

Case Number

5898

Application

Transcripts

Small Exhibits

ETC.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
April 20, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Chace Oil Company for ) CASE  
downhole commingling, Rio Arriba County,) 5898  
New Mexico. )

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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

For the Applicant: James M. Durrett, Jr., Esq.  
Attorney at Law  
2500 Louisiana Blvd., N.E.  
Albuquerque, New Mexico

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General Court Reporting Service  
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Page

EWELL N. WALSH

Direct Examination by Mr. Durrett

3

Cross Examination by Mr. Stamets

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EXHIBIT INDEX

Offered

Admitted

Applicant's Exhibit One, Plat

4

7

Applicant's Exhibit Two, Diagrammatic Sketch

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1 MR. STAMETS: We will call next Case 5898.

2 MS. TESCHENDORF: Case 5898, application of Chace  
3 Oil Company for downhole commingling, Rio Arriba County,  
4 New Mexico.

5 MR. STAMETS: Call for appearances in this case.

6 MR. DURRETT: If the Examiner please, I'm James  
7 Durrett representing the applicant, Chace Oil Company, and I'll  
8 have one witness, Mr. Walsh.

9 MR. STAMETS: If you will stand and be sworn, please.

10 (THEREUPON, the witness was duly sworn.)

11

12 EWELL N. WALSH

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

15

16 DIRECT EXAMINATION

17 BY MR. DURRETT:

18 Q Mr. Walsh, would you please state your name and  
19 occupation?

20 A My name is Ewell N. Walsh and I'm President of  
21 the Walsh Engineering and Production Corporation.

22 Q And have you previously testified before this  
23 Commission as an expert witness and had your qualifications  
24 accepted?

25 A Yes, I have.

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1 MR. DURRETT: Is the witness qualified, Mr. Examiner?

2 MR. STAMETS: Yes.

3 Q (Mr. Durrett continuing.) Now, Mr. Walsh, what is  
4 it that Chace Oil Company is seeking with this application?

5 A They are seeking approval for downhole commingling of  
6 production produced from the Gallup formation and from the  
7 Pictured Cliffs formation in the wellbore of their Jicarilla 70  
8 Well No. 3.

9 Q And what is the location of that well?

10 A It is located in Unit C of Section 33, Township 24  
11 North, Range 4 West.

12 Q And is that location set out on the plat which we  
13 have had marked as Exhibit Number One?

14 A Yes, it is, it is indicated as a location there.

15 Q When was this well originally completed, Mr. Walsh?

16 A It was originally completed in January of 1973  
17 as an approved downhole commingled Gallup-Dakota well. It was  
18 subsequently brought into what is called the South Lindrith  
19 Gallup-Dakota Pool.

20 Q And then is it correct that the well was reworked?

21 A The well was reworked and completed also in the  
22 Pictured Cliffs formation of the Ballard-Pictured Cliffs Gas Pool.  
23 This work was performed in April of 1976.

24 Q Let's refer now to your Exhibit Number Two which is  
25 your diagrammatic sketch and would you please go over that with

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1 the Examiner and indicate what that shows?

2 A. The diagrammatic sketch indicates there is -- starting

3 at the bottom, if you would, please, the Dakota perforations,

4 then a bridge plug at sixty-four hundred feet which was set

5 prior to the completion of the well in the Pictured Cliffs.

6 The well was produced from the Gallup only for a period of

7 time, however, low gas production and low fluid production

8 became a problem with the well even to produce. The operator

9 decided to attempt a completion in the Pictured Cliffs interval.

