

CASE 5803: EL PASCO, INC. FOR DOWNHOLE  
CONFERENCING AND SIMULTANEOUS DEDICATION,  
SAN JUAN COUNTY, NEW MEXICO

CASE NO.

5803

---

APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,

ETC.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
November 10, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of El PamCo., Inc., for ) CASE  
downhole commingling and simultaneous ) 5803  
dedication, San Juan 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      Lynn Teschendorf, Esq.  
Conservation Commission:      Legal Counsel for the Commission  
State Land Office Building  
Santa Fe, New Mexico

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

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	<u>HORACE F. McKAY, JR.</u>	
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EXHIBIT INDEX

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Applicant's Exhibit One, Plat	4	8
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1 MR. STAMETS: We will call next Case 5803.

2 MS. TESCHENDORF: Case 5803, application of El PamCo.  
3 Inc., for downhole commingling and simultaneous dedication,  
4 San Juan County, New Mexico.

5 MR. KELLAHIN: If the Examiner please, Jason Kellahin,  
6 Kellahin and Fox, Santa Fe, appearing for the applicant and we  
7 have one witness to be sworn.

8 (THEREUPON, the witness was duly sworn.)

9  
10 HORACE F. MCKAY, JR.

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

13 DIRECT EXAMINATION

14  
15 BY MR. KELLAHIN:

16 Q State your name, please?

17 A Horace F. McKay, Junior.

18 Q What is your connection with the applicant, El PamCo.

19 Mr. McKay?

20 A I'm President of El PamCo, Inc.

21 Q Have you been engaged in the oil and gas business for  
22 a number of years in New Mexico?

23 A Yes, sir.

24 Q Have you previously testified before this Commission  
25 and had your qualifications accepted?

1 A. Yes, I have.

2 MR. KELLAHIN: Are the witness' qualifications  
3 acceptable?

4 MR. STAMETS: I presume the witness is being qualified  
5 as an expert operator of oil and gas wells?

6 MR. KELLAHIN: That is correct.

7 MR. STAMETS: They are.

8 Q. (Mr. Kellahin continuing.) Mr. McKay, what is proposed  
9 by El PamCo, Incorporated in this application?

10 A. As you can see on the exhibit --

11 Q. You are referring to Exhibit Number One?

12 A. Exhibit Number One, yes, sir, correct.

13 The area dashed in green is the area that the  
14 Pictured Cliffs is presently being produced in. Beyond that  
15 line to the west there have been no wells produced in this area.  
16 The dashed red line on Exhibit One shows, going down into  
17 Section 25, it shows two Pictured Cliffs wells down there in  
18 Section 25 that we drilled back in '59 and both had to be  
19 abandoned because of water.

20 Also the same -- following the dashed line over into  
21 Section 30, it had to be abandoned because of water and it is  
22 our proposal to commingle the Fruitland and the Pictured Cliffs  
23 in the southeast quarter of Section 24 in the well called the  
24 Valdez 1 "A" and attempt to help lift the water off of the  
25 Pictured Cliffs formation with the use of the Fruitland gas.

1 Q Now, has that been done in the Riordan "A" Well,  
2 the No. 1 "A"?

3 A Yes, it has. We applied for an application to  
4 commingle and it was granted on the eighteenth of May of '76.  
5 That is a well in the northwest quarter of Section 19 and we  
6 have been successful in that particular well with this method.

7 Q Do you anticipate doing the same thing in your Valdez  
8 well, is that correct?

9 A That is correct.

10 Q Now, referring to what has been marked as your  
11 Exhibit Number Two, would you identify and discuss that exhibit,  
12 please?

13 A Exhibit Two shows the top of the Fruitland formation  
14 and the area we propose to perforate. Also it shows the top  
15 of the Pictured Cliffs formation and the areas we propose to  
16 open and it shows how we propose to place the tubing at the  
17 bottom of the Pictured Cliff, using the Fruitland to help lift  
18 the water off of the Pictured Cliffs and produce the Pictured  
19 Cliffs gas.

20 Q Now, do you make a large volume of water in the  
21 Pictured Cliffs in this area?

22 A We have made so much that the wells have been  
23 abandoned beyond that green line on Exhibit One.

24 Q And by using this method do you feel you can produce  
25 gas that could not be produced in any other manner?

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1 A Definitely, I feel that to be the case.

2 Q And in order to do this profitably is it necessary  
3 to commingle the production in the well?

4 A It is.

5 Q In the wellbore?

6 A That is correct.

7 Q Now, referring to what has been marked as your  
8 Exhibit Number Three, would you identify that exhibit?

9 A Exhibit Number Three is the actual plat of the  
10 dedicated acreage in the Valdez 1 "A" and the location of the  
11 well.

