

ridge formations, Rio Arriba Co., N.M.

Case No.

B58

Application, Transcript,
Small Exhibits, Etc.

PRESENT TEMPORARY TANK BATTERY LOCATION

<u>Well No.</u>	<u>Task No.</u>	<u>Location</u>
F-1 LT	78402	990' FWL 1650' FSL Sec.22 T27N R3W
B-2	78403	3000' FWL 1000' FSL Sec.19 T26N 3W
G-1 LT	78404	1140' FNL 990' FSL Sec.35 T27N R3W
D-1 UT	78407	1600' FWL 990' FSL Sec.24 T26N 3W
E-2	78409	990' FWL 1650' FSL Sec.14 T27N R3W
H-1 UT	78410	3700' FWL
LT	(78411	1500' FNL
H-2 UT		Sec.11 T26N R3W
LT		
D-2 UT		
D-2 LT		
F-2 LT	78412	990' FSL 990' FWL Sec.27 T27N R3W
Cheney-Fed. #1 LT	78413	
	78416	950' FWL 990' FSL Sec.8 T26N R3W
D-4 UT	78419	990' FWL 990' FSL Sec.23 T26N R3W

Note: LT indicates a lower tubing completion;
UT indicates an upper tubing completion.

BEFORE THE
UNITED STATES SENATE
COMMISSION
ON SELECT COMMITTEES
ON THE
CASE OF
APR 11 1958
CARTER, No. 2
1-358

TABULATION OF COMPLETED WELLS

Mesa Verde Formation

<u>Lease</u>	<u>Well No.</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>Elevation</u>
Cheney Federal	1 LT	8	26	2	7223
Boring Cheney Federal	1 LT (TA)	8	26	2	7144
Jicarilla "B"	2	19	26	3	7019
	3 LT	20	26	3	7119
	4	19	26	3	7206
	5 LT	20	26	3	7279
	6 LT	17	26	3	7079
Jicarilla "C"	2 LT	7	26	3	6884
	3 LT (TA)	8	26	3	6932
Jicarilla "D"	1 LT	24	26	3	7417
	2 LT	14	26	3	7174
	3 LT	13	26	3	7305
	4 LT (TA)	23	26	3	7309
	5 LT	14	26	3	7252
	6 LT	24	26	3	7538
Jicarilla "E"	1	12	27	3	7078
	2	14	27	3	7080
	3 LT	15	27	3	7074
	4 LT	11	27	3	6970
Jicarilla "F"	1 LT	22	27	3	7147
	2	27	27	3	7289
	3 LT	22	27	3	7169
Jicarilla "G"	1 LT	35	27	3	7219
	2 LT	25	27	3	7283
	3 LT	35	27	3	7190
	4 LT	26	27	3	7276
Jicarilla "H"	1 LT	11	26	3	7061
	2 LT	2	26	3	7118
	3 LT	12	26	3	7111
	4 LT	1	26	3	7165
	5 LT	11	26	3	7135
	6 LT	2	26	3	7008

Note: LT indicates a lower tubing completion.

EXHIBIT NO. 3
CASE

TABULATION OF COMPLETED WELLS

Pictured Cliffs Formation

<u>Lease</u>	<u>Well No.</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>Ground Elevation</u>
Cheney Federal	1 UT (TA)	8	26	2	7223
Boring Cheney Federal	1 UT (TA)	8	26	2	7144
Jicarilla "B"	1	19	26	3	6886
	3 UT	20	26	3	7119
	5 UT	20	26	3	7279
	6 UT	17	26	3	7079
Jicarilla "C"	1	7	26	3	6886
	2 UT (SI)	7	26	3	6884
	3 UT	8	26	3	6932
Jicarilla "D"	1 UT	24	26	3	7417
	2 UT	14	26	3	7174
	3 UT (TA)	13	26	3	7305
	4 UT (OIL)	23	26	3	7309
	5 UT (TA)	14	26	3	7252
	6 UT	24	26	3	7538
Jicarilla "E"	3 UT	15	27	3	7074
	4 UT	11	27	3	6970
Jicarilla "F"	1 UT	22	27	3	7147
	3 UT (TA)	22	27	3	7169
Jicarilla "G"	1 UT	35	27	3	7219
	2 UT (TA)	25	27	3	7283
	3 UT	35	27	3	7190
	4 UT	26	27	3	7276
Jicarilla "H"	1 UT	11	26	3	7061
	2 UT	2	26	3	7118
	3 UT	12	26	3	7111
	4 UT (TA)	1	26	3	7165
	5 UT	11	26	3	7135
	6 UT	2	26	3	7008

Note: UT indicates an upper tubing completion.

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
App. No. 1358
CASE

DOCKET: EXAMINER HEARING JANUARY 7, 1958

Oil Conservation Commission 9 a.m. Mabry Hall, State Capitol, Santa Fe, NM

The following cases will be heard before Daniel S. Nutter, Examiner:

CASE 1356: Application of Cities Service Oil Company for permission to institute a pilot water flood project in Township 14 South, Range 31 East, Caprock-Queen Pool, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks permission to institute a pilot water flood project in the Caprock-Queen Pool, Chaves County, New Mexico, by injecting water into the Queen formation through the following intake wells:

Government "B" No. 5, NW/4 NE/4 Section 10;
Government "B" No. 6, SE/4 SE/4 Section 3;
Government "B" No. 10, NE/4 SE/4 Section 3;
Government "B" No. 14, SE/4 SW/4 Section 3,

all in Township 14 South, Range 31 East.

CASE 1357: Application of Standard Oil Company of Texas for an order authorizing the production into a common tank battery of all oil produced from five leases in the Atoka Pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing the production into a common tank battery of all oil produced from the Atoka Pool from the following described leases: SW/4 SE/4, NW/4 NW/4, NW/4 SE/4, SE/4 NW/4, and SW/4 NE/4 of Section 12, Township 18 South, Range 26 East, Eddy County, New Mexico.

CASE 1358: Application of Magnolia Petroleum Company for an order cancelling Order R-984, and granting authority to commingle the liquid hydrocarbons produced from the Pictured Cliffs and Mesaverde formations into central tank batteries located on certain leases in the Blanco Mesaverde Gas Pool, Tapacito-Pictured Cliffs Gas Pool and certain undesignated Pictured Cliffs and Mesaverde gas pools in Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order cancelling Order No. R-984, and granting authority to commingle the liquid hydrocarbon production from the Pictured Cliffs and Mesaverde formations into central tank batteries located on certain of the applicant's leases in Township 26 North, Range 2 West; Township 26 North, Range 3 West; Township 27 North, Range 2 West, and Township 27 North, Range 3 West, in Rio Arriba County, New Mexico.

