

CASE 3308: Appli. of CONTINENTAL
for an administrative procedure,
Rio Arriba County, New Mexico.

CASE NO.
3308

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

DRAFT
JMD/esr



BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CF Subj. _____

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

CASE No. 3308

Order No. R- _____

APPLICATION OF CONTINENTAL OIL COMPANY
FOR AN ADMINISTRATIVE PROCEDURE, RIO
ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
September 22, 1965, at Santa Fe, New Mexico, before Examiner
Daniel S. Nutter.

NOW, on this _____ day of October, 1965, 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, Continental Oil Company, seeks the
establishment of an administrative procedure whereby production
from marginal Gallup-marginal Dakota dually completed oil wells
in Rio Arriba County, New Mexico, may be commingled in the well
bore by a dual-flow downhole choke assembly.

(3) That the applicant has established that it usually is
not economically feasible to equip dually completed Gallup-Dakota
oil wells in Rio Arriba County, New Mexico, for conventional oper-
ation when the Gallup and Dakota zones are marginal.

(4) That the applicant has established that use of dual-
flow downhole choke assembly in most marginal Gallup-marginal Dakota

Memo

E. C. ARNOLD
SUPERVISOR AND OIL & GAS
INSPECTOR

Jim Dorrill
The administrative procedure
was OK to me. However in
section 2 paragraph c
I mention a seal leakage
test. How does this differ
in a packer leakage test &
do you conduct it?
Why is the order restricted
to Arriba County?

Communication
test
Economy

oil wells in Rio Arriba County, New Mexico, will permit recovery of otherwise unrecoverable oil, thereby preventing waste.

(5) That the applicant has established that correlative rights can be protected by allocating production from most marginal Gallup-marginal Dakota oil wells in Rio Arriba County, New Mexico, to each zone by periodic production tests utilizing the subtraction method.

(6) That, to facilitate the administration of the laws of the State of New Mexico concerning prevention of waste and protection of correlative rights, an administrative procedure should be established whereby the Secretary-Director of the Commission may approve use of a dual-flow downhole choke assembly in marginal Gallup-marginal Dakota oil wells in Rio Arriba County, New Mexico, and allocation of production by periodic production tests if he determines that such approval will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the use of a dual-flow downhole choke assembly in marginal Gallup-marginal Dakota oil wells in Rio Arriba County, New Mexico, may be authorized in accordance with the following-described administrative procedure:

- a. The operator shall file an application, in TRIPLICATE, containing detailed data concerning ~~oil~~ gravity, value, and volume of the liquid hydrocarbons from each ^{zone} ~~pool~~ and anticipated gravity and value of the commingled production.
- b. The application shall be accompanied by a schematic diagram of the proposed installation and a plat showing the location of

all wells within one mile of the subject well and the ^{zone} ~~pool~~ from which each well is producing.

- c. The Secretary-Director of the Commission may approve the application if he determines that such approval will prevent waste and protect correlative rights.

(2) ^{that} the following special restrictions shall apply to all wells utilizing a dual-flow downhole choke assembly:

- a. Rule 112-A of the Commission Rules and Regulations shall apply insofar as said rule is not inconsistent with this order.

- b. Allocation of production to the Gallup and Dakota zones shall be by the subtraction method based upon production tests of the commingled Gallup-Dakota and the Dakota zones at stabilized production rates.

- c. ^{A communication} ~~A packer leakage test and a seal leakage test~~ shall be conducted upon installation of the dual-flow downhole choke assembly.

- d. A production test shall be conducted semi-annually; provided, however, that the Secretary-Director of the Commission may authorize annual production tests on individual wells if he determines, on the basis of previous tests, that semiannual tests are no longer necessary to accurately determine and allocate production from each zone.

- e. ^{communication} ~~A packer leakage test~~ shall be conducted annually.

f. The operator of the well shall notify the District Supervisor, Oil Conservation Commission, Aztec, New Mexico, of the date and time production tests are to be conducted and shall furnish a complete report of such tests to the Commission's Aztec District office.

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

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

DRAFT
JMD/esr

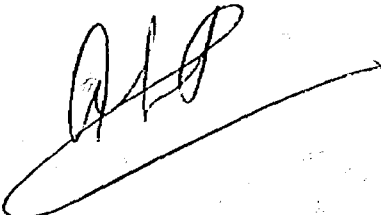
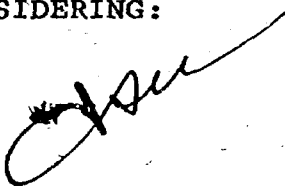
BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CF Subj. _____

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

CASE No. 3308

Order No. R-2928

 
APPLICATION OF CONTINENTAL OIL COMPANY
FOR AN ADMINISTRATIVE PROCEDURE, RIO
ARRIBA COUNTY, NEW MEXICO.

10-1-65

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
September 22, 1965, at Santa Fe, New Mexico, before Examiner
Daniel S. Nutter.

NOW, on this _____ day of October, 1965, 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, Continental Oil Company, seeks the
establishment of an administrative procedure whereby production
from marginal Gallup-marginal Dakota dually completed oil wells
in Rio Arriba County, New Mexico, may be commingled in the well
bore by a dual-flow downhole choke assembly.

(3) That the applicant has established that it usually is
not economically feasible to equip dually completed Gallup-Dakota
oil wells in Rio Arriba County, New Mexico, for conventional oper-
ation when the Gallup and Dakota zones are marginal.

(4) That the applicant has established that use of dual-
flow downhole choke assembly in most marginal Gallup-marginal Dakota

oil wells in Rio Arriba County, New Mexico, will permit recovery of otherwise unrecoverable oil, thereby preventing waste.

(5) That the applicant has established that correlative rights can be protected by allocating production from most marginal Gallup-marginal Dakota oil wells in Rio Arriba County, New Mexico, to each zone by periodic production tests utilizing the subtraction method.

(6) That, to facilitate the administration of the laws of the State of New Mexico concerning prevention of waste and protection of correlative rights, an administrative procedure should be established whereby the Secretary-Director of the Commission may approve use of a dual-flow downhole choke assembly in marginal Gallup-marginal Dakota oil wells in Rio Arriba County, New Mexico, and allocation of production by periodic production tests if he determines that such approval will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the use of a dual-flow downhole choke assembly in marginal Gallup-marginal Dakota oil wells in Rio Arriba County, New Mexico, may be authorized in accordance with the following-described administrative procedure:

- a. The operator shall file an application, in TRIPLICATE, containing detailed data concerning ~~anticipated~~ gravity, value, and volume of the liquid hydrocarbons from each ~~pool~~^{zone} and anticipated gravity and value of the commingled production.
- b. The application shall be accompanied by a schematic diagram of the proposed installation and a plat showing the location of

all wells within one mile of the subject well and the ~~pool~~^{Zone} from which each well is producing.