12 Q Now, Exhibit Number Four, would you identify that,  
13 please?

14 A Exhibit Number Four is just an additional map showing  
15 the location of the well and its relation to the river.

16 Q Now, going back to Exhibit Number One, Mr. McKay,  
17 in your application you also propose simultaneous dedication  
18 of acreage. What is the other well that you propose to  
19 dedicate this acreage to and what is it producing from?

20 A It is a Fruitland well called the Valdez and only  
21 produces from the Fruitland formation.

22 Q And you want to dedicate the acreage as to the  
23 Fruitland to both of these wells, is that correct?

24 A Correct.

25 Q Now, you are commingling Pictured Cliffs and Fruitland



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1 production in your Valdez "A" No. 1 Well. How would you  
2 propose to allocate the production as to those two zones?

3 A. I would propose to use the average on the Fruitland,  
4 the nearest Fruitland well which is the Valdez which averages  
5 approximately one million, five, seventy-four a month and the  
6 nearest Pictured Cliff which is the McKay 1, which has been  
7 averaging since it has gone on the line, seven, point, five,  
8 eight, four million and when you figure that, it would be  
9 seventeen percent to the Fruitland and eighty-three to the  
10 Pictured Cliff, percent.

11 Q. Now, is the ownership underlying this tract of land  
12 common throughout?

13 A. Yes, it is. It's fee land and common ownership.

14 Q. As to both the Pictured Cliffs and the Fruitland?

15 A. Correct.

16 Q. No different overriding royalties?

17 A. None at all.

18 Q. And the working interest is the same?

19 A. Correct.

20 Q. On your Exhibit Number One you have lettered in some  
21 figures, what is the significance of those?

22 A. That is the production of the different wells in  
23 the area.

24 Q. That is the cumulative production?

25 A. The 1975 production on the top line and the cumulative

1 on the bottom.

2 Q Now, were Exhibits One through Four prepared by you  
3 or under your supervision?

4 A Under my supervision, yes.

5 MR. KELLAHIN: At this time we would like to offer  
6 into evidence Exhibits One through Four, inclusive.

7 MR. STAMETS: Exhibits One through Four will be  
8 admitted.

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

11 MR. KELLAHIN: That completes our case, Mr. Stamets.

12  
13 CROSS EXAMINATION

14 BY MR. STAMETS:

15 Q Mr. McKay, how much water is the McKay well in  
16 Section 19 producing?

17 A We have a separator on it and it is producing quite  
18 a large amount. I don't have the exact figure. I don't think  
19 it has been measured. The farmer there -- it's good water --  
20 and the farmer is wanting to use the water if we would allow  
21 him to.

22 Q He would use it for stock?

23 A For stock.

24 Q Are these Federal leases?

25 A Fee, all of them are fee.

1 Q What are you doing with the water at the present  
2 time?

3 A It's going in a big pit and evaporating.

4 Q You propose to do the same thing with the Valdez well?

5 A Yes.

6 Q Now, the original Fruitland well on the prorationing  
7 unit would be the Valdez No. 1 located in about the center of  
8 the unit?

9 A Correct.

10 Q And the new well would be the Valdez A?

11 A 1 "A", right.

12 Q Okay, 1 "A"?

13 A Yes.

14 Q What were the percentages to the Fruitland and the --

15 A It would be seventeen percent to the Fruitland and  
16 eighty-three to the PC.

17 MR. STAMETS: Okay, are there any other questions  
18 of the witness? He may be excused.

19 (THEREUPON, the witness was excused.)

20 MR. STAMETS: Anything further in this case? We will  
21 take the case under advisement.

22

23

24

25

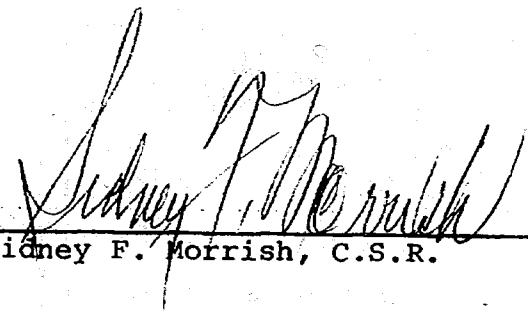
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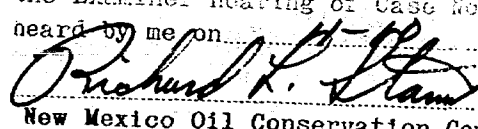
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REPORTER'S CERTIFICATE

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. 5803  
heard by me on 12/16/76  
, Examiner  
New Mexico Oil Conservation Commission



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. 5803  
Order No. R-5325

APPLICATION OF EL PAMCO., INC.  
FOR DOWNHOLE COMMINGLING, SAN  
JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 10, 1976, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 30th day of November, 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 PamCo., Inc., is the owner and operator of the Valdez Well No. 1A, located in Unit P of Section 24, Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico.