CASE 1359: Application of El Paso Natural Gas Company for an order extending the time allowed for making annual deliverability and shut-in pressure tests, and requesting allowables for 237 gas wells in certain prorated, non-prorated, and undesignated gas pools in San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks an

CASE 1359 continued

order extending the time allowed for making annual deliverability and shut-in pressure tests, and requesting allowables for 237 gas wells in the Blanco Mesaverde, Fulcher Kutz-Pictured Cliffs, West Kutz-Pictured Cliffs, Aztec-Pictured Cliffs, South Blanco-Pictured Cliffs, Ballard-Pictured Cliffs, Otero, Canyon Largo, East Comanche Dakota, Tapacito, West Kutz-Fruitland, North Los Pinos-Fruitland, and South Los Pinos-Fruitland Gas Pools and in undesignated Fruitland, Pictured Cliffs, and La Ventana gas pools in San Juan and Rio Arriba Counties, New Mexico.

CASE 1360:

Application of Gulf Oil Corporation for an order suspending the cancellation of underage accrued to eight gas wells in the Eumont, Jalmat, Tubb, and Blinebry Gas Pools, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order suspending the cancellation on January 1, 1958, of the underage accrued to the following gas wells in the Eumont, Jalmat, Tubb, and Blinebry Gas Pools:

Eumont Pool

Bell-Ramsay St. "C" No. 1, NW/4 SE/4 Section 34,
Township 20 South, Range 37 East

Jalmat Pool

Arnott-Ramsay "E" No. 2, SW/4 SE/4 Section 16,
Township 25 South, Range 37 East

Arnott-Ramsay "E" No. 5, SW/4 NW/4 Section 16,
Township 25 South, Range 37 East

J. R. Holt "A" No. 2, SE/4 SW/4 Section 16,
Township 24 South, Range 37 East

Tubb Pool

Hugh No. 7, NE/4 NW/4 Section 14, Township 22
South, Range 37 East

Harry Leonard "E" No. 4, NE/4 NE/4 Section 16,
Township 21 South, Range 37 East

Blinebry Pool

J. N. Carson "A" No. 4, SW/4 SE/4 Section 28,
Township 21 South, Range 37 East

H. Leonard "E" No. 4, NE/4 NE/4 Section 16,
Township 21 South, Range 37 East

all in Lea County, New Mexico.

CASE 1361: Application of The Texas Company for an order suspending the cancellation of underage accrued to two gas wells in the Eumont Gas Pool and Jalmat Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order suspending the cancellation on January 1, 1958, of the underage accrued to the following gas wells in the Eumont and Jalmat Gas Pools:

Texas Company Riddell Well No. 2, NE/4 NE/4
Section 12, Township 21 South, Range 36 East;

Texas Company State of New Mexico "B" (NCT-2)
Well No. 3, NW/4 NW/4 Section 16, Township 23
South, Range 36 East;

all in Lea County, New Mexico.

CASE 1362: Application of Schermerhorn Oil Corporation for an order suspending the cancellation of underage accrued to one well in the Eumont Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order suspending the cancellation on January 1, 1958, of the underage accrued to the following named gas well in the Eumont Gas Pool:

Schermerhorn Oil Corporation Gulf-State
No. 1 Well, SE/4 SW/4 Section 31, Township
18 South, Range 37 East,

Lea County, New Mexico.

CASE 1363: Application of J. C. Watson Drilling Company for an order authorizing the use of vacuum pumps on certain wells in the Roberts Pool in Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing the use of vacuum pumps on its Trimble No. 1 Well located in the NE/4 NE/4 Section 11, Township 17 South, Range 32 East, and its Trimble No. 2 Well located in the SE/4 NE/4 of said Section 11, in the Roberts Pool, Lea County, New Mexico.

CASE 1364: Application of Cities Service Oil Company for an oil-oil dual completion in the Vacuum Pool and Vacuum-Seven Rivers Pool in Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its State "K" No. 2 Well located 1980 feet from the North line and 660 feet from the East line of Section 27, Township 17 South, Range 35 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Vacuum Pool through one inch tubing and oil from the Vacuum-Seven Rivers Pool through two inch tubing.

CASE 1365:

Application of Cabot Carbon Company for an oil-oil dual completion in the King-Devonian Pool and King-Wolfcamp Pool in Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its H. L. Lowe "B" Well No. 1, located 467 feet from the South line and 850 feet from the East line of Section 26, Township 13 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from both the King-Devonian Pool and King-Wolfcamp Pool through parallel strings of $1\frac{1}{2}$ inch tubing.

CASE 1366:

Application of Signal Oil and Gas Company for an oil-gas dual completion in the Skaggs Pool and an undesignated Drinkard gas pool in Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Fred Turner No. 1 Well located 660 feet from the South line and 560 feet from the East line of Section 6, Township 29 South, Range 38 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Skaggs Pool and gas from an undesignated Drinkard gas pool through parallel strings of tubing.

CASE 1367:

Application of Felmont Oil Corporation for approval of its Etcheverry Unit Agreement in Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order approving its Etcheverry Unit Agreement embracing 1,920 acres, more or less, of State of New Mexico lands consisting of S/2 Section 32, S/2 Section 33, Township 14 South, Range 34 East, and all of Sections 4 and 5, Township 15 South, Range 34 East, Lea County, New Mexico.

CASE 1368:

Application of Ambassador Oil Corporation for an order granting approval of applicant's proposed pilot water flood project in the Square Lake Pool in Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of its proposed pilot water flood project for the purpose of secondary recovery in which water will be injected into the Grayburg and San Andres formations through six injection wells located in the SW/4 NW/4, SW/4 SW/4, NE/4 SW/4, and SW/4 SE/4 of Section 29, and NE/4 SE/4 of Section 30, and the NE/4 NW/4 of Section 32, Township 16 South, Range 31 East, Square Lake Pool, Eddy County, New Mexico.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1269
Order No. R-1022

APPLICATION OF NORTHWEST PRODUCTION
CORPORATION FOR AUTHORITY TO COMMINGLE
LIQUID HYDROCARBONS PRODUCED FROM THE
PICTURED CLIFFS, MESAVERDE, GALLUP,
DAKOTA, AND GRANEROS-DAKOTA FORMATIONS
INTO CENTRAL TANK BATTERIES LOCATED ON
CERTAIN LEASES IN THE BLANCO-MESAVERDE,
SOUTH BLANCO-PICTURED CLIFFS, TAPACITO-
PICTURED CLIFFS AND CERTAIN UNDESIGNATED
GAS POOLS IN RIO ARriba COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10 o'clock a.m. on June 25, 1957, at Farmington, New Mexico, before Warren W. Mankin, Examiner duly appointed by the Oil Conservation Commission of New Mexico, herein-after referred to as the "Commission", in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 17th day of July, 1957, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Warren W. Mankin, 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 is the owner of the following oil and gas leases on Indian Lands in Rio Arriba County, New Mexico:

"C" Lease (Jicarilla Contract #123)
Township 25 North, Range 4 West
Sections 5, 6, 7, 8 All

"C" Lease (Jicarilla Contract #120)
Township 26 North, Range 4 West
Sections 29, 30, 31, 32 All