10 The Pictured Cliffs interval is indicated there as being from

11 twenty-seven oh eight to twenty-seven eighteen. For a period

12 of time after completion in the Pictured Cliffs the well was

13 produced only as a Pictured Cliffs well. The bridge plug

14 remained below the Pictured Cliffs perforations. Then a tubing

15 was run with a packer and the packer was set at twenty-nine

16 hundred feet and the well produced on the casing for the

17 Pictured Cliffs formation and on the tubing for the Gallup.

18 But again there was a problem in getting the Gallup to produce.

19 Subsequently the operator released the packer to see if

20 actually the well's producing condition could be brought to a

21 better situation by commingling the gas and essentially this

22 has happened. Before with the Gallup trying to produce by itself

23 they were getting approximately twenty-three MCF a day and one

24 to one and a half barrels of oil per day. After unseating the

25 packer and commingling production from the two formations the

1 production now is about seventy-three MCF per day and about  
2 four barrels of oil per day. What this indicates is that the  
3 gas from the Pictured Cliffs formation is helping to produce  
4 the oil from the Gallup.

5 Q All right, and that is the reason for the request for  
6 the downhole commingling, is that correct?

7 A That is true. With the well, if it was necessary to  
8 produce the Gallup through the tubing string, I doubt  
9 seriously if the operator would even do so, he would probably  
10 plug it off and go ahead and complete and produce only the  
11 Pictured Cliffs. However, by using this method it is still  
12 economically feasible to produce the Gallup so he is essentially  
13 recovering oil that he could not probably under separated  
14 conditions.

15 Q And has the applicant asked for an alternative in  
16 the event the Commission would not consider approving the  
17 downhole commingling?

18 A Yes, at the time he requested the application the  
19 alternative was for surface commingling prior to metering.  
20 However, with the production history of the well now since  
21 the application I would strongly recommend that it be downhole  
22 commingled rather than go to a segregated condition.

23 One other little piece of information concerning the  
24 two intervals. Prior to completion in the Pictured Cliffs  
25 formation the operator did have a shut-in pressure, surface

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1 shut-in pressure, that was taken after approximately a seven  
2 day period of time and on the Gallup formation. This pressure  
3 was six hundred and seventy pounds surface.

4 During the deliverability test conducted on the  
5 Pictured Cliffs portion of the well when it was produced only  
6 as a Pictured Cliffs, the Pictured Cliffs pressure was six  
7 hundred and sixty-five surface.

8 The Gallup has been produced sufficiently to draw  
9 the pressure down in the reservoir and I don't believe with  
10 these types of pressures being relatively close, I do not see  
11 where there would be harmful effects of having two formations  
12 open in the same wellbore.

13 Q All right, sir, were Exhibits One and Two prepared  
14 by you or under your supervision?

15 A Yes, they were.

16 MR. DURRETT: If the Examiner please, I would move  
17 the introduction of Exhibits One and Two and that concludes  
18 my direct examination.

19 MR. STAMETS: These exhibits will be admitted.

20 (THEREUPON, Applicant's Exhibits One and  
21 Two were admitted into evidence.)

22

23 CROSS EXAMINATION

24 BY MR. STAMETS:

25 Q Mr. Walsh, you gave a figure before commingling of



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1 twenty-three MCF, one point five barrels of oil per day. Was  
 2 this the total production or the production only from the Gallup?

3 A. At that time the Gallup was only being produced so  
 4 it is total production.

5 Q. Now, do you have any separate production figure for  
 6 the Pictured Cliffs?

7 A. Yes, the Pictured Cliffs was producing at the rate  
 8 of approximately averaging sixty MCF per day.

9 Q. Does that mean that you lost ten MCF a day of  
 10 Pictured Cliffs gas and gained two and a half barrels of Gallup  
 11 oil in the commingling?

12 A. Well, again we don't know if -- that was just prior  
 13 to and due to unstabilized conditions. This could have been  
 14 what it would have been down to anyway if they separated it.

15 Q. How is the Pictured Cliffs produced, is it flowing  
 16 or on pump?

17 A. It's flowing.

18 Q. I meant the Gallup.

19 A. No, it's flowing, it's utilizing the Pictured  
 20 Cliffs gas to help lift the fluid gas.

21 MR. STAMETS: Any other questions of the witness?

22 I presume that you will get together with the  
 23 District Supervisor after any commingling, well, subsequent to  
 24 this hearing and determine an appropriate formula or do you  
 25 have a formula you would like to present at this time for the

1 division of production?