- c. The Secretary-Director of the Commission may approve the application if he determines that such approval will prevent waste and protect correlative rights.

(2) ~~that~~^{the} the following special restrictions shall apply to all wells utilizing a dual-flow downhole choke assembly:

- a. Rule 112-A of the Commission Rules and Regulations shall apply insofar as said rule is not inconsistent with this order.
- b. Allocation of production to the Gallup and Dakota zones shall be by the subtraction method based upon production tests of the commingled Gallup-Dakota and the Dakota zones at stabilized production rates.
- c. A packer-leakage test and a seal-leakage test shall be conducted upon installation of the dual-flow downhole choke assembly.
- d. A production test shall be conducted semi-annually; provided, however, that the Secretary-Director of the Commission may authorize annual production tests on individual wells if he determines, on the basis of previous tests, that semiannual tests are no longer necessary to accurately determine and allocate production from each zone.
- e. A packer-leakage test shall be conducted annually.

f. The operator of the well shall notify the District Supervisor, Oil Conservation Commission, Aztec, New Mexico, of the date and time production tests are to be conducted and shall furnish a complete report of such tests to the Commission's Aztec District office.

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

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



CONTINENTAL OIL COMPANY

1755 Glenarm Place
Denver, Colorado 80202
September 1, 1965

SEP 3 AM 7 30
RECEIVED
NEW MEXICO OIL CONSERVATION COMMISSION

Case 3308

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

ATTENTION A. L. Porter, Jr.
Secretary and Director

Gentlemen:

A hearing before the New Mexico Oil Conservation Commission is requested for the purpose of considering this application by Continental Oil Company for the establishment of an administrative procedure to authorize commingling in the well bore of Gallup and Dakota oil production by means of a dual-flow downhole choke assembly in any existing undesignated Gallup-Dakota marginal oil wells located in Rio Arriba County, New Mexico, and in any undesignated Gallup-Dakota marginal oil wells hereafter drilled or completed in Rio Arriba County, New Mexico.

Specifically, Continental Oil Company requests that:

1. The Commission make provision for administrative approval of future downhole commingling installations by use of the dual-flow downhole choke assembly in any existing undesignated Gallup-Dakota marginal oil wells located in Rio Arriba County, New Mexico, and in any undesignated Gallup-Dakota marginal oil wells hereafter drilled or completed in Rio Arriba County, New Mexico;
2. Application for such administrative approval be filed in triplicate with the Commission and such applications contain detailed data as to gravity, value and volume of the liquid hydrocarbons from each pool, expected gravity and value of the commingled liquid hydrocarbon production, a schematic diagram of the proposed installation, a plat showing the location of all wells on applicant's lease and the pool from which each well is producing, and whether the actual commercial value of the commingled production will be less than the sum of the values of the production from each common source of supply and if so how much less;

New Mexico Oil
Conservation Commission
September 1, 1965
Page 2

3. Allocation of production to the Gallup and Dakota zones be by the subtraction method based on annual production tests of the commingled Gallup-Dakota and the Dakota at stabilized production rates;

4. A packer leakage test and a seal leakage test be conducted upon installation of the dual-flow downhole choke assembly;

5. A production test of the commingled Gallup-Dakota and of the Dakota be conducted upon installation of the dual-flow downhole choke assembly and annually thereafter;

6. An annual packer leakage test be conducted with respect to each well so equipped;


7. Exceptions to Rules 112-A and 303-A and any other applicable rules be granted for the permanent installation of dual-flow downhole commingling choke assemblies in undesignated Gallup-Dakota marginal oil wells located in Rio Arriba County, New Mexico.

By Order No. R-2824 and Order No. R-2824-A, entered in Case No. 3112, Continental Oil Company was granted authority to install a dual-flow downhole choke assembly in its Jicarilla 28 Well No. 1, located in Unit J of Section 28, Township 25 North, Range 4 West, New Mexico Principal Meridian, Rio Arriba County, New Mexico, and commingle in the wellbore oil production from the Gallup and Dakota zones and allocate production to each zone by periodic production tests utilizing the subtraction method. In support of this application reference is made to the record made in Case No. 3112, including the application with exhibits, testimony given therein, together with exhibits accepted into evidence and the Orders entered by the Oil Conservation Commission.

Continental Oil Company submits that approval of this application and the resulting use of the dual-flow downhole choke assembly in any existing undesignated Gallup-Dakota marginal oil wells and in any undesignated Gallup-Dakota marginal oil wells hereafter drilled or completed in Rio Arriba County, New Mexico, will permit the recovery of otherwise unrecoverable oil, thereby preventing waste.

Yours very truly,

CONTINENTAL OIL COMPANY



By E. A. Austin
Regional Manager of Production

September 22, 1965 Examiner Hearing

- CASE 3307: Application of Arwood Stowe & Company for the creation of a pool, special pool rules, and a waterflood project, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks the creation of an oil pool for Mesaverde production in Section 33, Township 18 North, Range 3 West, Sandoval County, New Mexico, and the establishment of special pool rules governing well spacing of less than 40 acres and special well locations; or in the alternative, for the extension of the San Luis-Mesaverde Pool to include portions of said Section 33. Applicant further seeks authority to institute a waterflood project in said Section 33 by the injection of water into the Mesaverde formation through four wells.
- Chas. Roberts*
CASE 3308: Application of Continental Oil Company for an administrative procedure, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of an administrative procedure whereby low marginal production from dually completed Gallup-Dakota oil wells in Rio Arriba County, New Mexico, may be commingled in the well bore by means of a dual-flow downhole choke assembly.
- CASE 3309: Application of Consolidated Oil & Gas, Inc. for an unorthodox location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its McIntyre Well No. 1 at an unorthodox location 1730 feet from the North line and 1450 feet from the West line of Section 11, Township 26 North, Range 4 West, Rio Arriba County, New Mexico. Said well is planned as a Mesaverde-Dakota dual completion.
- CASE 3310: Application of Cima Capitan, Inc., Ryder-Scott Management Company, Stallworth Oil and Gas Company, and Newmont Oil Company for a waterflood project, Eddy County, New Mexico. Applicants, in the above-styled cause, seek authority to conduct a cooperative waterflood project by the injection of water into the Grayburg-San Andres formations through 18 injection wells to be drilled at unorthodox locations in Sections 25 and 36, Township 16 South, Range 30 East, and Sections 30, 31 and 32, Township 16 South, Range 31 East, Square Lake Pool, Eddy County, New Mexico.
- CASE 3311: Application of Martin Yates III & S. P. Yates for the creation of an oil pool and for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of an oil pool for Seven Rivers production in Section 12, Township 20 South, Range 26 East, Eddy County, New Mexico, and the establishment of special pool rules governing well spacing of less than 40 acres and special well locations.
- CASE 3312: Application of Sinclair Oil & Gas Company for a non-standard unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit comprising the SE/4 of Section 18 and the NE/4 of Section 19, Township 23 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to its Duthie-Andrews Well No. 1 located 1980 feet from the South and East lines of said Section 18.