(3) That the applicant seeks authority to commingle Fruitland and Pictured Cliffs gas production within the wellbore of the above-described well and to simultaneously dedicate the SE/4 of said Section 24 to said well and to its Valdez Well No. 1 located in Unit I of said Section 24.

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

(5) That from the Pictured Cliffs zone, the subject well is capable of low rates of 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.

*Exhibits 1 through 3  
Complete Set*

-2-

Case No. 5803  
Order No. R-5325

(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, 17 percent of the commingled production should be allocated to the Fruitland zone, and 83 percent of the commingled production to the Pictured Cliffs zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, El PamCo., Inc., is hereby authorized to commingle Fruitland and Pictured Cliffs production within the wellbore of the Valdez Well No. 1A, located in Unit P of Section 24, Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico, and to simultaneously dedicate the SE/4 of said Section 24 to said well and to its Valdez Well No. 1 located in Unit I of said Section 24.

(2) That 17 percent of the commingled production shall be allocated to the Fruitland zone and 83 percent of the commingled production shall be allocated to the Pictured Cliffs zone.

(3) That the operator of the subject well shall immediately notify the Commission's Aztec district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Commission, a plan for remedial action.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member

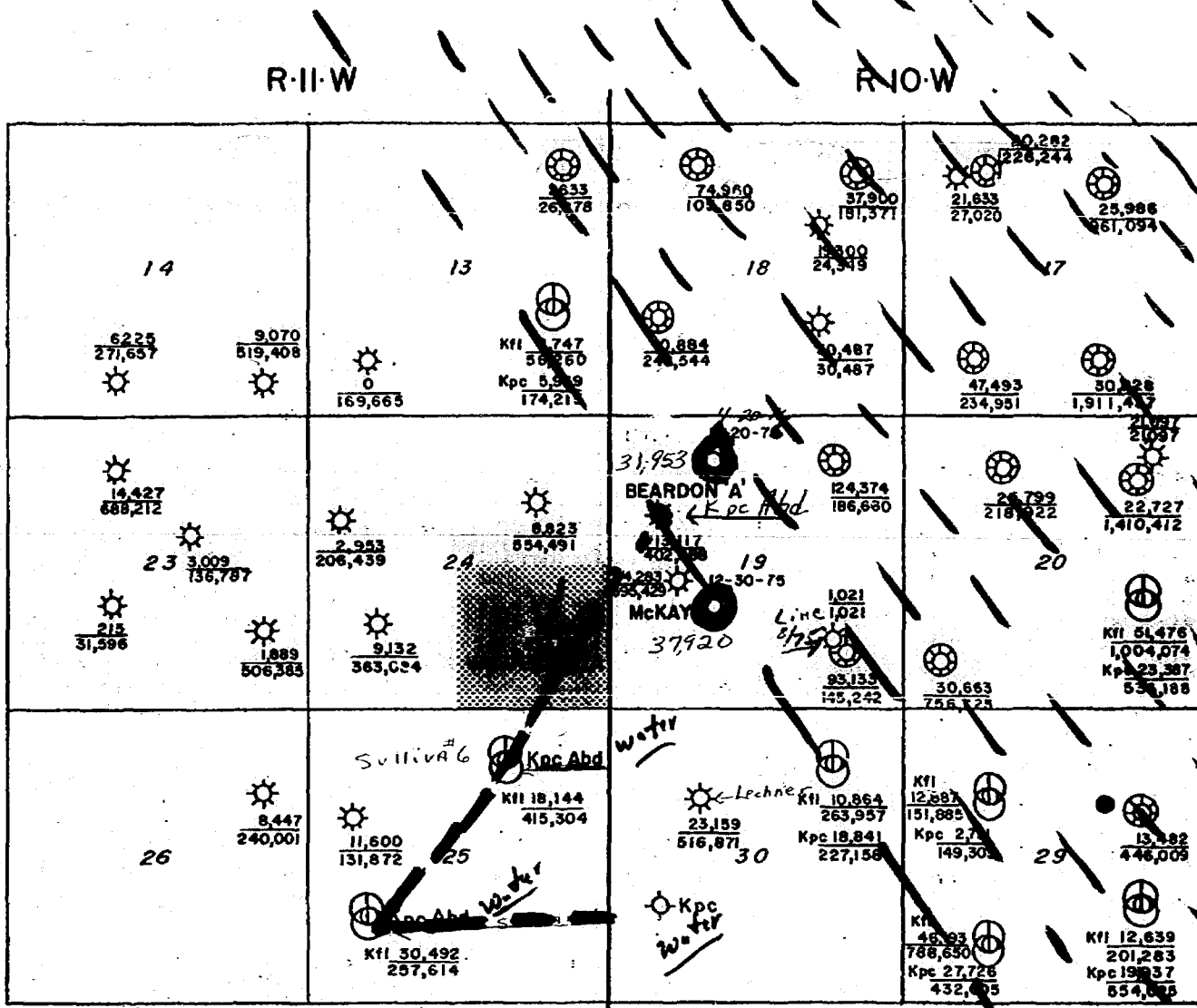
JOE D. RAMEY, Member & Secretary

SEAL  
jr/

*Current  
PC prod  
area*

T  
29  
N

T  
29  
N



**LEGEND**

COMPLETION DATE



1975 PRODUCTION (Mcf Gas)

ACCUMULATED PRODUCTION (Mcf Gas)