2 THE WITNESS: If the Commission desires to divide the  
3 production between the two pools then?

4 MR. STAMETS: Yes, assuming that we do, I would like  
5 to have some figures for it.

6 THE WITNESS: Therefore I would say all of the oil,  
7 of course, would be attributed to the Gallup formation, seventy-  
8 five percent of the gas to the Ballard-Pictured Cliffs Pool,  
9 twenty-five percent of the gas to the South Lindrith  
10 Gallup-Dakota Pool.

11 MR. STAMETS: Any other questions? The witness may  
12 be excused.

13 (THEREUPON, the witness was excused.)

14 MR. STAMETS: Is there anything further in this  
15 case? We will take the case under advisement.

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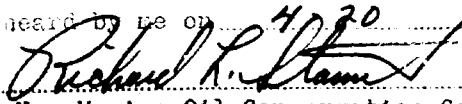
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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,  
do hereby certify that the foregoing and attached Transcript  
of Hearing before the New Mexico Oil Conservation Commission  
was reported by me, and the same is a true and correct record  
of the said proceedings to the best of my knowledge, skill and  
ability.

  
Sidney F. Morrish, C.S.R.

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I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 5898,  
heard by me on 4/30, 1977.  
  
Richard L. Stamm, Examiner  
New Mexico Oil Conservation Commission

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
April 6, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Chace Oil Company for ) CASE  
downhole commingling, Rio Arriba County,) 5898  
New Mexico. )

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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

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1 MR. NUTTER: We will call next Case Number 5898, which  
2 is the application of Chace Oil Company for downhole commingling,  
3 Rio Arriba County, New Mexico.

4 We have a request from the applicant that this case  
5 be continued and Case 5898 will be continued to the Examiner  
6 Hearing scheduled to be held at the same place at nine o'clock  
7 A.M., April 20, 1977.

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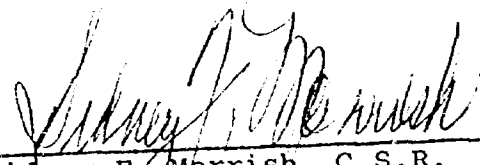
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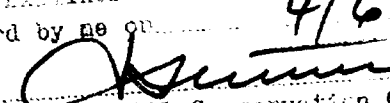
REPORTER'S CERTIFICATE

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I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,  
do hereby certify that the foregoing and attached Transcript  
of Hearing before the New Mexico Oil Conservation Commission  
was reported by me, and the same is a true and correct record  
of the said proceedings to the best of my knowledge, skill and  
ability.

  
Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing  
is a complete record of the proceedings  
the Examiner hearing of Case No. **5898**  
heard by me on **4/6**, 19**77**  
 Examiner  
New Mexico Oil Conservation Commission



BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 5898  
Order No. R-5422

APPLICATION OF CHACE 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 a.m. on April 20, 1977,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 26th day of April, 1977, 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, Chace Oil Company, is the owner  
and operator of the Jicarilla 70 Well No. 3, located in Unit C  
of Section 33, Township 24 North, Range 4 West, NMPM, Rio Arriba  
County, New Mexico.

(3) That the applicant seeks authority to commingle  
Ballard-Pictured Cliffs and South Lindrith Gallup-Dakota produc-  
tion within the wellbore of the above-described well.

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

(5) That from the South Lindrith Gallup-Dakota zone, the  
subject well is capable of low marginal production only.

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

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



-2-

Case No. 5898  
Order No. R-5422

(8) That to afford the Commission the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the Aztec district office of the Commission any time the subject well is shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in the subject well, 75 percent of the commingled gas production and none of the oil production should be allocated to the Ballard-Pictured Cliffs zone, and 25 percent and 100 percent of the commingled gas and oil production, respectively, to the South Lindrith Gallup-Dakota zone.