"E" Lease (Jicarilla Contract #115)
Township 26 North, Range 3 West
Sections 3, 4, 9, 10 All

"E" Lease (Jicarilla Contract #116)
Township 26 North, Range 3 West
Sections 15, 16, 21, 22 All

"E" Lease (Jicarilla Contract #117)
Township 26 North, Range 3 West
Sections 27, 28, 33, 34 All

"N" Lease (Jicarilla Contract #119)
Township 26 North, Range 4 West
Sections 5, 6, 7, 8 All

"NE" Lease (Jicarilla Contract #87)
Township 27 North, Range 2 West
Sections 9, 10, 15, 16 All

"W" Lease (Jicarilla Contract #152)
Township 26 North, Range 5 West
Sections 5, 6, 7, 8 All

(3) That the applicant proposes to commingle the liquid hydrocarbons produced from the Pictured Cliffs, Mesaverde, Gallup, Dakota, and Graneros-Dakota formations underlying each of the above-described leases and to store the liquid hydrocarbon production from all wells on each lease in one or more separate central tank batteries located thereon.

(4) That the subject application is necessitated by the extremely rugged terrain in the area of the above-described leases.

(5) That approval of the application will not cause waste nor impair correlative rights.

(6) That periodic gas-liquid ratio tests should be made to determine what portion of the production would be attributed to each formation of each well producing into a common battery.

(7) That sufficient capacity should be provided in each of the proposed central tank batteries to prevent the waste of the liquid hydrocarbon stored therein.

(8) That the gas produced from each well and from each formation should be measured and reported separately.

(9) That the multicompleted wells should include the formation abbreviation in the well name to indicate the formations from which the well is producing.

IT IS THEREFORE ORDERED:

(1) That the applicant, Northwest Production Corporation, be and the same is hereby authorized to commingle the liquid hydrocarbon production from the Pictured Cliffs, Mesaverde, Gallup, Dakota, and Graneros-Dakota formations underlying each of the leases hereinafter

described, and to store the liquid hydrocarbons produced from all wells presently completed or hereafter drilled on each of said leases into one or more separate central tank batteries to be located thereon:

"C" Lease (Jicarilla Contract #123)
Township 25 North, Range 4 West
Sections 5, 6, 7, 8 All

"C" Lease (Jicarilla Contract #120)
Township 25 North, Range 4 West
Sections 29, 30, 31, 32 All

"E" Lease (Jicarilla Contract #115)
Township 25 North, Range 3 West
Sections 3, 4, 9, 10 All

"E" Lease (Jicarilla Contract #116)
Township 25 North, Range 3 West
Sections 15, 16, 21, 22 All

"E" Lease (Jicarilla Contract #117)
Township 25 North, Range 3 West
Sections 27, 28, 33, 34 All

"N" Lease (Jicarilla Contract #119)
Township 25 North, Range 4 West
Sections 5, 6, 7, 8 All

"NE" Lease (Jicarilla Contract #87)
Township 27 North, Range 2 West
Sections 9, 10, 15, 16 All

"W" Lease (Jicarilla Contract #152)
Township 25 North, Range 5 West
Sections 5, 6, 7, 8 All

(2) That periodic gas-liquid ratio tests be conducted for all wells located on the aforementioned leases in order to ascertain the amount of liquid hydrocarbons being produced from each well and from each formation. Said tests shall be conducted for a given 24-hour period each month after the effective date of this order until six such tests have been conducted and then one such test every six months thereafter, or as ordered by the Commission.

(3) That sufficient capacity be provided in each of the central tank batteries authorized above to prevent the waste of the liquid hydrocarbons produced from the aforementioned leases.

(4) That the gas produced from each well and each formation of the aforementioned leases be metered and reported separately.

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Case No. 1269
Order No. R-1022

(5) That in filing production and test reports for multi-completed wells, operator shall identify the specific formation for which said reports are being filed by adding the formation suffix to the name of the well in accordance with the abbreviations listed below:

Pictured Cliffs	"PC"
Mesaverde	"MV"
Gallup	"GP"
Dakota	"DK"
Graneros-Dakota	"GD"

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

1r/

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 1-9-58

CASE

1358

Hearing Date

1-7-58

DSN @ SF @ 9 am

My recommendations for an order in the above numbered cases are as follows:

Enter an order approving the application for permission to move oil or distillate off of the subject leases prior to being measured. Further to commingle the production from the various ^{only} Jicarilla ~~leases~~ and from the various formations thereunder. Follow the general plan provided in Order No. R984 except that the specific location of the tank batteries should not be given. Provide too that the liquids produced on any of the several Federal leases which have a diversified royalty or overriding royalty ownership shall not be commingled ~~with~~ ^{after} with other fluids prior to being measured separately. If measured as ^{separately} ~~needed~~ the various ^{provisions} ~~provisions~~ regarding meters should be taken care of an Order

~~Staff Member~~
Examiner

NEW MEXICO
OIL CONSERVATION COMMISSION
P. O. Box 871
Santa Fe, New Mexico

Date December 15, 1957

Mr. James E. Sperling
P.O. Box 466
Albuquerque, New Mexico

Gentlemen:

Your application for the amendment of Commission Order R-284

dated received December 10, 1957 has been received, and has been tentatively
scheduled for hearing before an Examiner on
January 7, 1958

A copy of the docket will be forwarded to you as soon as the matter is
advertised.

Very truly yours,

A. L. Porter, Jr.
A. L. PORTER, Jr.,
Secretary-Director

RECEIVED 11 AM 9:30

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

APPLICATION OF MAGNOLIA PETROLEUM COMPANY
TO AMEND ORDER NO. R-984 (CASE NO. 1226)
PERTAINING TO COMBINGLING OF LIQUID HYDRO-
CARBONS FROM MESA VERDE AND PICTURED CLIFFS
FORMATIONS AND LOCATIONS OF CENTRAL TANK
BATTERIES ON MAGNOLIA PROPERTIES IN THE
BLANCO MESA VERDE GAS POOL, TAPICITO PICTURED
CLIFFS GAS POOL AND UNDESIGNATED PICTURED
CLIFFS AND MESA VERDE GAS POOL AREAS,
RIO ARriba COUNTY, NEW MEXICO

APPLICATION

MAGNOLIA PETROLEUM COMPANY, by its attorneys, Simms, Modrall,
Seymour, Sperling & Roehl, Post Office Box 466, Albuquerque,
New Mexico, in support of its application as hereinabove stated,
shows to the Commission:

1. That, by the order of this Commission No. R-984,
entered as of April 29, 1957, authority was granted this appli-
cant to produce certain wells into certain central tank batteries
located at designated points as specified in the order, subject
to the conducting of gas liquid ratio tests from all wells lo-
cated on the leases mentioned in the order and to the provid-
ing of sufficient central tank battery capacities in order to
prevent waste of liquid hydrocarbons produced from the leases.

