q As an exhibit, though, it was prepared by you?

16 A Yes, it was.

17 MR. SCHMIDT: Mr. Examiner, we ask now that Exhibits
18 One and Two-A through F be accepted into evidence at this
19 time and this completes our direct testimony in this case.

20 MR. STAMETS: These exhibits will be admitted.

21 (THEREUPON, El Paso's Exhibits One and Two-A
22 through F were admitted into evidence.)

23 CROSS EXAMINATION

24 BY MR. STAMETS:

25 Q Mr. Burchell, did you say that the Mesaverde made

1 twenty barrels of liquids all year?

2 A Yes, in checking the most recent annual production
3 report it did say twenty barrels of oil.

4 Q How about water, is there water production in the
5 zones?

6 A Just the annual production report just showed gas
7 and oil and I didn't go into the water, I'm sorry. I wasn't
8 prepared to field that question.

9 Q Would there be any effect on the value of the gas
10 production because of the commingling?

11 A Any additional value?

12 Q Well, is there any difference in the value of the
13 two gases, the Pictured Cliffs and the Mesaverde, or do they
14 both sell for the same price?

15 A I believe they both sell for the same price, around
16 thirty-two cents.

17 Q How about pressure differentials?

18 A Okay, I looked in the data, I felt the best pressure
19 that I could rely on would be during that year of 1974 prior
20 to the leak so this information I will give you now is based
21 on a deliverability test that was taken in May 6, 1974 and
22 the shut-in tubing pressure for the Mesaverde was four hundred
23 and thirty-five pounds per square inch and the flowing tubing
24 pressure was two hundred and ninety-one pounds per square
25 inch. At the same time the Pictured Cliffs had a shut-in

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1 tubing pressure of four hundred and thirty pounds per square
2 inch and when it was allowed to flow the flowing tubing
3 pressure was a hundred and sixty-three pounds per square
4 inch.

5 Q So there is minimal difference between the shut-in
6 pressures?

7 A That's right.

8 Q And since there are no liquids you would assume that
9 the bottom-hole pressure is not going to differ too much?

10 A No, I wouldn't think so.

11 Q Is there any potential here for loss of production
12 because of the commingling of these two zones?

13 A To date we haven't seen it. Like I pointed out in
14 my testimony, the production way back in 1974 amounted to
15 two hundred and two MCF and then the year 1975 went by where
16 we definitely know there was communication between the two
17 zones and now the combined production for 1976 is two hundred
18 and three MCF, so it's still about the same.

19 Q Is there a potential here for ultimate greater
20 recovery because of the reduced cost?

21 A I would think so. As long as you can continue
22 the well producing for a longer period of time, even though
23 the production is small, you will ultimately have more gas
24 produced.

25 MR. STAMETS: Are there any other questions of the

1 witness? He may be excused.

2 (THEREUPON, the witness was excused.)

3 MR. STAMETS: Is there anything further in this
4 case?

5 MR. SCHMIDT: No, that's all.

6 MR. STAMETS: We will take the case under advisement.
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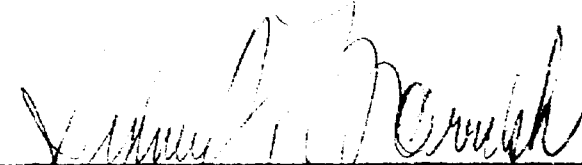
I do hereby certify that the foregoing is
a complete record of the proceedings at
the hearing of Case No.
heard by me on....., 19.....

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

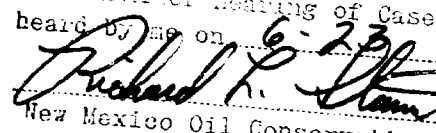
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REPORTER'S CERTIFICATE

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.

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the Examiner hearing of Case No. 5698
heard by me on 6-23, 1976

Richard L. Starn, Examiner
New Mexico Oil Conservation Commission