IT IS THEREFORE ORDERED:

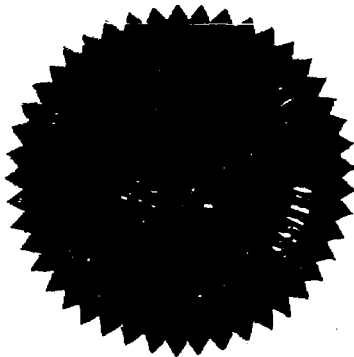
(1) That the applicant, Chace Oil Company, is hereby authorized to commingle Ballard-Pictured Cliffs and South Lindrith Gallup-Dakota production within the wellbore of the Jicarilla 70 Well No. 3, located in Unit C of Section 33, Township 24 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.

(2) That 75 percent of the commingled gas production and none of the oil production shall be allocated to the Ballard-Pictured Cliffs zone and 25 percent and 100 percent of the commingled gas and oil production, respectively, shall be allocated to the South Lindrith Gallup-Dakota zone.

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

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

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



STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman

*Emery C. Arnold*  
EMERY C. ARNOLD Member

*Joe D. Ramey*  
JOE D. RAMEY Secretary & Member

S E A L

jr/

Dockets Nos. 12-77 and 14-77 are tentatively set for hearing on April 20 and May 11, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 6, 1977

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 Richard L. Stamets, Alternate Examiner:

CASE 5884: (Continued & Readvertised)

Application of BCO, Inc., for an unorthodox location and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Greenhorn, Graneros and Dakota production in the wellbore of its Dunn Well No. 1 at an unorthodox Dakota location in Unit M of Section 10, Township 23 North, Range 7 West, Rio Arriba County, New Mexico.

CASE 5894: Application of Consolidated Oil & Gas, Inc., for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Jicarilla Well No. 5-34, at a point 790 feet from the South line and 1850 feet from the East line of Section 34, Township 26 North, Range 3 West, Blanco Mesaverde Pool, Rio Arriba County, New Mexico, to be dedicated to the E/2 of said Section 34.

CASE 5895: Application of C & K Petroleum, Inc., for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the S/2 of Section 12, Township 22 South, Range 26 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 840 feet from the South line and 1760 feet from the East line of said Section 12. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5896: Application of Exxon Company, USA, for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of a special gas-oil ratio limit of 6000 cubic feet of gas per barrel of oil for the Wantz-Abo Pool, Lea County, New Mexico.

CASE 5897: Application of Read & Stevens, Inc., for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Rose Well No. 2 to be located 1650 feet from the South line and 990 feet from the West line of Section 18, Township 15 South, Range 28 East, Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico.

CASE 5653: (Reopened)

In the matter of Case 5653 being reopened pursuant to the provisions of Order No. R-5191 which order established temporary special pool rules for the Daisey-Wolfcamp Pool, Lea County, New Mexico. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 5898: Application of Chace Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Ballard-Pictured Cliffs and South Lindrieth Gallup-Dakota production in the wellbore of its Jicarilla 70 Well No. 3 located in Unit C of Section 33, Township 24 North, Range 4 West, Rio Arriba County, New Mexico. In the alternative, applicant seeks authority to commingle said production at the surface without prior measurement and waiver of the gas-oil ratio test requirement.

CASE 5899: (This case will be continued and will be heard by the Commission at 2 p.m. on April 20, 1977, Oil Conservation Commission Conference Room, State Land Office Building, Santa Fe, New Mexico)

Application of Robert P. Wallach, Ray A. Wallach, and Patricia Louise Wallach House for an exception to Order No. R-3221, Lea County, New Mexico. Applicants, in the above-styled cause, seek, as an exception to the provisions of Commission Order No. R-3221, permission to construct and operate several earthen evaporation pits in the gravel pits in the SW/4 of Section 29, Township 21 South, Range 38 East, Lea County, New Mexico, for the disposal of produced salt water from oil and gas wells in Lea County, New Mexico.