2. That the applicant is the owner of the following
oil and gas leases in Rio Arriba County, New Mexico, which said
leases include, together with other leases, the leases described
in Commission Order No. R-984:

Boring-Cheney-Fed. Unit:
TOWNSHIP 26 NORTH, RANGE 2 WEST, NMFM
Sec. 8: N $\frac{1}{2}$

Cheney-Federal Lease:
TOWNSHIP 26 NORTH, RANGE 2 WEST, NMFM
Sec. 8: S $\frac{1}{2}$
Sec. 17: All

Featherstone-Federal Unit:

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMFM

Sec. 18: All

Sec. 19: All

Rueckhaus Unit:

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMFM

Sec. 6: All

Sec. 7: All

Jicarilla "B" Lease:

TOWNSHIP 26 NORTH, RANGE 3 WEST, NMFM

Sec. 17: All

Sec. 18: All

Sec. 19: All

Sec. 20: All

Jicarilla "C" Lease:

TOWNSHIP 26 NORTH, RANGE 3 WEST, NMFM

Sec. 5: All

Sec. 6: All

Sec. 7: All

Sec. 8: All

Jicarilla "D" Lease:

TOWNSHIP 26 NORTH, RANGE 3 WEST, NMFM

Sec. 13: All

Sec. 14: All

Sec. 23: All

Sec. 24: All

Jicarilla "E" Lease:

TOWNSHIP 27 NORTH, RANGE 3 WEST, NMFM

Sec. 11: All (Fractional)

Sec. 12: All (Fractional)

Sec. 13: All

Sec. 14: All

Sec. 15: $9\frac{1}{2}$

Jicarilla "F" Lease:

TOWNSHIP 27 NORTH, RANGE 3 WEST, NMFM

Sec. 22: All

Sec. 23: All

Sec. 24: All

Sec. 27: All

Jicarilla "G" Lease:

TOWNSHIP 27 NORTH, RANGE 3 WEST, NMFM

Sec. 25: All

Sec. 26: All

Sec. 35: All

Sec. 36: All

Jicarilla "H" Lease:

TOWNSHIP 26 NORTH, RANGE 3 WEST, NMFM

Sec. 1: All

Sec. 2: All

Sec. 11: All

Sec. 12: All

Jicarilla "I" Lease:

TOWNSHIP 27 NORTH, RANGE 2 WEST, NMPM ✓

Sec. 19: All
Sec. 20: All
Sec. 29: All
Sec. 30: All

Jicarilla "J" Lease:

TOWNSHIP 27 NORTH, RANGE 2 WEST, NMPM ✓

Sec. 21: All
Sec. 22: All
Sec. 27: All
Sec. 28: All

Jicarilla "K" Lease:

TOWNSHIP 27 NORTH, RANGE 2 WEST, NMPM ✓

Sec. 7: All
Sec. 8: All
Sec. 17: All
Sec. 18: All

3. That applicant has completed, as of November 1, 1957, a total of forty-seven wells on the above described leases of which, twenty wells have been dually completed, and that, except for seven wells which are temporarily abandoned, said wells are presently producing from the Mesa Verde Formation or are dually completed in the Pictured Cliffs or Mesa Verde Formations.

4. That, as found by the Commission in its previous Order No. R-984, said leases are located in mountainous terrain and the scarcity of access roads renders it extremely burdensome to erect separate tank batteries for each of said leases.

5. That it has proven impractical to locate central tank batteries at the sites originally requested by applicant and as ordered by Order No. R-984, and it is to the best interests of both the applicant and this Commission that the previous Commission Order be amended to permit the commingling of liquid hydrocarbons from the Pictured Cliffs and Mesa Verde Formations into central tank batteries located on any of the above named leases, and that such permission would result in more efficient operation of applicant's properties and would, therefore, prevent the occurrence of economic and underground waste.

6. That periodic gas-liquid ratio tests will be taken to determine what portion of the production should be attributed to each formation of each well producing into a common tank battery, which tests will provide an accurate and reasonable basis for attributing to the separate formations of each well its allocable portion of the production.

7. That the gas produced from each well and from each formation will be measured and reported separately.

8. The attention of the Commission is directed to Order No. R-1022 issued upon the application of Northwest Production Corporation, which order granted authority to commingle liquid hydrocarbons from five separate reservoirs into central tank batteries located at various unspecified locations on the leases described in said order. This applicant requests a similar order in accordance with the facts and circumstances referred to in this application.

9. It is the request of the applicant that a hearing be set as soon as possible to consider this application and issuance of an order based thereon.

MAGNOLIA PETROLEUM COMPANY
by its attorneys,
SIMMS, MODRALL, SEYMOUR, SPERLING & ROEHL

by James E. Sperling

Post Office Box 466
Albuquerque, New Mexico

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

February 5, 1958

Mr. James E. Sperling
P.O. Box 446
Albuquerque, New Mexico

Dear Mr. Sperling:

Reference is made to Order No. R-1117 dated January 28, 1958, which authorized the commingling of liquids from certain pools and certain leases in Rio Arriba County, New Mexico. Please note that Paragraph (A) of the order provides that the measurements required by Paragraph (3) may be made by means of positive displacement meters or dump-type meters or in tanks.

If Magnolia chooses to measure the production by means of meters, it is requested that you so notify the Commission in order that a testing procedure and schedule for the meters may be established.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

ALP/DSM:bp

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OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

January 28, 1958

**Mr. James E. Spurling
P.O. Box 466
Albuquerque, New Mexico**

Dear Mr. Spurling:

On behalf of your client, Magnolia Petroleum Company, we enclose two copies of Order E-1117 issued January 28, 1958, by the Oil Conservation Commission in Case 1358, which was heard on January 7th at Santa Fe.

Very truly yours,

**A. L. Porter, Jr.
Secretary - Director**

**bp
Encls.**

**C
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JOHN F. SIMMS (1885-1964)
J. R. MODRALL
AUGUSTUS T. SEYMOUR
JAMES E. SPERLING
JOSEPH E. ROEHL
GEORGE T. HARRIS, JR.
DEAN P. KIMBALL
DANIEL A. BISK
WILSON P. HURLEY

LAW OFFICES OF
SIMMS, MODRALL, SEYMOUR, SPERLING & ROEHL

SIMMS BUILDING

400 BUREAU, NEW MEXICO

December 13, 1957

TELEPHONE 3-4511
POST OFFICE BOX 400

Oil Conservation Commission
Attention Mr. Jack Cooley
Post Office Box 871
Santa Fe, New Mexico

Gentlemen:

Reference is made to the application to amend Commission Order No. R-984 filed by this office on behalf of Magnolia Petroleum Company with the Commission on December 10, 1957.

Inasmuch as additional leases and acreage were included in the application as compared with the application upon which Order No. R-984 was based, it will aid administrative procedures if the application of December 10th is amended to include a request for cancellation of the previous order rather than its amendment.

This letter will serve as the request of Magnolia Petroleum Company for the amendment of the pending application to include a request for the cancellation of the previous order.