Docket No. 27-65

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 22, 1965
9 A. M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or
Elvis A. Utz, Alternate Examiner:

CASE 3294: (Continued from the August 25 and September 8, 1965 Examiner
Hearings)

In the matter of the hearing called by the Oil Conservation
Commission on its own motion to permit Harold J. Sechler, dba
S. & S. Oil Producers, and all other interested parties to show
cause why the Bond Well No. 1 located in the SW/4 NE/4 of Sec-
tion 17, Township 9 North, Range 14 West, Valencia County,
New Mexico, should not be plugged and abandoned in accordance
with a Commission-approved plugging program.

CASE 3295: (Continued and Readvertised from the August 25th Examiner
Hearing)

In the matter of the hearing called by the Oil Conservation
Commission on its own motion to permit W. C. Powers and J. E.
Marshall, dba Powers Marshall Company, and all other interested
parties to show cause why the Powers-Marshall Company Well No.
1, a/k/a the W. Perry Smith Well No. 1 located in the NW/4 SE/4
of Section 34, Township 21 North, Range 30 East, Harding County,
New Mexico, should not be plugged in accordance with a Commission-
approved plugging program.

CASE 3304: Application of Amerada Petroleum Corporation for a unit agree-
ment, Lea County, New Mexico. Applicant, in the above-styled
cause, seeks approval of the Warren-McKee Unit Area comprising
1800 acres, more or less, of Fee lands in Township 20 South,
Range 38 East, Lea County, New Mexico.

CASE 3305: Application of Amerada Petroleum Corporation for a waterflood
project, Lea County, New Mexico. Applicant, in the above-styled
cause, seeks authority to institute a waterflood project in its
Warren-McKee Unit by the injection of water into the McKee forma-
tion through four wells located in Sections 7 and 8, Township
20 South, Range 38 East, Warren-McKee Pool, Lea County, New Mexico.

CASE 3306: Application of Amerada Petroleum Corporation for a dual completion
and a non-standard gas proration unit, Lea County, New Mexico.
Applicant, in the above-styled cause, seeks approval of the dual
completion (conventional) of its Fred Turner, Jr., "A" Well No.
2 located in Unit K of Section 18, Township 20 South, Range 38
East, Lea County, New Mexico, to produce oil from the Skaggs
Grayburg-San Andres Oil Pool and gas from the Eumont Gas Pool
through 1 1/2 inch tubing and through the casing-tubing annulus
respectively. Applicant further seeks the creation of a 320-acre
non-standard Eumont gas proration unit comprising the SE/4 NW/4,
S/2 NE/4, NE/4 SW/4, N/2 SE/4, and SE/4 SE/4 of Section 18, and
the NE/4 NE/4 of Section 19, all in Township 20 South, Range 38
East, Lea County, New Mexico, to be dedicated to said well.

MAILED
SEP 3 AM 7
September 1, 1965
Case 3308

Mr. J. M. Durrett, Jr.
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Dear Jim:

Re: Continental's Application for
Administrative Approval,
Downhole Commingling Facilities,
Rio Arriba County, New Mexico

Attached is a copy of Continental's application requesting the establishment of an administrative procedure to authorize Gallup-Dakota commingling in the wellbore by means of downhole commingling facilities. As you can see, this application requests the procedure extend to all of Rio Arriba County.

In accordance with your suggestion, we contacted Al Kendrick in Aztec (Emory Arnold was unavailable) and Mr. Kendrick advised that he and Mr. Arnold would like to see the approval extend to all of New Mexico and be for any two oil zones as long as they are marginal. As I have previously stated, Continental has no desire to obtain such broad coverage but certainly has no objection to your advertising an area greater than Rio Arriba County.

I will be in contact with you within the next week and look forward to seeing you on September 22.

Best personal regards,

Charles R. Roberts

CRR:pk
Encl.

Docket No. 27-65

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 22, 1965

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

The following cases will be heard before Daniel S. Nutter, Examiner, or
Elvis A. Utz, Alternate Examiner:

CASE 3294: (Continued from the August 25 and September 8, 1965 Examiner Hearings)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Harold J. Sechler, dba S. & S. Oil Producers, and all other interested parties to show cause why the Bond Well No. 1 located in the SW/4 NE/4 of Section 17, Township 9 North, Range 14 West, Valencia County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 3295: (Continued and Readvertised from the August 25th Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit W. C. Powers and J. E. Marshall, dba Powers Marshall Company, and all other interested parties to show cause why the Powers-Marshall Company Well No. 1, a/k/a the W. Perry Smith Well No. 1 located in the NW/4 SE/4 of Section 34, Township 21 North, Range 30 East, Harding County, New Mexico, should not be plugged in accordance with a Commission-approved plugging program.

CASE 3304: Application of Amerada Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Warren-McKee Unit Area comprising 1800 acres, more or less, of Fee lands in Township 20 South, Range 38 East, Lea County, New Mexico.

CASE 3305: Application of Amerada Petroleum Corporation for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Warren-McKee Unit by the injection of water into the McKee formation through four wells located in Sections 7 and 8, Township 20 South, Range 38 East, Warren-McKee Pool, Lea County, New Mexico.

CASE 3306: Application of Amerada Petroleum Corporation for a dual completion and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Fred Turner, Jr., "A" Well No. 2 located in Unit K of Section 18, Township 20 South, Range 38 East, Lea County, New Mexico, to produce oil from the Skaggs Grayburg-San Andres Oil Pool and gas from the Eumont Gas Pool through 1 1/2 inch tubing and through the casing-tubing annulus respectively. Applicant further seeks the creation of a 320-acre non-standard Eumont gas proration unit comprising the SE/4 NW/4, S/2 NE/4, NE/4 SW/4, N/2 SE/4, and SE/4 SE/4 of Section 18, and the NE/4 NE/4 of Section 19, all in Township 20 South, Range 38 East, Lea County, New Mexico, to be dedicated to said well.



CONTINENTAL OIL COMPANY

1755 Glenarm Place
Denver, Colorado 80202
September 1, 1965

MAIN OFFICE

SEP 3 AM 7 35

Case 3308

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

ATTENTION A. L. Porter, Jr.
Secretary and Director

Gentlemen:

A hearing before the New Mexico Oil Conservation Commission is requested for the purpose of considering this application by Continental Oil Company for the establishment of an administrative procedure to authorize commingling in the well bore of Gallup and Dakota oil production by means of a dual-flow downhole choke assembly in any existing undesignated Gallup-Dakota marginal oil wells located in Rio Arriba County, New Mexico, and in any undesignated Gallup-Dakota marginal oil wells hereafter drilled or completed in Rio Arriba County, New Mexico.