J. M. DURRETT, JR.  
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Albuquerque, New Mexico 87110  
Telephone (505) 293-5700

cont Cas 5898  
to 4-20  
Jsu

March 30, 1977

Mr. J. D. Ramey  
Director Oil Conservation Commission  
Box 2088  
Santa Fe, New Mexico 87501

Re: Case No. 5898 - Application of Chace Oil Company  
for downhole commingling

Gentlemen:

Chace Oil Company respectfully requests a continuance of the above case from the April 6, 1977 docket to the April 20, 1977 examiner hearing or at a later date at the convenience of the commission. Mr. Ewell N. Walsh is scheduled to present the testimony and he will be out of the state during the week of April 6, 1977.

Thank you for your assistance.

Yours very truly,



J. M. Durrett, Jr.

JMD:kh

CASE 5905: (This Case will be continued to the May 11, 1977, Examiner Hearing)

Application of Palmer Oil & Gas Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde and Dakota formations underlying the W/2 SE/4 and the E/2 SW/4 of Section 3, and the NW/4 of Section 10, and all mineral interests in the Pictured Cliffs and Fruitland formations underlying the NW/4 of Section 10, all in Township 31 North, Range 7 West, San Juan County, New Mexico, to be dedicated to a well to be drilled 1800 feet from the North line and 850 feet from the West line of said Section 10. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5906: (This Case will be continued to the May 11, 1977, Examiner Hearing)

Application of Palmer Oil & Gas Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde and Dakota formations underlying the W/2 SW/4 of Section 2, the E/2 SE/4 of Section 3, and the NE/4 of Section 10, all in Township 31 North, Range 7 West, San Juan County, New Mexico, to be dedicated to a well to be drilled 1525 feet from the North line and 1850 feet from the East line of said Section 10. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5907: Application of Dome Petroleum Corporation for a special depth bracket allowable, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a special depth bracket allowable of 750 barrels of oil per day for the Papers Wash-Entrada Oil Pool, McKinley County, New Mexico.

CASE 5908: Application of Dome Petroleum Corporation for a special depth bracket allowable, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a special depth bracket allowable of 750 barrels of oil per day for the Ojo Encino-Entrada Oil Pool, McKinley County, New Mexico.

CASE 5909: Application of Dome Petroleum Corporation for pool creation and special depth bracket allowable, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the creation of the Snake Eyes-Entrada Oil Pool in Section 20, Township 21 North, Range 8 West, San Juan County, New Mexico, and the establishment of a special depth bracket allowable of 750 barrels of oil per day for said pool.

CASE 5910: Application of Yates Petroleum Corporation for gas pool creations and downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of three Pennsylvanian gas pools in Townships 17 and 18 South, Ranges 24, 25, and 26 East, Eddy County, New Mexico, including the Richard Knob- and East Eagle Creek-Lower Penn Gas Pools with provisions in each for commingling Strawn, Atoka, and Morrow production in the wellbores of wells drilled therein, and the Eagle Creek Permo-Penn Gas Pool with provision for commingling Wolfcamp, Cisco, Canyon, and Strawn production in the wellbores of wells drilled therein.

CASE 5898: (Continued from April 6, 1977, Examiner Hearing)

Application of Chace Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Ballard-Pictured Cliffs and South Lindrith Gallup-Dakota production in the wellbore of its Jicarilla 70 Well No. 3 located in Unit C of Section 33, Township 24 North, Range 4 West, Rio Arriba County, New Mexico. In the alternative, applicant seeks authority to commingle said production at the surface without prior measurement and waiver of the gas-oil ratio test requirement.

CASE 5911: Application of Odessa Natural Gas Company for special pool rules, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the adoption of special pool rules for the Chacon-Dakota Oil Pool, Rio Arriba County, New Mexico, to provide for 160-acre spacing for oil wells and for reclassification of wells from oil to gas and the removal of such gas wells to the Basin-Dakota Pool.