Very truly yours,

James E. Sperling

JES/d

enclosure: cc of this letter
cc Mr. Jack Vickrey

EXAMINER HEARING
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 7, 1958

IN THE MATTER OF: Case No. 1358

TRANSCRIPT OF PROCEEDINGS

DEARNLEY - MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
3-6691 3-9546

Application of Magnolia Petroleum Company for an order cancelling Order R-984, and granting authority to commingle the liquid hydrocarbons produced from the Pictured Cliffs and Mesaverde formations into central tank batteries located on certain leases in the Blanco Mesaverde Gas Pool, Tapacito-Pictured Cliffs Gas Pool and certain undesignated Pictured Cliffs and Mesaverde gas pools in Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order cancelling Order No. R-984, and granting authority to commingle the liquid hydrocarbon production from the Pictured Cliffs and Mesaverde formations into central tank batteries located on certain of the applicant's leases in Township 26 North, Range 2 West; Township 26 North, Range 3 West; Township 27 North, Range 2 West; and Township 27 North, Range 3 West, in Rio Arriba County, New Mexico.

AFTERNOON SESSION

TRANSCRIPT OF PROCEEDINGS

MR. NUTTER: The hearing will come to order. The first case this afternoon will be Case 1358.

MR. COOLEY: Case 1358: Application of Magnolia Petroleum Company for an order cancelling Order R-984, and granting authority to commingle the liquid hydrocarbons produced from the Pictured Cliffs and Mesaverde formations into central tank batteries located on certain leases in the Blanco Mesaverde Gas Pool, Tapacito-Pictured

Cliffs Gas Pool and certain undesignated Pictured Cliffs and Mesaverde gas pools in Rio Arriba County, New Mexico.

MR. SPERLING: The appearance is J. E. Sperling, Albuquerque, New Mexico, on behalf of the Applicant, and John Sanders. Will you be sworn, Mr. Sanders?

(Witness sworn.)

(Magnolia's Exhibit No. 1
marked for identification.)

JOHN L. SANDERS

a witness, of lawful age, having been first duly sworn on oath,
testified as follows:

DIRECT EXAMINATION

By MR. SPERLING:

Q Mr. Sanders, will you state your name, please?

A John L. Sanders.

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

A Magnolia Petroleum Company, Petroleum Engineer, Hobbs,
New Mexico.

Q How long have you been so employed?

A I have been employed for Magnolia for seven years.

Q What are your educational qualifications and your experience
background?

A B. S. in Petroleum Engineering from Oklahoma University.
Five years active experience with Magnolia as Petroleum Engineer,
registered in the State of Texas.

MR. SPERLING: May we consider that the witness is qualified?

MR. NUTTER: The witness is qualified.

Q We will refer to what has been marked by the reporter as Exhibit No. 1 on behalf of the Applicant, and ask you to state what that is.

A This is an area map of the area involved in the request. Magnolia acreage is colored, the area is outlined in red that is covered in this request. The area outlined in green is the area that was previously covered by Order R-924.

MR. SPERLING: By way of a preliminary statement, I might state that the previous order involved the area there that Mr. Sanders has stated is outlined in red --

A (Interrupting) In green.

MR. SPERLING: In green. The present application covers the area outlined in red, and the previous order permitted the commingling of liquid hydrocarbons at particular locations into central tank batteries to those locations. I believe the legend also, by its legend, indicates the tank batteries permitted under the previous order. By reason of the expansion of the field area and the terrain problems which are quite difficult in that area, the present applications has been filed, cancelling the previous order and seeking the authority to commingle the liquids into tank batteries that may be located on the respective leases at most advantageous points.

Q How many wells, as of the present time, are produced by

Magnolia in this area?

A We have one Pictured Cliffs oil well, twenty-one gas wells, seven temporarily abandoned. We have twenty-nine Mesaverde gas wells, three temporarily abandoned; one oil well, fifty gas wells and fifteen temporarily abandoned. Twenty-seven of them are dually completed.

Q That is dually completed in the Mesaverde and Pictured Cliffs?

A Yes.

Q What volumes of liquids are produced, are they substantial amounts of liquid in connection with the production of gas from the gas wells?

A No, they are not. The liquid rates vary essentially from no liquids to ten barrels a day. I think in one case we have thirty barrels a day from one of them.

Q What was the experience of the company with reference to the establishment of the tank batteries at the locations indicated in the previous order?

A We found that in some cases the terrain was such that it would involve moving a hill, and that we would have to run our lines an excessive length, that the pressures wouldn't move the hydrocarbons to the batteries.

Q Would you explain in general what the terrain features are in that area that you have to combat?

A Well, taking the ground elevations, they vary from 6884 to 7538 in this area. There's quite a bit of relief, there is one

stream which is noted on that map that drains the area, and there's a high on either side and it falls off to the north. There's another draw to the north, and the terrain itself is a series of gullies and draws.

Q Now, the application as filed indicates the royalty interest ownership here as being either in the Federal Government or under the jurisdiction of the Bureau of Indian Affairs for the benefit of the Jicarilla Apache tribe, is that correct?

A That's right.

Q Does the season of the year present any difficulties so far as the maintenance of access roads to these batteries is concerned?

A Yes, it does. During the season, the intermittent time between the time of freezing and completely frozen ground, and it thaws during the day, you have a time when your roads periodically freeze and thaw; and also your stream, what will be a dry draw one day, the next day will be full of water to where it would wash out your road and also makes the area inaccessible. The maintenance of roads in the wintertime is quite a problem, and any time it would rain.

Q What does your company propose to do with reference to a control of the liquids produced both from the dually completed wells and the singly completed wells?

A We propose to have adequate tests to tell where the liquids are coming from, to maintain the batteries located at the most

accessible points to where these liquids can be either commingled or maintained in separate batteries, to where they will be under constant supervision of the pumper.

Q Do you propose to make periodic gas ratio liquid tests to determine the allocation of the production to each formation?

A Yes, as set up in the previous order; we plan to use the same procedure of testing the wells that are commingled for each month, once a month each month for the first six months, and then each six months thereafter, to be certain where the liquids are coming from.

Q That has a definite relationship to the amount of gas produced from the wells, is that correct?

A That's right.

Q And the gas will be separately metered from each formation and reported separately?

A The gas will be separated from the liquids at the wells and the liquids moved separate from the gas, and the gas metered separate.

(Magnolia's Exhibits Nos. 2 & 3
marked for identification.)

Q Exhibit No. 2 appears to be a tabulation of the Mesaverde wells completed?

A No, it is a tabulation of the temporary battery locations at present.

Q I am sorry. We have extra copies, too. That does represent

the location of the temporary batteries into which the liquids are being presently produced?

A Yes, that is the temporary batteries we have established to test the wells until we could get our setup to where we would want to put the permanent battery locations. Most of them are one tank locations. The liquid is being trucked out of the area.