Specifically, Continental Oil Company requests that:

1. The Commission make provision for administrative approval of future downhole commingling installations by use of the dual-flow downhole choke assembly in any existing undesignated Gallup-Dakota marginal oil wells located in Rio Arriba County, New Mexico, and in any undesignated Gallup-Dakota marginal oil wells hereafter drilled or completed in Rio Arriba County, New Mexico;

2. Application for such administrative approval be filed in triplicate with the Commission and such applications contain detailed data as to gravity, value and volume of the liquid hydrocarbons from each pool, expected gravity and value of the commingled liquid hydrocarbon production, a schematic diagram of the proposed installation, a plat showing the location of all wells on applicant's lease and the pool from which each well is producing, and whether the actual commercial value of the commingled production will be less than the sum of the values of the production from each common source of supply and if so how much less;

New Mexico Oil
Conservation Commission
September 1, 1965
Page 2

3. Allocation of production to the Gallup and Dakota zones be by the subtraction method based on annual production tests of the commingled Gallup-Dakota and the Dakota at stabilized production rates;

4. A packer leakage test and a seal leakage test be conducted upon installation of the dual-flow downhole choke assembly;

5. A production test of the commingled Gallup-Dakota and of the Dakota be conducted upon installation of the dual-flow downhole choke assembly and annually thereafter;

6. An annual packer leakage test be conducted with respect to each well so equipped;

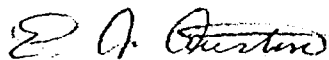
7. Exceptions to Rules 112-A and 303-A and any other applicable rules be granted for the permanent installation of dual-flow downhole commingling choke assemblies in undesignated Gallup-Dakota marginal oil wells located in Rio Arriba County, New Mexico.

By Order No. R-2824 and Order No. R-2824-A, entered in Case No. 3112, Continental Oil Company was granted authority to install a dual-flow downhole choke assembly in its Jicarilla 28 Well No. 1, located in Unit J of Section 28, Township 25 North, Range 4 West, New Mexico Principal Meridian, Rio Arriba County, New Mexico, and commingle in the wellbore oil production from the Gallup and Dakota zones and allocate production to each zone by periodic production tests utilizing the subtraction method. In support of this application reference is made to the record made in Case No. 3112, including the application with exhibits, testimony given therein, together with exhibits accepted into evidence and the Orders entered by the Oil Conservation Commission.

Continental Oil Company submits that approval of this application and the resulting use of the dual-flow downhole choke assembly in any existing undesignated Gallup-Dakota marginal oil wells and in any undesignated Gallup-Dakota marginal oil wells hereafter drilled or completed in Rio Arriba County, New Mexico, will permit the recovery of otherwise unrecoverable oil, thereby preventing waste.

Yours very truly,

CONTINENTAL OIL COMPANY



By E. A. Austin
Regional Manager of Production

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. 3112
Order No. R-2824

APPLICATION OF CONTINENTAL OIL
COMPANY FOR DOWNHOLE COMMINGLING,
RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on September 30, 1964, at Santa Fe, New Mexico, before Examiner Elvia A. Utz.

NOW, on this _____ day of December, 1964, 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, Continental Oil Company, seeks authority to install a dual-flow downhole choke assembly in its Jicarilla 28 Well No. 1, located in Unit J of Section 26, Township 25 North, Range 4 West, NMPM, Rio Arriba County, New Mexico, to produce oil from the Gallup formation and to produce oil from the Dakota formation through one string of 2 3/8-inch tubing, with separation of zones by said choke assembly set at approximately 6500 feet and a packer set at approximately 7317 feet.

(3) That the applicant proposes to commingle the Gallup and Dakota production in the 2 3/8-inch tubing above the dual-flow downhole choke assembly and to determine production from each zone by periodic production tests.

-2-

CASE No. 3112

Order No. R-2824

(4) That the proposed dual completion should be approved for a six-month period in order to determine the feasibility of authorizing such completions in this area.

(5) That since the Gallup and Dakota formations in the subject well are marginal, the applicant should be authorized to determine production from each zone by periodic production tests witnessed by the Commission.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, is hereby authorized to install a dual-flow downhole choke assembly in its Jicarilla 28 Well No. 1, located in Unit J of Section 28, Township 28 North, Range 4 West, NMM, Rio Arriba County, New Mexico, to produce oil from the Gallup formation and to produce oil from the Dakota formation through one string of 2 3/8-inch tubing, with separation of zones by said choke assembly set at approximately 6500 feet and a packer set at approximately 7317 feet;

PROVIDED HOWEVER, that the applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order.

(2) That the applicant shall take a packer-leakage test prior to installation of the downhole choke assembly and upon termination of the six-month test period authorized by this order.

(3) That upon installation of the dual-flow downhole choke assembly and upon termination of the six-month test period authorized by this order, the applicant shall conduct tests to determine packer leakage or seal leakage in the dual-flow downhole choke assembly in either direction, and shall notify the Supervisor, District 3, Oil Conservation Commission, Aztec, New Mexico, of the exact date and time said tests are to commence in order that the Commission may witness the same.

(4) That the applicant is hereby authorized to determine production from each zone of the subject well by periodic production tests and shall notify the Supervisor, District 3, Oil Conservation Commission, Aztec, New Mexico, of the date and time said tests are to commence in order that the Commission may witness the same.

-3-

CASE No. 3112
Order No. R-2824

(5) That this case shall be reopened at an examiner hearing in June, 1968, at which time the applicant may appear and show cause why the authority granted under this order should not be terminated.

(6) 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

JACK M. CAMPBELL, Chairman

E. S. WALKER, Member

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

S E A L

ear/

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. 3112
Order No. R-2824-A

APPLICATION OF CONTINENTAL OIL
COMPANY FOR DOWNHOLE COMINGLING,
RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on July 28, 1965, at Santa Fe, New Mexico, before Examiner Daniel S. Mutter.

NOW, on this _____ day of August, 1965, 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 this case has been reopened pursuant to the provisions of Order No. R-2824 to permit the applicant to show cause why the authority granted under Order No. R-2824 should not be terminated.

(3) That the applicant has established that the Gallup and Dakota zones in the subject well are marginal and that it is not economically feasible to equip these zones for conventional operation.

(4) That the applicant has established that continued use of the dual-flow downhole choke assembly in the subject well will permit the recovery of otherwise unrecoverable oil, thereby preventing waste.