FRUITLAND WELL



PICTURED CLIFFS WELL



DUAL WELL



OIL WELL



ABANDONED WELL



DRILLING WELL

SCALE: 1" = 3,000'

**EL PAM CO. INC.**

NOTE: ONLY WELLS PRODUCING FROM  
FRUITLAND AND PICTURED CLIFFS  
SHOWN.

BEFORE EXAMINER STAMETS  
OIL CONSERVATION COMMISSION

EL PAM CO. EXHIBIT NO. 5-8031

CASE NO. 5803

Submitted by H. McKay

Hearing Date Nov. 10, 1976



EL PAMCO., INC. VALDEZ 1-A  
790 FSL - 790 FEL  
Unit "p", Sec. 24, T29N, R11W  
San Juan County, New Mexico  
Elev. 5453 Gr.  
Spud November 24, 1976

11 1/2" hole to 133'  
Set 8 5/8" surface casing @ 130' cemented 100 sxs Class B  
Drill 7 7/8" hole to TD 1800'  
Set production casing 4 1/2" @ 1796' cemented 170 sxs Halliburton Light  
and 130 sxs Class B and 75# Flocel - circulated.

Log Top Fruitland 1484

Perf Fruitland 2 shots per ft.  
1486 - 1522

Plan to  
sand water frac all perfs  
1486-1522  
1702-1712  
1715-1724  
with 60,000 gallons water  
60,000# 20/40 sand

Log Top Pictured Cliffs 1698

Perf Pictured Cliffs 2 shots per  
1702-1712

1715-1724

Csg. @ 1796

TD 1800'

BEFORE EXAMINER STAMETS  
OIL CONSERVATION COMMISSION

EXHIBIT NO. 2

CASE NO. 5803

Submitted by Norace Mc Kay

Hearing Date 11-18-76

**NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACERAGE DEDICATION PLAT**

All distances must be from the outer boundaries of the Section

Operator <b>El PanCo., Inc.</b>			Lease <b>VALDEZ</b>		Well No. <b>1-4</b>
Unit Letter <b>P</b>	Section <b>24</b>	Township <b>29 NORTH</b>	Range <b>11 WEST</b>	County <b>SAN JUAN</b>	
Actual Footage Location of Well: <b>790</b> feet from the <b>SOUTH</b> line and <b>790</b> feet from the <b>EAST</b> line					
Ground Level Elev. <b>5452</b>	Producing Formation <b>Fruitland Pictured Cliffs</b>		Pool <b>Aztec Fruitland Aztec Pictured Cliffs</b>	Dedicated Acreage: <b>160</b>	Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

(X) Yes ( ) No If answer is "yes," type of consolidation Communitization

If answer is "no," list the owners and tract descriptions which have actually consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non standard unit, eliminating such interests, has been approved by the Commission.

**CERTIFICATION**

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

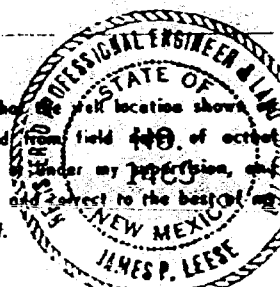
*Claude C. Kennedy*  
Name

Claude C. Kennedy  
Position  
Drilling Supt.

Company  
El PanCo., Inc.

Date  
10-15-76

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.



11 October, 1976  
Date Surveyed  
*James P. Leese*  
Registered Professional Engineer  
and/or Land Surveyor

James P. Leese

Certificate No. 7463

BEFORE EXAMINER STAMETS	
OIL CONSERVATION COMMISSION	
EXHIBIT NO. <u>3</u>	
CASE NO. <u>5803</u>	
Submitted by <u>Herschel Kay</u>	
Hearing Date <u>11-10-76</u>	