Dockets Nos. 15-77 and 16-77 are tentatively set for hearing on May 11 and May 25, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 20, 1977

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

The following cases will be heard before Richard L. Stanets, Examiner, or Daniel S. Rutter, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for May, 1977, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
- (2) Consideration of the allowable production of gas for May, 1977, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 5872: (Reopened)

In the matter of Case 5872 being reopened pursuant to the provisions of Order No. R-5373 which order suspended Rules 15(A) and 15(B) of the General Rules for Prorated Gas Pools as promulgated by Order No. R-1670, as amended, to permit overproduced wells to continue to produce gas during the present severe weather conditions without danger of being shut in for overproduction. All interested parties may appear and show cause why said suspension should not be rescinded. Also to be considered will be the matter of final disposition of overproduction accrued during the period of suspension of Rules 15(A) and 15(B), and what, if any, special consideration should be given to underproduction accrued to gas wells during the period of suspension of said rules.

CASE 5888: (Continued from March 23, 1977, Examiner Hearing)

Application of Dalport Oil Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its A. L. Christmas Well No. 3 to be drilled 330 feet from the South line and 2310 feet from the East line of Section 25, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico.

CASE 5901: Application of Gulf Oil Corporation for a non-standard proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 400-acre non-standard gas proration unit comprising the SE/4 of Section 8, and the E/2 NW/4 and NE/4 of Section 17, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's Theodore Anderson Wells Nos. 1 and 4, located at unorthodox locations in Unit C of said Section 8 and Unit B of said Section 17, respectively.

CASE 5902: Application of Amoco Production Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Apple Draw Unit Area comprising 3840 acres, more or less, of Federal, State, and Fee lands in Township 25 South, Range 27 East, Eddy County, New Mexico.

CASE 5903: Application of Maddox Energy Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a gas well to be drilled at a point 2310 feet from the South line and 1650 feet from the West line of Section 9, Township 18 South, Range 26 East, Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico.

CASE 5639: (Reopened)

In the matter of Case 5639 being reopened pursuant to the provisions of Order No. R-5173, which order established temporary special pool rules for the South Maljamar-Strawn Pool, Lea County, New Mexico. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 5904: (This Case will be continued to the May 11, 1977, Examiner Hearing)

Application of Palmer Oil & Gas Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Fruitland and Pictured Cliffs formations underlying the NE/4 and/or SE/4 of Section 20, Township 32 North, Range 6 West, San Juan County, New Mexico, and in the Mesaverde and Dakota formations underlying the E/2 of said Section 20, the above-described lands to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5629: (Reopened)

In the matter of Case 5629 being reopened pursuant to the provisions of Order No. R-5192, which order established temporary special pool rules for the Chacon-Dakota Oil Pool, Rio Arriba and Sandoval Counties, New Mexico. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 5889: (Continued & Readvertised)

Application of Saturn Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down to and including the Abo formation underlying the NE/4 SE/4 of Section 11, Township 23 South, Range 37 East, Lea County, New Mexico, to be dedicated to its Lineberry Well No. 1 located in Unit I of said Section; and underlying the NW/4 SE/4 of said Section 11 to be dedicated to its Lineberry Well No. 2 located in Unit J of said Section. In the event re-entry into either well is unsuccessful, applicant proposes to drill a replacement well at a standard location on its tracts. Also to be considered will be the costs of recompletion or drilling and completing said wells and the allocation of the costs thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the wells and a charge for risk involved in recompletion or drilling of said wells.

CHACE OIL COMPANY, INC.  
JICARILLA 70, WELL NO. 3

R 4 W

Unleased (Jicarilla Tribe)  29	Chace  28	T 24 N
Unleased (Jicarilla Tribe)  32	Chace Location 33	