-2-

CASE No. 3112
Order No. R-2824-A

(5) That the applicant has established that correlative rights will be protected by allocating production from the subject well to each zone by periodic production tests utilizing the subtraction method.

IT IS THEREFORE ORDERED:

(1) That the authority granted under Order No. R-2824 is hereby continued in full force and effect;

PROVIDED HOWEVER, that a production test shall be conducted annually and production allocated to the Gallup and Dakota zones of the subject well by the subtraction method until further order of the Commission.

(2) 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

JACK H. CAMPBELL, Chairman

GUYTON B. HAYS, Member

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

S E A L

esr/

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO

LEGAL DIVISION
PHONE 827-2741

September 29, 1965

C
O
P
Y

Mr. Charles R. Roberts
Attorney
Continental Oil Company
1755 Glenarm Place
Denver, Colorado 80202

Re: Case No. 3308

Dear Charlie:

I am enclosing a draft of the proposed order establishing an administrative procedure in the above case. I would appreciate your comments and suggestions concerning the proposed administrative procedure.

Best personal regards.

Very truly yours,

J. M. DURRETT, Jr.
Attorney

JMD/esr
Enclosure

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 9/24/65

CASE NO. 3308

HEARING DATE 9am 9/22/65
DSN @ SF

My recommendations for an order in the above numbered case(s) are as follows:

Enter an order providing an administrative procedure whereby the Secretary Director can approve the use of dual-flow down hole choke assemblies to permit the commencing of marginal Gallup and marginal Dakota oil production in Rio Arriba County, N. Mex.

Provide the procedures and requirements as set out in Items 2 through 6 in Cauth's applications with the exception that in items 3 and 5 annual tests shall be semi-annual; also in item 5 include provision that operator shall notify the Aztec office of the Comm. of the date and hour such tests shall be commenced and shall furnish a complete report of such tests to the Commission. Also include a provision that ~~Secretary~~ ^{Staff Member} the Secretary Director of the Commission shall have authority to extend such tests ^{on an individual weekly basis} to an annual basis, when it can be shown, based on previous tests, that semi-annual tests are not necessary.

OIL CONSERVATION COMMISSION

P. O. BOX 2088
SANTA FE, NEW MEXICO

LEGAL DIVISION
PHONE 827-2741

September 29, 1965

Mr. Emery C. Arnold
Supervisor, District 3
Oil Conservation Commission
1000 Rio Brazos Road
Aztec, New Mexico

Re: Case No. 3308

Dear Emery:

I am enclosing a draft of the proposed order establishing an administrative procedure in the above case. I will appreciate any comments and suggestions that you and Al may have concerning the proposed administrative procedure.

Very truly yours,

J. M. DURRETT, Jr.
Attorney

JMD/esr
Enclosure

C
O
P
Y

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

P. O. BOX 2088
SANTA FE

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

October 13, 1965

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: Case No. 3308
Order No. R-2978
Applicant:

CONTINENTAL OIL COMPANY

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

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

ir/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC x

OTHER Mr. Charles R. Roberts

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. 3308
Order No. R-2978

APPLICATION OF CONTINENTAL OIL COMPANY
FOR AN ADMINISTRATIVE PROCEDURE, RIO
ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on September 22, 1965, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 13th day of October, 1965, 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, Continental Oil Company, seeks the establishment of an administrative procedure whereby production from marginal Gallup-marginal Dakota dually completed oil wells in Rio Arriba County, New Mexico, may be commingled in the well bore by a dual-flow downhole choke assembly.

(3) That the applicant has established that it usually is not economically feasible to equip dually completed Gallup-Dakota oil wells in Rio Arriba County, New Mexico, for conventional operation when the Gallup and Dakota zones are marginal.

(4) That the applicant has established that use of a dual-flow downhole choke assembly in most marginal Gallup-marginal Dakota

-2-

CASE No. 3308

Order No. R-2978

oil wells in Rio Arriba County, New Mexico, will permit recovery of otherwise unrecoverable oil, thereby preventing waste.

(5) That the applicant has established that correlative rights can be protected by allocating production from most marginal Gallup-marginal Dakota oil wells in Rio Arriba County, New Mexico, to each zone by periodic production tests utilizing the subtraction method.

(6) That, to facilitate the administration of the laws of the State of New Mexico concerning prevention of waste and protection of correlative rights, an administrative procedure should be established whereby the Secretary-Director of the Commission may approve use of a dual-flow downhole choke assembly in marginal Gallup-marginal Dakota oil wells in Rio Arriba County, New Mexico, and allocation of production by periodic production tests if he determines that such approval will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the use of a dual-flow downhole choke assembly in marginal Gallup-marginal Dakota oil wells in Rio Arriba County, New Mexico, may be authorized in accordance with the following-described administrative procedure:

- a. The operator shall file an application, in TRIPLICATE, containing detailed data concerning gravity, value, and volume of the liquid hydrocarbons from each zone and anticipated gravity and value of the commingled production.
- b. The application shall be accompanied by a schematic diagram of the proposed installation and a plat showing the location of all wells within one mile of the subject well and the zone from which each well is producing.
- c. The Secretary-Director of the Commission may approve the application if he determines that such approval will prevent waste and protect correlative rights.

(2) That the following special restrictions shall apply to all wells utilizing a dual-flow downhole choke assembly:

- a. Rule 112-A of the Commission Rules and Regulations shall apply insofar as said rule is not inconsistent with this order.
- b. Allocation of production to the Gallup and Dakota zones shall be by the subtraction method based upon production tests of the commingled Gallup-Dakota and the Dakota zones at stabilized production rates.
- c. A communication test shall be conducted upon installation of the dual-flow down-hole choke assembly.
- d. A production test shall be conducted semi-annually; provided, however, that the Secretary-Director of the Commission may authorize annual production tests on individual wells if he determines, on the basis of previous tests, that semiannual tests are no longer necessary to accurately determine and allocate production from each zone.
- e. A communication test shall be conducted annually.
- f. The operator of the well shall notify the District Supervisor, Oil Conservation Commission, Aztec, New Mexico, of the date and time production tests are to be conducted and shall furnish a complete report of such tests to the Commission's Aztec District office.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Jack M. Campbell
JACK M. CAMPBELL, Chairman

Clinton B. Hays
CLINTON B. HAYS, Member

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

Copy 3308

OIL CONSERVATION COMMISSION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

October 3, 1968

C
O
P
Y

Continental Oil Company
200 North Wolcott
Casper, Wyoming 82601

Attention: Mr. W. C. Blackburn

Re: Replacement of Dual-Flow Downhole
Choke Assemblies, Rio Arriba County,
New Mexico

Gentlemen:

Reference is made to your letter of September 4, 1968, requesting authority to replace the dual-flow downhole choke assemblies installed in certain of your wells in Rio Arriba County, New Mexico, pursuant to authority contained in Commission Orders Nos. R-2824, R-2824-A, and R-2978.