BEFORE EXAMINING  
OIL CONSERVATION

21 Jan 63 EXHIBIT

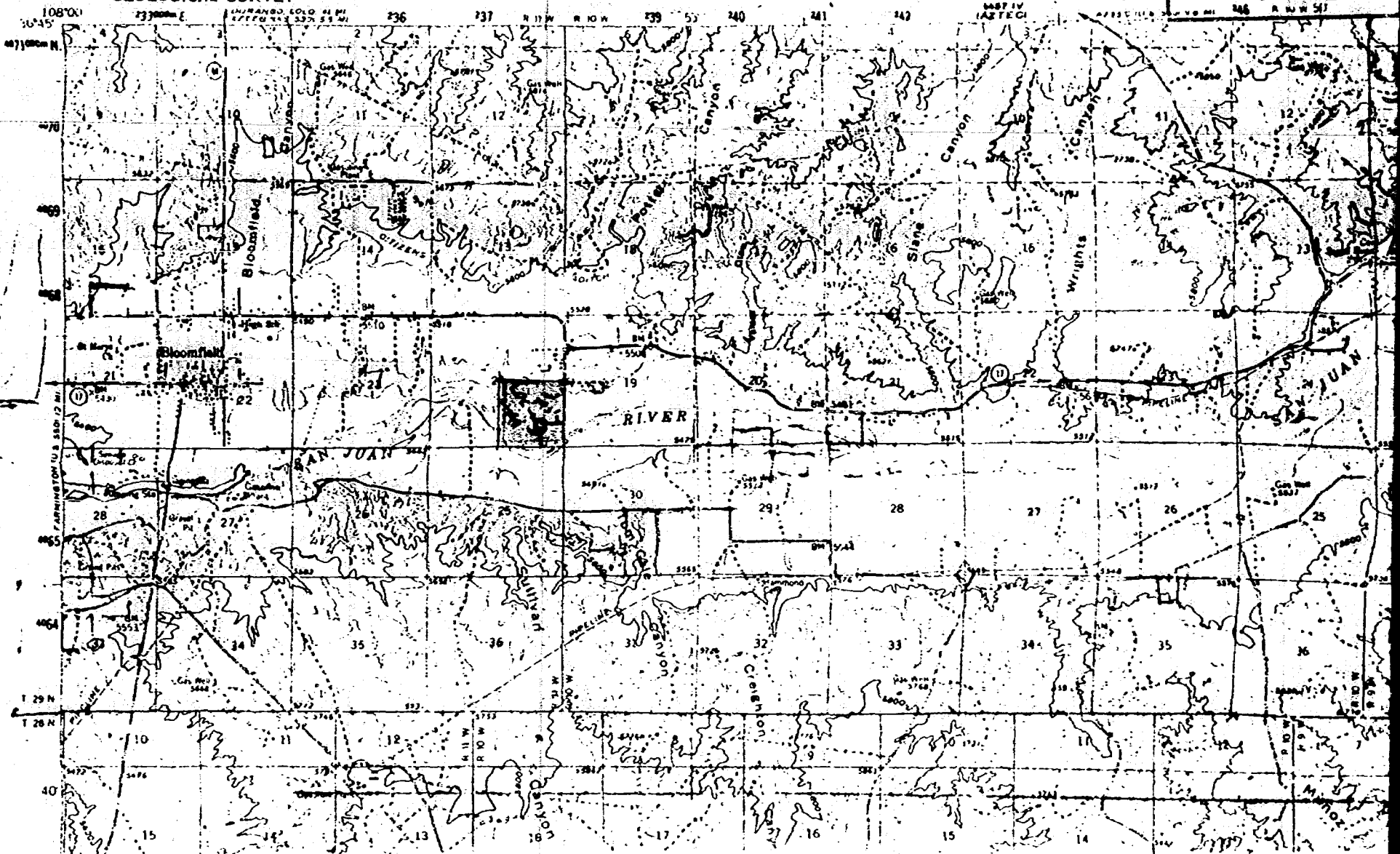
CASE NO. 530

Submitted by John

Hearing Date 11-

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY

SCALE  
1:250,000



BEFORE EXAMINER STAMETS  
OIL CONSERVATION COMMISSION

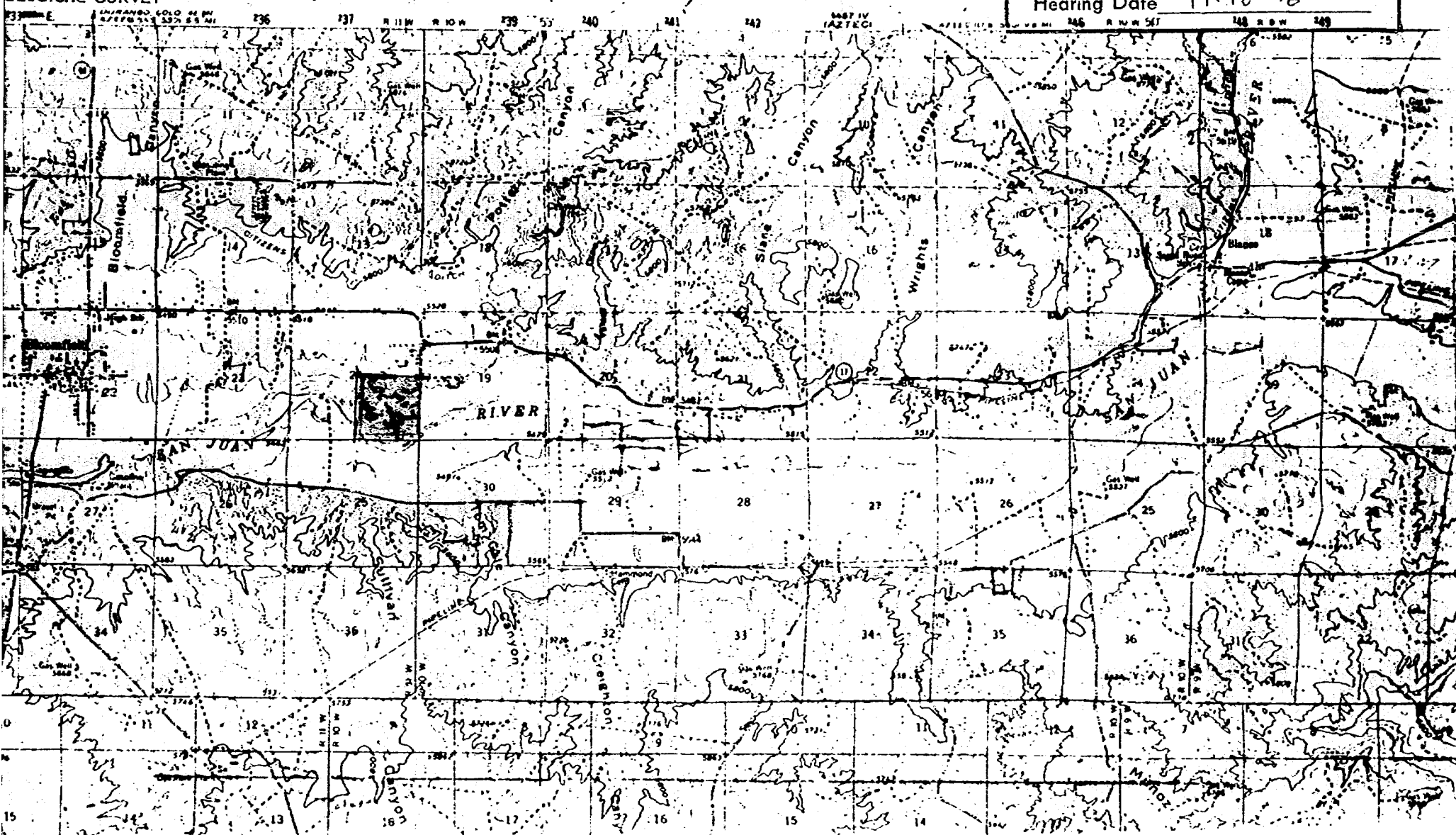
El Paso Co EXHIBIT NO. 4

CASE NO. 5303

Submitted by Herbert McKay

Hearing Date 11-10-76

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BIOLOGICAL SURVEY



BEFORE THE  
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
EL PAMCO., INC., a New Mexico Corpor-  
ation, TO COMMINGLE PRODUCTION IN THE  
WELL-BORE FROM THE FRUITLAND GAS POOL  
AND THE PICTURED CLIFFS GAS POOL AND  
FOR SIMULTANEOUS DEDICATION OF ACREAGE,  
SAN JUAN COUNTY, NEW MEXICO.

A P P L I C A T I O N

COMES NOW Horace F. McKay, Jr., President of El PamCo.,  
Incorporated, a New Mexico corporation, and applies to the  
Oil Conservation Commission of New Mexico for permission  
to commingle production of gas in the well bore from the  
Fruitland Gas Pool and the Pictured Cliffs Gas Pool, San Juan  