Q Do we understand, then, that you do not propose to make the locations as indicated as the temporary locations on Exhibit 2 the permanent tank battery locations?

A No, we don't.

Q Why not?

A Well, as the development is carried on, we'll find in some cases we will have gas wells that will make liquids that we're unable to predict exactly the volumes, and where the liquids will be coming from. As we complete these wells, we'll know more about exactly where we want to establish our permanent batteries and gathering lines laid to them.

Q You mean from the standpoint of volume, accessibility, and terrain features?

A That's right.

Q All of those factors being taken into consideration?

A Economics.

Q Exhibit 3 appears to be a tabulation of wells completed in the Mesaverde formation, including those that are dually completed, is that correct?

A That's right. It also carries the tabulation of the ground elevations, so you can see where the elevation varies with wells on the same lease, as well as from lease to lease.

(Exhibit No. 4, Magnolia,
marked for identification.)

Q Exhibit 4 appears to be a similar tabulation of wells completed in the Pictured Cliffs formation?

A That's right.

Q Have the leases which are described in the application approached full development at the present time?

A No, they haven't. We have at the most two wells on any one section. In most cases those are either individual wells to the zones or they are two dually completed wells. Under the present spacing, wells, that will be a completed lease, two wells to a section.

Q Then I take it that you anticipate further liquid disposition problems in connection with the development of the lease?

A That's right.

Q So far as location of tank batteries is concerned?

A That's right, we anticipate the drilling of additional wells to complete this area.

MR. SPERLING: As a matter of information, I might call to the Commission's attention the entry of a similar order, that is, similar with respect to the relief requested, that being R-1022 in Case 1269, application of Northwest Production Corporation, the

operator of leases in the same area.

Q Now the tests, the liquid ratio tests that we mentioned previously, you propose to conduct those with reference to the wells whose products are being commingled, is that right?

A That's right. We would like to have the order read only those that are commingled. As the last order read, it looks to me like we would have to test all the wells in the area, regardless of whether there was any commingling or not.

Q Is it your position that the tests are applicable only to those that are being commingled for the purposes of proper accounting for the liquids?

A That's right.

MR. SPERLING: I think that's all.

MR. NUTTER: Does anyone have a question of Mr. Sanders?
Mr. Cooley.

CROSS EXAMINATION

By MR. COOLEY:

Q Mr. Sanders, how often could tests be conducted, gas-oil ratio tests be conducted within reason on this large an area?

A In what?

Q For this large an area.

A For commingling purposes, the initial test will establish a definite pattern on the basis of how the liquid hydrocarbons are being produced from any given well. On the basis of that, I think tests each six months would be adequate to determine the liquid

hydrocarbon ratio to the gas.

Q As you know, you referred to the Pacific Northwest application, as a result of which Order No. R-1022 was written. That order required that six monthly tests be taken, in paragraph 2, one test every six months thereafter?

A That is the same thing we propose.

Q That is the same thing you propose?

A That's right.

Q You think it is possible to conduct a test on each one of these wells, one each month?

A Oh, yes. It will be set up to where you can easily test them. If you would have to test every well in the area when you commingled different production, you had to test every well in the area again and not where you were commingling, it would work a hardship to try to test all those.

Q To clarify this, it's your proposal that only those wells from which the liquid hydrocarbons are being commingled should be required to be so tested?

A Right.

Q What determinations will bear upon whether the liquid hydrocarbon from a given well will be commingled with others or not?

A Of course, it will be that we will run them to a common tank battery. In other words, there will be a line from their separator to a common tank battery, and as to where they will be mingled will be a matter of economics as to how long a line we have

to lay, where, and what pressure it would take to move the hydrocarbon.

MR. NUTTER: Well, everything is going to be commingled, though, isn't it?

A That is the proposal. No, sir, I think you have the wrong idea. We won't try to put all the liquids together from that whole area. What we will probably do is put tank batteries where they will be the most accessible and commingle all the liquid hydrocarbon in that area.

MR. NUTTER: The liquids from every well will be commingled with the liquids from some other well. Will any wells on a given lease be producing into the tank battery on the lease only, and receiving liquids from no other wells?

A There is a possibility of that, yes. For instance, if you notice the B and C area is pretty well separated from the other area, and it would be almost impractical to try to move that to the other area.

MR. NUTTER: Over here in the C area?

A C and B would probably be combined.

MR. NUTTER: Those are two separate leases?

A Two separate leases.

MR. NUTTER: They would not be commingled with the production from this other lease. Your production from the H.B. lease wouldn't be commingled with production from another lease?

A There is a possibility we might be in that position. We

have two zones, so we are going to commingle at nearly every battery. We are going to commingle in two zones. We will require that test at that battery originally. The way the order reads, once you commingled and brought in another well, you would have to test for six months over the whole area.

MR. COOLEY: Give us your interpretation of that order again.

A Any time you brought in a new well, that you would have to test every well in the whole area again. This section here.

MR. NUTTER: What part of this Order R-984?

A Number four.

MR. SPERLING: In the order portion?

A Yes, in number four of the order. It doesn't specifically say that it would be tested in the area.

MR. NUTTER: But you have interpreted that to mean that after one more additional well is brought in, then all the wells would have to be retested?

A That is what it appears.

MR. NUTTER: Maybe we can rephrase it.

A If it could be done; that would work a hardship, that would mean we would be testing every well a month until we completed drilling.

By MR. COOLEY:

Q You have no idea where you would propose to place these tank batteries at the present time?

A No, I do not. The thing about it is, you have to get on

the terrain to be able to decide exactly where is best. That's the problem that we run into before, whenever -- that and the fact that our area has extended since this last order. There's two things, the terrain and the amount of liquids that will be produced almost exactly where the batteries would need to be put.

Q Would the section then, of the Chaney Federal lease -- royalty ownership is common throughout the entire area?

A I think the Featherstone and the Rueckhaus are also Federal lands.

Q Oh, yes.

A See the pink there.

Q You do not propose to commingle the Federal lands' production, with the Indian land production, do you? You are proposing to set a single battery for the two Federal leases?

MR. SPERLING: The application doesn't state that. I'm sure it's the position of the applicant that they would like to have the leeway, controlled of course by the tests suggested for such procedure.

MR. COOLEY: Well, sir, in Order R-984 and in the application in that case, it was proposed that a battery be set for the Federal lands. I think at that time it was on the Chaney lease.

A That's right, a separate battery be set for the Chaney Federal.

Q Where you have diversity of royalty ownership, the problem becomes more complex. The only objection where the royalty ownership is common is how much production is attributable to any

particular well, which is of very little consequence as compared to who it belongs to. I think it would be necessary to set a battery for the Federal leases separate and apart from the Indian leases.

MR. SPERLING: As I understand it, the supervision of the wells is under the same agency, is it not?

MR. COOLEY: But the proceeds do not go to the same.

MR. NUTTER: They have different overriding royalties, at least.

MR. SPERLING: That is true.