We have carefully reviewed the case files generating the above-named orders, as well as the installations which you now propose to make, and feel that the substitution of the "D" landing nipple with a standing valve and the Camco "MM" mandrel with the Type RD double check valve falls within the intent of the orders in permitting controlled down-hole commingling.

Continental Oil Company is, therefore, hereby authorized to substitute the above equipment in the affected wells for the heretofore authorized Otis and Baker dual-flow choke assemblies.

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

-2-

October 3, 1968

Continental Oil Company
200 North Wolcott
Casper, Wyoming

C
O
P
Y
Future applications for administrative approval utilizing
the newly authorized equipment will be accepted if filed in
accordance with the provisions of Order No. R-2976.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/DSN/esr

cc: United States Geological Survey
Attention: Mr. John Anderson
Drawer 1857
Roswell, New Mexico 88201

United States Geological Survey
Attention: Mr. Phil McGrath
P. O. Box 959
Farmington, New Mexico 87401

Oil Conservation Commission
Attention: Mr. Emery C. Arnold
1000 Rio Brazos Road
Atec, New Mexico 87410



CONTINENTAL OIL COMPANY

200 NORTH WOLCOTT
CASPER, WYOMING 82601

W. C. BLACKBURN
Division Manager
Production Department

September 4, 1968

AREA CODE 307
PHONE 234-7311

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

Attention: Mr. D. S. Nutter, Chief Examiner

Gentlemen:

It is requested that Commission Orders No. 2824, 2824-A, and 2978, be amended to provide for the replacement of the Dual-Flow Downhole Choke with a circulating valve to allow downhole commingling of our dual Gallup-Dakota wells in the West Lindrith Field, Rio Arriba County, New Mexico.

The proposed installation as shown on the attached diagram, will employ a single tubing string in conformance with the existing approved Commission Orders and will consist of the following equipment: (1) A packer to isolate the zones, (2) a landing nipple to facilitate the use of a control device such as a standing valve and/or blanking plug, (3) a side-pocket mandrel to receive a double check valve, (4) an upper gas lift mandrel to receive a gas lift valve, and (5) a standard downhole plunger lift hookup.

The "D" landing nipple (7287') above the packer (7317') will contain a standing valve to prevent thieving while the Gallup flowing pressure exceeds the Dakota pressure and Gallup oil is entering the tubing. The bottom side-pocket "MM" mandrel (7257') will contain a double check valve to regulate the liquid head in the annulus and allow entry of the Gallup into the tubing. This check valve will also prevent flow from the tubing to the casing annulus while the Dakota pressure exceeds the annulus pressure at that depth.

The upper side-pocket mandrel (4000') would contain a casing pressure operated gas lift valve to permit unloading the tubing with Gallup gas, in the event the Dakota would "log-up".

60 SEP 9 AM

New Mexico Oil Conservation Commission
September 4, 1968
Page 2

Packer leakage and production allocation tests will be performed on the proposed installations identically to present practices. Either the Gallup or the Dakota can be produced separately into the tubing by isolating either zone with a blanking plug. This can be done with a wireline unit, as both the double check valve and standing valve are retrievable. Production allocation tests will be conducted by the subtraction method.

It is believed that this approach will provide a better means of producing these dual wells than the present method which utilizes the "Dual-Flow Downhole Choke". The advantage of a larger port area to permit Gallup entry in addition to the simplicity of wireline operations would be realized with the proposed installation. A full 1" opening can be obtained with the double check valve whereas the maximum port area available is 3/8" with the present installation.

Basically, the two methods are similar in that each zone will flow through a check assembly to eliminate thiefing. In addition, each zone will flow through a choke resulting from the allowable port area of the check valves.

Although the "Dual-Flow Downhole Choke" has been a sound approach in producing the marginal Gallup-Dakota wells in Jicarilla, we have not been able to utilize the tool to our fullest advantage. To maximize the operation of the tool, the higher pressure zone should be in "critical flow". Due to the low production rates and low available drawdown, "critical flow" cannot be obtained in the Jicarilla wells.

Included are brochures on the proposed and existing equipment, as per your request. The "Dual-Flow Downhole Choke" can be found on Page 3672 of the Otis catalog. Information on the RG double check valve can be found on Page 966 of the Camco catalog.

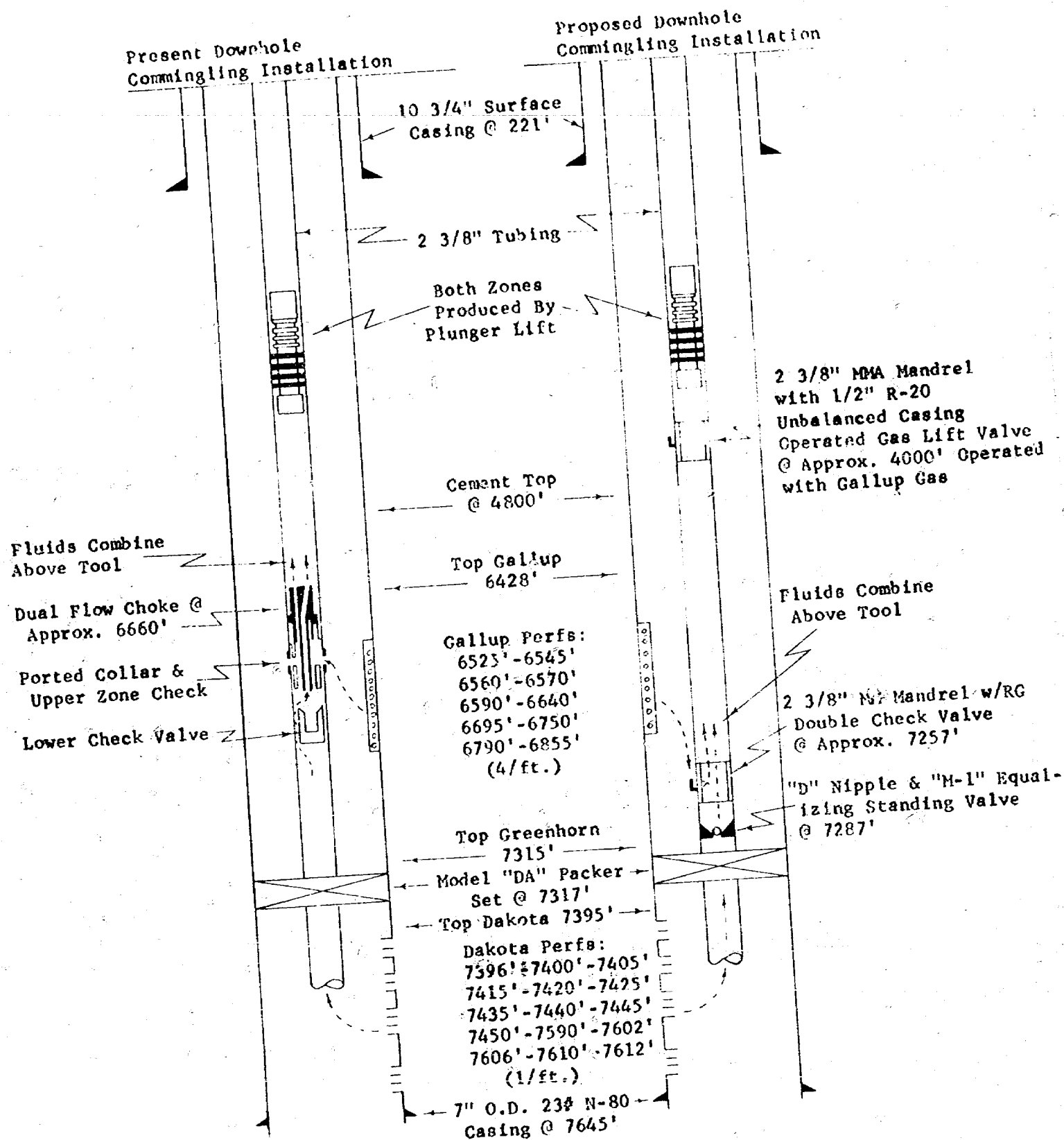
If any additional information is required, please contact this office and we will be happy to provide you with the additional data.