County, New Mexico, and in support thereof would show the  
Commission:

1. Applicant desires to commingle production in his  
Valdez "A" Well No. 1 located in Unit P. of Section 24, Town-  
ship 29 North, Range 11 West, N.M.P.M., San Juan County, New  
Mexico.
2. Applicant dedicates the SE $\frac{1}{4}$  of said Section to the  
well.
3. It is anticipated that production from both formations  
will be marginal and a dual completion of the well cannot be  
justified.
4. Applicant proposes to commingle production from the  
two zones in the well-bore, making allocation for accounting  
purposes to the two zones on the basis of productive history  
of other wells in the vicinity.
5. Applicant further seeks approval of the joint allo-

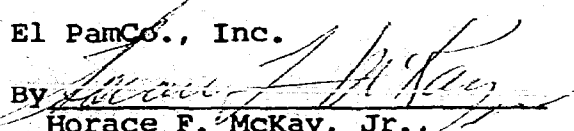
cation of the standard proration gas unit in the Aztec Fruitland Gas Pool being the SE $\frac{1}{4}$  of Section 24, T29N, R11W, N.M.P.M. to his Valdez "A" Well No. 1 located in Unit P and his Valdez No. 1 well located in Unit I, all in said Section 24, and for the allowable to be produced by either or both wells in any proportion.