BEFORE EXAMINER STATEMENTS  
OIL CONSERVATION COMMISSION

EXHIBIT NO. 5898

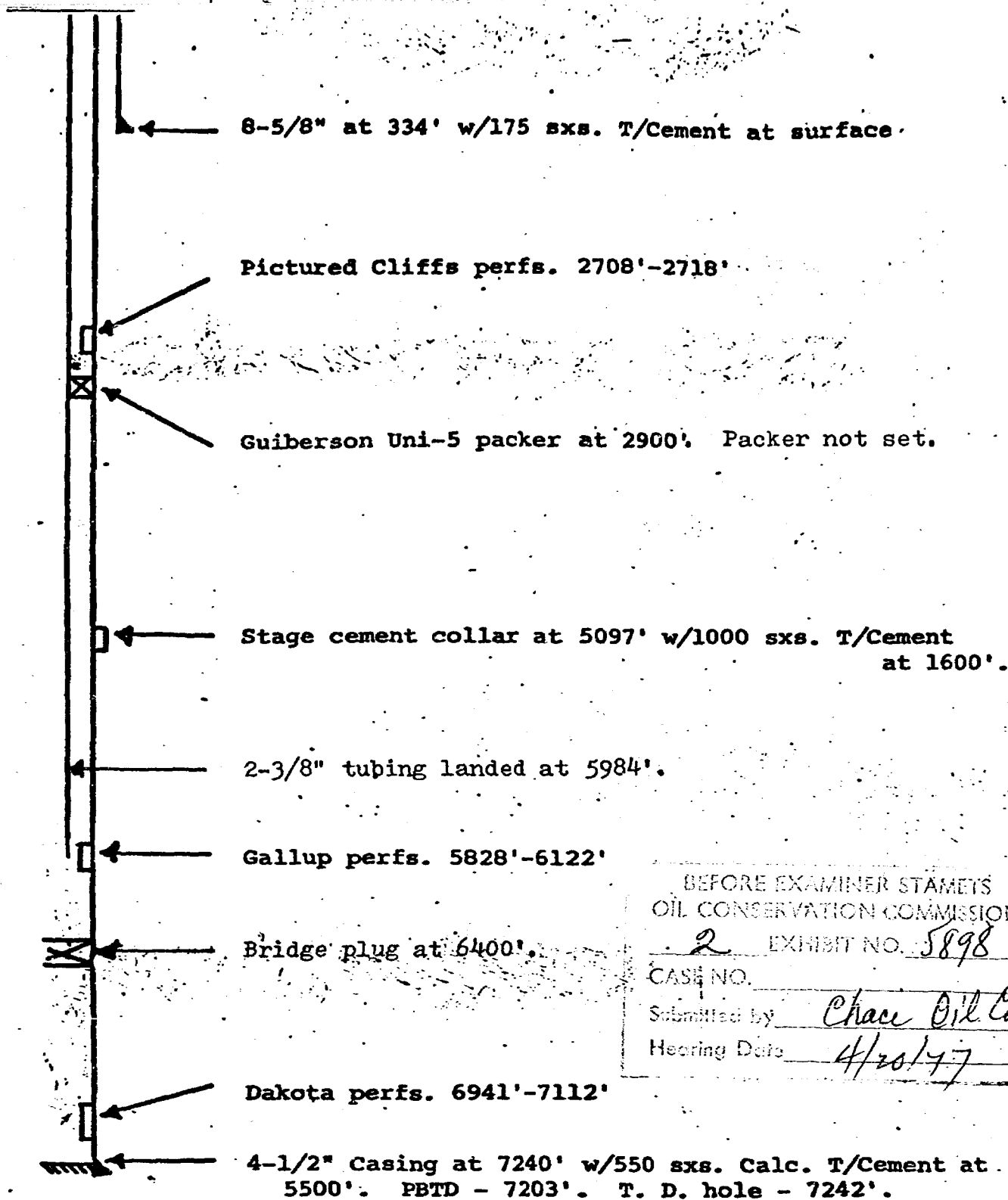
CASE NO. \_\_\_\_\_

Submitted by Chace Oil Co

Hearing Date 4/20/77

CHACE OIL COMPANY, INC.  
JICARILLA 70, WELL NO. 3

DIAGRAMMATIC SKETCH



BEFORE EXAMINER STAMET'S  
OIL CONSERVATION COMMISSION

2 EXHIBIT NO. 5898

CASE NO.

Submitted by Chace Oil Co.