MR. COOLEY: This would merely give you an estimate of how much production is coming out. I don't think an estimate would be nearly close enough for the determination as to who it belongs to, rather than what well it is attributable to.

MR. SPERLING: Could I inquire as to whether this would be feasible; assuming an affirmative statement as to that procedure from the royalty interest owners, override or otherwise, would there be any objection?

MR. NUTTER: Mr. Sperling, up to this date the Commission has never permitted the commingling of any oil or liquids from any leases prior to being measured in tanks or through meters, regardless of the agreement by the royalty owners. Would it be impossible to install meters to measure the fluids before they are commingled?

A Yes, it would be possible, but from an economic standpoint

it would be impractical, there is such small volumes from some wells, and other wells have enough to record each day. Others are not produced enough, at least now, to warrant economically the justification for this.

MR. NUTTER: Possibly if there is a small amount of fluids, a small separate tank would be cheaper than a meter.

A If you did that, you would have to have the supervision and then you have lost the advantage of commingling.

MR. NUTTER: You might have to go back to meters then.

A It has been my experience that the meters that you are trying to measure small volumes over extended periods aren't very accurate, but we are not discussing that.

MR. SPERLING: We would have no objection to the order providing for the establishment of separate batteries for the Federal leases. They are pretty close together and would not present too much of a hardship. Our primary concern is with leeway as to where to locate them, it being understood that they will be produced into separate batteries.

By MR. NUTTER: Now, Mr. Sanders, as I understand your application, first of all the area outlined in green on your Exhibit No. 1 is the area that is covered by Commission Order R-984?

A That's right.

Q The area outlined in red is the area that you are seeking permission to commingle the various liquids in this application?

A That's right.

Q What does the area colored in pink represent?

A It's also outlined in the red, if you will notice. It is just a different designation of Magnolia operated leases. They are part-interest leases.

Q They are part-interest leases?

A But the whole area that is colored is Magnolia. The red outline covers through --

Q (Interrupting) All the area that is colored in in yellow is Magnolia?

A Outlined in red.

Q If it is colored in yellow, it is Magnolia owned?

A That's right.

Q The area colored in pink is communitized, that belongs to Magnolia and other working interests?

A That's right.

Q And Magnolia is the operator of the communitized lands?

A That's right.

Q Is the royalty ownership common throughout all the lands, except --

A (Interrupting) These Federal lands.

Q -- the Federal lands colored in pink, and the Chaney lease?

A That's right. All of it is Indian land but the Federal land.

Q With all common ownership and no overrides or anything that is separate?

A Not that I know of.

Q Is the working interest common throughout the acreage, except for the pink acreage?

A Right.

Q That is communitized?

A That's right.

Q And Magnolia is the operator?

A Right.

Q Do I understand correctly that your application here is for an expansion of the authority granted under Order R-984 -- well, it's the cancellation, but actually it amounts to the same authority for an expanded area?

A With the exception that we won't be restricted as to where we locate the batteries. We were restricted in the other order. In the other order we were restricted to the location. We have them marked in green. There are three locations.

Q Do you know how many tank batteries--

A (Interrupting) We will eventually have?

Q -- you will eventually require here?

A No, I don't.

Q You don't know the exact locations of any of them?

A No, sir, I don't.

Q Well, now, what about the oil well that you have got on here?

A It will require a separate tank battery.

Q That oil will be measured separately?

A Separate battery.

MR. NUTTER: I think a while ago, Mr. Sperling, you said that Magnolia would have no objection to establishment of a separate tank battery for these Federal leases which are in the southeast quarter or portion of the map. Do you understand that there are several separate leases there?

MR. SPERLING: I understood that there were three separate leases, the one designated the Boring Chaney Federal Unit.. I am referring to ^{the} application reference now, the Chaney Federal lease and the Featherstone Federal unit and the Rueckhaus unit. There are four.

MR. NUTTER: Mr. Sperling, it would probably be necessary to measure or meter the liquids from each of those leases separately. The royalty ownership is different and while working interest is different, it has been communitized?

MR. SPERLING: That is true.

MR. NUTTER: I don't think that would present a problem. Does anyone else have any questions?

By MR. COOLEY:

Q Mr. Sanders, assuming that the Commission does find it necessary to require the production from each of the four Federal leases just mentioned by Mr. Sperling -- you know the leases to which I refer?

A Yes.

Q Assuming the Commission does find it necessary for the production from each of the leases to be measured separately, in

your opinion would it be more feasible to measure that in tanks or by meter?

A I don't know the volume that is going to be involved, so I would hesitate to answer that question.

Q Do you know of any other means of measuring it?

A That's the two I know of, either meter it or measure it on tanks.

Q Either meter it or measure it on tanks, that would be all-inclusive?

A There is a meter in development, something similar to that being used in custody transfer that could probably be used.

Q We have authorized the use of meters in A.T.C. system.

A They are volume meters that measure that meter until that volume is filled.

Q Dump type meter?

A Dump type meter.

Q We have authorized the use of that by Gulf.

A That could be adapted.

MR. NUTTER: Requiring the liquids to be measured separately would be no departing from the Order R-984, because it authorized it to be measured separately?

A That's right. It authorized it to be measured separately.

MR. NUTTER: Does anyone else have a question? If not, the witness may be excused.

(Witness excused.)

MR. SPERLING: I would like to move the introduction of the Exhibits 1 through 4.

MR. NUTTER: Any objection to the introduction of Magnolia Exhibits 1 through 4? They will be admitted.

Does anyone have any statements or further testimony in this case? If not, we will take the case under advisement.

* * * * *

C E R T I F I C A T E

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this 3rd day of January, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Ada Dearnley
NOTARY PUBLIC

My commission expires:
June 19, 1959.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1358 heard by me on 1/7/58.

Adrian
New Mexico Oil Conservation Commission Examiner

DEARNLEY - MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
3-6691 5-9546

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1358
Order No. R-1117

APPLICATION OF MAGNOLIA PETROLEUM
COMPANY FOR AN ORDER CANCELLING
ORDER NO. R-984, AND GRANTING
AUTHORITY TO COMMINGLE THE
HYDROCARBONS PRODUCED FROM THE
PICTURED CLIFFS AND MEADOWS
FORMATIONS INTO CERTAIN TANK
BATTERIES LOCATED ON CERTAIN
LEASES IN THE BLAND MEADOWS
GAS POOL, TACTIC-PICTURED CLIFFS
POOL, AND CERTAIN UNDERLAINED
PICTURED CLIFFS AND MEADOWS GAS
FIELDS IN REG ARRIA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
January 7, 1958, at Santa Fe, New Mexico, before Daniel S. Hutter,
Examiner duly appointed by the New Mexico Oil Conservation Com-
mission, hereinafter referred to as the "Commission," in accordance
with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 28th day of January, 1958, the Commission, a
quorum being present, having considered the application, the evidence
adduced and the recommendations of the Examiner, Daniel S. Hutter,
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 Order No. R-984 was issued by the Commission on
April 29, 1957, authorizing the applicant, Magnolia Petroleum
Company to commingle the liquid hydrocarbons produced from several
of the leases involved in the subject application, but that sub-
sequent development on said leases and the acquisition of additional
leases in the area has made it impractical for the applicant to
exercise the authority granted in said order.
- (3) That the applicant has requested by this application
that the above-referenced Order No. R-984 be cancelled.