6. Approval of the application will result in the production of gas that would not otherwise be recovered, will enable applicant to obtain his just and equitable share of the hydrocarbons underlying his lands, and will prevent waste, and protect correlative rights.

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

Respectfully submitted,

El PanCo., Inc.

BY   
Horace F. McKay, Jr.,  
President  
P.O. Box 14738  
Albuquerque, New Mexico 87111

BEFORE THE  
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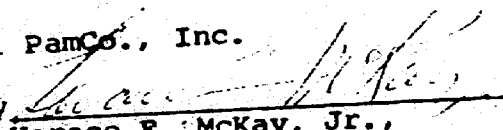
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Respectfully submitted,

El Paso Co., Inc.

By

  
Horace F. McKay, Jr.,  
President

P.O. Box 14738

Albuquerque, New Mexico 87111



BEFORE THE  
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purposes to the two zones on the basis of productive history  
of other wells in the vicinity.
5. Applicant further seeks approval of the joint allo-

cation of the standard proration gas unit in the Aztec Fruitland Gas Pool being the SE $\frac{1}{4}$  of Section 24, T29N, R11W, N.M.P.M. to his Valdez "A" Well No. 1 located in Unit P and his Valdez No. 1 well located in Unit I, all in said Section 24, and for the allowable to be produced by either or both wells in any proportion.

6. Approval of the application will result in the production of gas that would not otherwise be recovered, will enable applicant to obtain his just and equitable share of the hydrocarbons underlying his lands, and will prevent waste, and protect correlative rights.

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

Respectfully submitted,

El Paso Co., Inc.

By 

Horace F. McKay, Jr.,  
President

P.O. Box 14738  
Albuquerque, New Mexico 87111

Docket No. 31-76

Dockets Nos. 32-76 and 33-76 are tentatively set for hearing on November 23 and December 15, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 10, 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. Mutter, Alternate Examiner:

**ALLOWABLE:** (1) Consideration of the allowable production of gas for December, 1976, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.

(2) Consideration of the allowable production of gas for December, 1976, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

**CASE 5796:** In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Hixon Development Company, National Surety Corporation, and all other interested parties to appear and show cause why the Central Bisti Unit Wells Nos. 41, 46, 47, 49 and 50 located in Units D, I, K, M, and O, respectively, of Section 16, Township 25 North, Range 12 West, Bisti-Lower Gallup Pool, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

**CASE 5798:** Application of Exxon Corporation for a unit agreement, Sierra and Dona Ana Counties, New Mexico. Applicant, in the above-styled cause, seeks approval for the Prisor Unit Area comprising 24,910 acres, more or less, of State, Federal, and fee lands in Townships 16 and 17 South, Ranges 1 East and 1 West, Sierra and Dona Ana Counties, New Mexico.

**CASE 5799:** Application of Gulf Oil Corporation for an unorthodox gas well location and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard proration unit comprising the NE/4 SW/4 and W/2 SE/4 of Section 28 and the NW/4 NE/4 of Section 33, Township 21 South, Range 37 East, Tubb Gas Pool, Lea County, New Mexico, to be dedicated to applicant's J. N. Carson Well No. 9 located at an unorthodox location 1874 feet from the South line and 2086 feet from the West line of said Section 28.

**CASE 5809:** Application of Gulf Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Drinkard, Tubb, and Blinbry production in the wellbore of its Manda "B" Well No. 1, located in Unit C of Section 28, Township 22 South, Range 37 East, Lea County, New Mexico.

**CASE 5800:** Application of Yates Petroleum Corporation for salt water disposal well, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Morrow formation through the perforated interval from 6933 feet to 9129 feet in its Bob Gushwa Well No. 1 located in Unit J of Section 21, Township 18 South, Range 26 East, Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico.

**CASE 5801:** Application of Atlantic Richfield Company for a non-standard proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 275-acre non-standard gas proration unit comprising the W/2 E/2, N/2 NW/4, and SE/4 NW/4 of Section 19, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's State 176 Wells Nos. 3 and 6 located, at unorthodox locations in Units J and C, respectively, of said Section 19.

**CASE 5802:** 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 production in the wellbore of its San Juan 28-7 Unit Well No. 75 located in Unit L of Section 15, Township 28 North, Range 7 West, Rio Arriba County, New Mexico.

**CASE 5803:** Application of El PamCo., Inc., for downhole commingling and simultaneous dedication, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Fruitland and Pictured Cliffs gas production in the wellbore of its Valdez "A" Well No. 1, located in Unit P of Section 24, Township 29 North, Range 11 West, San Juan County, New Mexico. Applicant further seeks approval for the simultaneous dedication of the SE/4 of said Section 24 to said well and its Valdez Well No. 1 located in Unit I of said Section 24.