Hearing Date 4/20/77



J. M. DURRETT, JR.  
*Attorney at Law*  
2500 Louisiana Blvd., N.E.  
Suite 508  
Albuquerque, New Mexico 87110  
Telephone (505) 293-5700

Case 5298

MAR 18 1977  
OIL CONSERVATION COMMISSION

March 17, 1977

Mr. J. D. Ramey  
Director Oil Conservation Commission  
Box 2088  
Santa Fe, New Mexico 87501

Re: Application of Chace Oil Company, Inc. -  
Jicarilla 70 Well No. 3

Dear Mr. Ramey:

I am enclosing in triplicate an application of Chace Oil Company for downhole commingling. I would certainly appreciate it if this application could be set for the Examiner Hearing which I understand is tentatively scheduled for April 20, 1977.

Thank you for your assistance.

Yours very truly,

*JM Durrett*

J. M. Durrett, Jr.

JMD:kh

Enclosures

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

APPLICATION OF CHACE OIL COMPANY  
FOR DOWNHOLE COMMINGLING

APPLICATION

1. The applicant, Chace Oil Company, is the owner and operator of the Chace Oil Company, Inc. Jicarilla 70 Well No. 3, located in Unit C of Section 33, Township 24 North, Range 4 West N.M.P.M., Rio Arriba County, New Mexico.

2. The subject well was completed in the South Lindrith Gallup-Dakota Pool in January of 1973. The well was reworked and completed in the Ballard Pictured Cliffs Gas Pool on April 21, 1976.

3. The applicant requests authority for downhole commingling in the subject well of the Gallup and Pictured Cliffs formations. In the alternative the applicant seeks authority to commingle the Pictured Cliffs and Gallup production at the surface and waiver of the Gas Oil Ratio test prior to metering or measurement at the well head.

4. Approval of the subject application will protect the applicant's correlative rights and prevent waste.

WHEREFORE, the applicant requests authority for downhole commingling of production from the Pictured Cliffs and Gallup formations in the Chace Oil Company, Inc. Jicarilla 70 Well No. 3, or, in the alternative, authority to commingle the Pictured Cliffs and Gallup production at the surface and

a waiver of the Gas Oil Ratio test prior to metering or measurement at the well head.

Respectfully submitted,



J. M. DURRETT, JR.  
Attorney for Chace Oil Company  
2500 Louisiana Blvd., N.E.  
Suite 508  
Albuquerque, New Mexico 87110

dr/

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 5898

Order No. R- 5422

APPLICATION OF CHACE 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 a.m. on April 20,  
19 77, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this        day of April, 1977, 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, Chace Oil Company, is the  
owner and operator of the Jicarilla 70 Well No. 3, located  
in Unit C of Section 33, Township 24 North, Range  
4 West, NMPM, Rio Arriba County, New Mexico.

(3) That the applicant seeks authority to commingle Gallup-Dakota  
Ballard-Pictured Cliffs and South Lindrith /        production  
within the wellbore of the above-described well.

(4) That from the Ballard-Pictured Cliffs zone, the  
subject well is capable of low <sup>rate of</sup> ~~marginal~~ production only.

(5) That from the South LindrithGallup-Dakota zone, the  
subject well is capable of low marginal production only.

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

Case No. \_\_\_\_\_  
Order No. R- \_\_\_\_\_

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

(8) That to afford the Commission the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the Aztec district office of the Commission any time the subject well is shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in the subject well, 75 percent of the commingled gas production <sup>and none of the oil production</sup> should be allocated to the Ballard-Pictured Cliffs zone, and 25 percent <sup>of the gas</sup> percent of the commingled gas and oil production <sup>respectively,</sup> to the South Lindrith Gallup-Dakota zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, Chace Oil Company, is hereby authorized to commingle Ballard-Pictured Cliffs and South Lindrith Gallup-Dakota production within the wellbore of the Jicarilla 70 Well No. 3, located in Unit C of Section 33, Township 24 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.

(2) That 75 percent of the commingled gas production <sup>and none of the oil production</sup> shall be allocated to the Ballard-Pictured Cliffs zone and 25 percent <sup>of the gas</sup> percent of the commingled gas and oil production <sup>respectively,</sup> shall be allocated to the South Lindrith Gallup-Dakota zone.

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

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

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