(4) That the applicant is the operator of four federal leases and ten Indian leases located in Township 26 North, Range 2 West; Township 26 North, Range 3 West; Township 27 North, Range 2 West, and Township 27 North, Range 3 West, BLMN, Rio Arriba County, New Mexico.

(5) That the applicant further requests authority to commingle the liquid hydrocarbons produced from both the Pictured Cliffs and Mesaverde formations underlying the above-referenced leases and to store said liquid hydrocarbons in central tank batteries located on certain of said leases.

(6) That the ownership of the working interests and the royalty interests is common in the ten Indian leases referred to above, but that the ownership of the working interests and royalty interests is diverse in the four federal leases.

(7) That the above-referenced leases are located in mountainous terrain and that the scarcity of access roads renders it extremely burdensome to erect separate tank batteries for each of said leases.

(8) That the applicant should be permitted to commingle the liquid hydrocarbon production from all of the ten Indian leases referred to above since the ownership thereof is common throughout, but that the applicant should be required to measure the production from each of the aforementioned federal leases prior to commingling it with production from other leases due to the diversity of ownership of said federal leases.

(9) That the applicant should be permitted to measure the production from the aforementioned federal leases by means of positive displacement meters or dump-type meters rather than measuring the production in tanks, if it desires to do so; provided however, that if the production is measured by means of meters, said meters should be periodically checked for accuracy.

(10) That periodic gas-liquid ratio tests should be made to determine what proportion of the production is attributable to each formation of each well producing into a common tank battery.

(11) That sufficient capacity should be provided in each of the proposed central tank batteries to prevent the waste of the liquid hydrocarbons produced from the above-referenced leases.

(12) That the gas produced from each completion in each well should be measured and reported separately.

IT IS THEREFORE ORDERED:

(1) That Order No. R-984, dated April 29, 1957, be and the same is hereby cancelled.

-2-
Case No. 1256
Order No. R-1117

(2) That the applicant, Magnolia Petroleum Company, Inc. and the same is hereby authorized to commingle the liquid hydrocarbons produced from both the Pictured Cliffs and Menominee formations underlying all the following described leases into central tank batteries located on certain of said leases:

Jicarilla "B" Lease:
Township 26 North, Range 3 West, NMPN
Sec. 17: All
Sec. 18: All
Sec. 19: All
Sec. 20: All

Jicarilla "C" Lease:
Township 26 North, Range 3 West, NMPN
Sec. 4: All
Sec. 5: All
Sec. 6: All
Sec. 7: All

Jicarilla "D" Lease:
Township 26 North, Range 3 West, NMPN
Sec. 13: All
Sec. 14: All
Sec. 23: All
Sec. 24: All

Jicarilla "E" Lease:
Township 27 North, Range 3 West, NMPN
Sec. 11: All
Sec. 12: All
Sec. 13: All
Sec. 14: All
Sec. 15: S/S

Jicarilla "F" Lease:
Township 27 North, Range 3 West, NMPN
Sec. 22: All
Sec. 23: All
Sec. 24: All
Sec. 27: All

Jicarilla "G" Lease:
Township 27 North, Range 3 West, NMPN
Sec. 25: All
Sec. 26: All
Sec. 35: All
Sec. 36: All

Jicarilla "H" Lease:
Township 28 North, Range 3 West, NMPN
Sec. 1: All
Sec. 2: All
Sec. 11: All
Sec. 12: All

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Jicarilla "I" Lease:
Township 27 North, Range 2 West, NMPN
Sec. 19: All
Sec. 20: All
Sec. 29: All
Sec. 30: All

Jicarilla "J" Lease:
Township 27 North, Range 2 West, NMPN
Sec. 21: All
Sec. 22: All
Sec. 27: All
Sec. 28: All

Jicarilla "K" Lease:
Township 27 North, Range 2 West, NMPN
Sec. 7: All
Sec. 8: All
Sec. 17: All
Sec. 18: All

(3) That the applicant be and the same is hereby authorized to transport the liquid hydrocarbon production from the Pictured Cliffs and Menominee formations underlying each of the following described leases from the leases prior to measurement thereof and to commingle said liquid hydrocarbon production in common storage facilities, provided however, that the total liquid hydrocarbon production from each of said leases shall be measured separately prior to commingling, to-wit:

Horing-Cheney-Fed. Unit:
Township 26 North, Range 2 West, NMPN
Sec. 8: 3/2

Cheney-Federal Lease:
Township 26 North, Range 2 West, NMPN
Sec. 8: 3/2
Sec. 17: All

Peatherstone-Federal Unit
Township 26 North, Range 2 West, NMPN
Sec. 28: All
Sec. 18: All

Bueckhaus Unit:
Township 26 North, Range 2 West, NMPN
Sec. 6: All
Sec. 7: All

(4) That the measurements required by paragraph 3 above may be made by means of positive displacement meter or dump-type meters or in tanks; provided however, that if the production is measured by means of meters, said meters shall be checked for accuracy at intervals in any manner satisfactory to the Commission.

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(5) That the applicant be and the same is hereby authorized to produce more than eight wells into any of the central tank batteries hereinabove authorized; provided however, that periodic gas-liquid ratio tests shall be conducted for all wells from which the liquid hydrocarbon production is being commingled in order to determine the amount of liquid hydrocarbon production that is attributable to each completion in each of said wells. Said tests shall be conducted for a given 24-hour period each month after the effective date of this order until six such tests have been conducted on each well and then one such test shall be conducted every six months thereafter, unless otherwise order by the Commission.

(6) That sufficient capacity should be provided in each of the central tank batteries authorized above in order to prevent waste of the liquid hydrocarbons produced from the above-referenced leases.

(7) That the gas produced from each completion in each well be metered and reported separately.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E. L. McChes

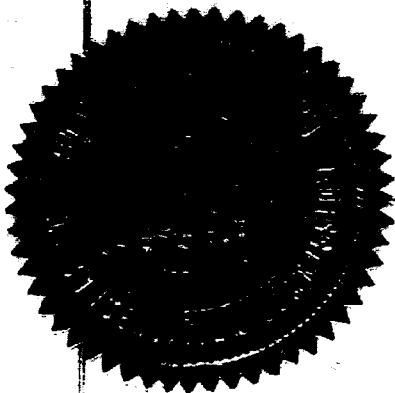
EDWIN L. MCCHES, Chairman

Murray E. Norman

MURRAY E. NORMAN, Member

A. L. Porter, Jr.

A. L. PORTER, Jr., Member & Secretary



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