**CASE 5804:** Application of Stevens Oil Company for a dual completion, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its O'Brien "C" Well No. 2 located in Unit D of Section 1, Township 9 South, Range 28 East, Chaves County, New Mexico, to produce oil from the San Andres and Devonian formations through parallel strings of tubing.

- CASE 5805: Application of Morris R. Antweil for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Morrow formations underlying the N/2 of Section 3, Township 22 South, Range 26 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location in Unit G of said Section 3. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost 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 5806: Application of Anadarko Production Company for two unorthodox well locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox locations of its Artesia State Unit Well No. 9-5 to be drilled 1270 feet from the North line and 50 feet from the East line of Section 23 and its Artesia State Unit Well No. 2-3 to be drilled 50 feet from the South line and 1270 feet from the West line of Section 13, both in Township 18 South, Range 27 East, Artesia Queen-Grayburg-San Andres Pool, Eddy County, New Mexico.
- CASE 5797: Application of C&K Petroleum, Inc. for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Dallas Ranch Unit Area comprising 5746 acres, more or less, of State, Federal, and fee lands in Township 9 South, Range 26 East, Chaves County, New Mexico.
- CASE 5807: Application of C&K Petroleum, Inc., for compulsory pooling and a non-standard unit, 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 N/2 of Section 13, Township 22 South, Range 26 East, South Carlsbad Field, Eddy County, New Mexico, to form a non-standard 336.6-acre unit to be dedicated to a well located 1680 feet from the North line and 1980 feet from the East line of said Section 13. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost 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 5808: Application of C&K Petroleum, Inc., for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down to and including the Pennsylvanian formation underlying the SE/4 SE/4, NE/4 SE/4, NW/4 SE/4, and SW/4 SE/4 of Section 21, Township 16 South, Range 37 East, Lea County, New Mexico, to form four 40-acre oil proration units, the first to be dedicated to a well to be drilled at a point 660 feet from the South and East line of said Section 21 to test the Strawn formation and each of the others to a well subsequently drilled thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost 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 wells and a charge for risk involved in drilling said wells.
- CASE 5785: (Continued from October 27, 1976 Examiner Hearing)
- Application of Doyle Hartman for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Seven Rivers-Queen formation underlying the NE/4 NE/4, NW/4 NE/4, SW/4 NE/4, and SE/4 NE/4 of Section 19, Township 24 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico, to form four 40-acre proration units to be dedicated to four oil wells to be drilled at standard locations on said tracts. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost 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 wells and a charge for risk involved in drilling said wells.
- CASE 5790: Application of Dome Petroleum Corporation for pool creation and assignment of a discovery allowable, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Entrada production and the assignment of approximately 58,770 barrels of oil discovery allowable to the discovery well, being the Federal 21 Well No. 1 located in Unit K of Section 21, Township 20 North, Range 5 West, McKinley County, New Mexico.
- CASE 5776: (Continued from October 27, 1976, Examiner Hearing)
- Application of Continental Oil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its James Ranch Unit Well No. 8 to be drilled at a point 1930 feet from the North line and 660 feet from the West line of Section 31, Township 22 South, Range 31 East, Los Medanos-Morrow Gas Pool, Eddy County, New Mexico, the N/2 of said Section 31 to be dedicated to the well.

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. 5803

Order No. R- 5325

APPLICATION OF El PamCo., Inc.  
FOR DOWNHOLE COMMINGLING, SAN JUAN  
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 10,  
1976, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this        day of November, 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 PamCo., Inc., is the  
owner and operator of the Valdez ~~00~~ Well No. 1 A, located  
in Unit P of Section 24, Township 29 North, Range  
11 West, NMPM, San Juan County, New Mexico.

(3) That the applicant seeks authority to commingle         
Fruitland and Pictured Cliffs gas production  
within the wellbore of the above-described well, and to simultaneously  
dedicate the SE/4 of said Section 24 to said well and its Valdez Well No. 1.

(4) That from the Fruitland zone, the  
subject well is capable of low <sup>rates of</sup> ~~marginal~~ production only.

(5) That from the Pictured Cliffs zone, the  
subject well is capable of low <sup>rates of</sup> ~~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.

located in Unit I of said Section 24.

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, 17 percent of the commingled        production should be allocated to the Fruitland zone, and 83 percent of the commingled        production to the Pictured Cliffs zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, El PamCo., Inc., is hereby authorized to commingle Fruitland and Pictured Cliffs production within the wellbore of the Valdez Well No. 1 A, located in Unit P of Section 24, Township 29 North, Range 11 West

NMPM, San Juan County, New Mexico, and to simultaneously dedicate the SE/4 of said Section 24 to said well and its Valdez Well

(2) That 17 percent of the commingled        production shall be allocated to the Fruitland zone and 83 percent of the commingled        production shall be allocated to the Pictured Cliffs 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.

No. 1 located in Unit I of said Section 24.