Yours very truly,

E. Whitman
for W. C. Blackburn
Division Manager

js
Attach

Copies to: New Mexico Oil Conservation Commission, Aztec, New Mexico
U. S. G. S., Roswell, New Mexico
U. S. G. S., Farmington, New Mexico



 CONTINENTAL OIL COMPANY PRODUCTION DEPARTMENT CASPER DIVISION		
Field/Unit: WEST LINDRITH		
Structure:	Contour Int.	
Isopach:	Contour Int.	
Other: Proposed Downhole Commingling Installation - Jicarilla	28-1 Well.	
County: Rio Arriba	State: New Mexico	
Engineer: J. A. Mazza	Geology by:	
Drafted by: RWJ	Well Status Posted to:	
SCALE  = No Scale		Date: 8-23-68



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Drawer 1857
Roswell, New Mexico 88201

IN REPLY REFER TO:

RECEIVED	
DURANGO PROD.	
SEP 20 1965	
OFFICE MGR.	
DIST. MGR.	
September 16, 1965	
DIST. ENG.	

Continental Oil Company
P. O. Box 1621
Durango, Colorado

Attention: Mr. H. D. Haley

Gentlemen:

Your letter of September 8 requests our consideration of the provisions outlined in your application to the New Mexico Oil Conservation Commission for authorization of a procedure for administrative approval of downhole commingling of marginal undesignated Gallup-Dakota oil wells in Rio Arriba County.

This office has no objection to the procedure outlined in your application and the method proposed for downhole commingling, with the understanding that each case of downhole commingling of Gallup and Dakota production in wells on Federal or Indian land will be subject to the approval of this office before the equipment is installed.

A copy of this letter is being forwarded to the NMOCC, Santa Fe, New Mexico.

Sincerely yours,

JOHN A. ANDERSON
Regional Oil and Gas Supervisor



SKELLY OIL COMPANY

P. O. Box 1650
TULSA, OKLAHOMA 74102

September 16, 1965

PRODUCTION DEPARTMENT

C. L. BLACKSHER, VICE PRESIDENT
W. P. WHITMORE, MGR. PRODUCTION
W. D. CARSON, MGR. TECHNICAL SERVICES
ROBERT G. HILTZ, MGR. JOINT OPERATIONS
GEORGE W. SELINGER, MGR. CONSERVATION

RECEIVED
DURANGO PROD.

SEP 20 1965

OFFICE MGR.	
ASST. MGR.	
ASST. MGR.	
ASST. MGR.	
ASST. MGR.	
ASST. MGR.	
ASST. MGR.	
ASST. MGR.	

Continental Oil Company (3)
P. O. Box 1621
Durango, Colorado

Gentlemen:

We have received a copy of your application to the New Mexico Oil Conservation Commission requesting the establishment of an administrative procedure to authorize commingling in the well bore of Gallup and Dakota oil production by means of a dual flow choke assembly, in Rio Arriba County, New Mexico. We understand that the Commission has previously granted permission to use such equipment in specific wells.

We further understand that the application will apply specifically to Undesignated Gallup-Dakota dual oil wells where both are marginal producers.

This is to advise that Skelly Oil Company has no objection to your application, and in fact, concurs in and supports your application for such administrative procedure. We feel that the granting of such applications will prevent waste by allowing the economic recovery of oil which would not otherwise be recovered.

Yours very truly,

George W. Selinger

RJJ:br

NORTHWEST PRODUCTION CORPORATION

218 N. CAMPBELL

POST OFFICE BOX 1796

EL PASO, TEXAS 79949

September 10, 1965

RECEIVED	
DURANGO PROD.	
SEP 13 1965	
GENERAL MGR.	1 B

Continental Oil Company
Post Office Box 1621
Durango, Colorado

Gentlemen:

We support your application to the New Mexico Oil Conservation Commission requesting establishment of an administrative procedure to authorize commingling in the well bore of Gallup and Dakota oil production by means of a dual flow choke assembly in Rio Arriba County, New Mexico

Very truly yours,

NORTHWEST PRODUCTION CORPORATION

J. M. Clark

J. M. Clark, Vice President

JMC/jap



TENNECO OIL COMPANY • P. O. BOX 1714 • 835 SECOND AVENUE • DURANGO, COLORADO 81302

September 20, 1965

New Mexico Oil Conservation Commission
Box 2088
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

Tenneco Oil Company supports the application of Continental Oil Company as presented in their letter of September 1, 1965, wherein Continental applied for an administrative procedure to authorize commingling in the well bore of Gallup and Dakota oil production by means of a dual-flow down hole choke assembly.

Because of the probability of the existence of several pools producing oil from both the Gallup and Dakota formation in marginal quantities in the San Juan Basin, Tenneco feels that an administrative procedure for approving this type installation will stimulate the development of such production and avoid the economic waste that would result if such production remains undeveloped.

Very truly yours,

TENNECO OIL COMPANY

A handwritten signature in cursive script that reads "R. E. Siverson".

R. E. Siverson
District Production Supt.

RES:sh

cc: NMOCC, Aztec
R. H. Byers



CONTINENTAL OIL COMPANY

LEGAL DEPARTMENT

A. T. SMITH
GENERAL ATTORNEY
C. R. HAMPTON
F. E. RADLOFF
G. H. MAYBERRY
C. R. ROBERTS
J. D. TRESNER
ATTORNEYS

1755 GLENARM PLACE
DENVER, COLORADO 80202
September 1, 1965

Case 3308

Mr. J. M. Durrett, Jr.
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Dear Jim:

Re: Continental's Application for
Administrative Approval,
Downhole Commingling Facilities,
Rio Arriba County, New Mexico

Attached is a copy of Continental's application requesting the establishment of an administrative procedure to authorize Gallup-Dakota commingling in the wellbore by means of downhole commingling facilities. As you can see, this application requests the procedure extend to all of Rio Arriba County.

In accordance with your suggestion, we contacted Al Kendrick in Aztec (Emory Arnold was unavailable) and Mr. Kendrick advised that he and Mr. Arnold would like to see the approval extend to all of New Mexico and be for any two oil zones as long as they are marginal. As I have previously stated, Continental has no desire to obtain such broad coverage but certainly has no objection to your advertising an area greater than Rio Arriba County.

I will be in contact with you within the next week and look forward to seeing you on September 22.

Best personal regards,

Charles R. Roberts
Charles R. Roberts

CRR:pk
Encl.

DOCKET MAILED

PIONEERING IN PETROLEUM PROGRESS SINCE 1875



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Drawer 1857
Roswell, New Mexico 88201

IN REPLY REFER TO:

MAIN

SEP 17 AM 8:00

September 16, 1965

Case 1208

Continental Oil Company
P. O. Box 1621
Durango, Colorado

Attention: Mr. H. D. Haley

Gentlemen:

Your letter of September 8 requests our consideration of the provisions outlined in your application to the New Mexico Oil Conservation Commission for authorization of a procedure for administrative approval of downhole commingling of marginal undesignated Gallup-Dakota oil wells in Rio Arriba County.

This office has no objection to the procedure outlined in your application and the method proposed for downhole commingling, with the understanding that each case of downhole commingling of Gallup and Dakota production in wells on Federal or Indian land will be subject to the approval of this office before the equipment is installed.

A copy of this letter is being forwarded to the NMOCC, Santa Fe, New Mexico.

Sincerely yours,

(ORIG. SGD.) JOHN A. ANDERSON

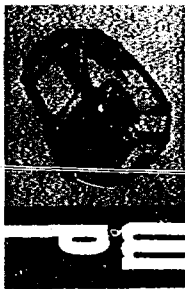
JOHN A. ANDERSON
Regional Oil and Gas Supervisor

cc:
NMOCC, Santa Fe ✓
Farmington
Accounts

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMAS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO



PAGE 1

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 22, 1965

EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil Company
for an administrative procedure, Rio
Arriba County, New Mexico. Applicant,
in the above-styled cause, seeks the
establishment of an administrative
procedure whereby low marginal production
from dually completed Gallup-Dakota oil
wells in Rio Arriba County, New Mexico,
may be commingled in the well bore by
means of a dual-flow downhole choke
assembly.

Case No. 3308

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO
1213 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO



PAGE 3

with the exhibits which were accepted into evidence by the Examiner, and the orders entered by the Oil Conservation Commission, two orders, being R-2824 and Order R-2824-A.

In addition to that, I have copies which I would just simply submit to the Examiner of letters received from the United States Geological Survey, Tenneco, Northwest Production Corporation, and Skelly Oil Company to the instant application.

MR. NUTTER: Are these going to be offered as exhibits in the case?

MR. ROBERTS: I see no need of doing that.

MR. NUTTER: Just as part of the record?

MR. ROBERTS: Simply for your information. I'm not sure of their probative value. Unless the Examiner or Counsel for the Commission would have questions, incorporation of the previously made record concludes our case in this instance.

MR. NUTTER: Mr. Roberts, I presume that these four letters that you have which you have offered in the case are all in concurrence with your proposal?

MR. ROBERTS: They are. They all approve Continental's application.

MR. NUTTER: Do you by any chance offhand know the dates of the two hearings of Case 3112?

MR. ROBERTS: Yes, I think I can come up with that



pretty easily. The first hearing was September 30, 1964.

On July 28, 1965, the show cause hearing was held.

MR. NUTTER: Is there objection to Counsel's motion for the incorporation into the record of the instant case, being Case 3308, of the record in Case 3112 of the hearing 9-30-64 and 7-28-65, of the exhibits and testimony introduced in that case and of the orders entered in that case, R-2824 and R-2824-A? If there's no objection, the aforesaid items will be incorporated in the record of this case, as well as the letters that have been introduced in this case. Do you have anything further, Mr. Roberts?

MR. ROBERTS: I have nothing further, Mr. Examiner.

MR. NUTTER: Does anyone have anything they wish to offer in Case 3308?

MR. DURRETT: If the Examiner please, I would like to ask Mr. Roberts one question.

MR. NUTTER: Mr. Durrett.

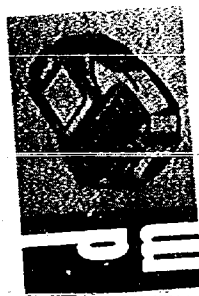
MR. DURRETT: Am I correct, Mr. Roberts, in that Continental is not necessarily insisting that the order, if an administrative procedure was established, be the entire county of Rio Arriba, as long as the Continental acreage was included in the area that the Commission would see fit to establish, Continental would have no objection to decreasing the area to be less than a county, is that correct?

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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MR. ROBERTS: That is correct. Continental Oil Company has no objection to it being decreased, but in the latter event, the acreage to be embraced by such an administrative procedure we would request would include at least Continental Oil Company's acreage, which has heretofore been described in the previous application and hearings in Case Number 3112.

MR. NUTTER: Very good. If there's nothing further in Case 3308, we will take the case under advisement.

MR. SNYDER: A. E. Snyder. I would like to make a statement on behalf of Amerada. We do operate in Northwestern New Mexico, and we would like to go on record as supporting Continental's application in this case.

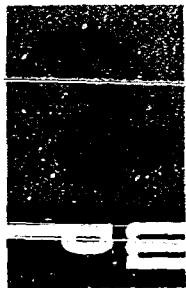
MR. NUTTER: Thank you, Mr. Snyder. Case 3308 will be taken under advisement.

* * * *

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STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, ADA DEARNLEY, Court Reporter- Notary Public, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this 25th day of October, 1965.

Ada Dearnley
NOTARY PUBLIC-COURT REPORTER

My Commission Expires:

June 19, 1967.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 3308
heard by me on 9/22, 1965.

[Signature] Examiner
New Mexico Oil Conservation Commission