

CASE 5313: Application of EL PASO
FOR DOWNHOLE COMMINGLING, SAN
JUAN COUNTY, NEW MEXICO.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 16, 1974

EXAMINER HEARING

IN THE MATTER OF:)
)
)

Application of El Paso Natural Gas)
Company for downhole commingling,)
San Juan County, New Mexico.)
)
)

CASE 5313

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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

MR. STAMETS: We will the next Case, 5313.

MR. CARR: Application of El Paso Natural Gas
Company for downhole commingling, San Juan County, New Mexico.

Mr. Examiner, this Case was continued and readvertised
because of an error in the advertising.

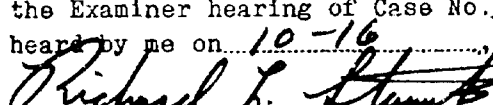
MR. STAMETS: Does anyone have anything they wish
to add at this time in Case No. 5313?

Case 5313 will be taken under advisement.

STATE OF NEW MEXICO)
) SS.
COUNTY OF SANTA FE)

I, SIDNEY F. MORRISH, Court 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, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5313, heard by me on 10-16, 1977.

Richard L. Ham, Examiner
New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 18, 1974

EXAMINER HEARING

-----)
IN THE MATTER OF:)

Application of El Paso Natural)
Gas Company for downhole)
commingling, San Juan County,)
New Mexico.)

Case No. 5313

-----)
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: William Carr, Esq.
Legal Counsel for the
Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant: Randy J. Waldman, Esq.
El Paso Natural Gas Company
El Paso, Texas

CASE 5313

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I N D E X

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E. R. MANNING

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MANNING-DIRECT

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MR. STAMETS: Case 5313.

MR. CARR: Case 5313. Application of El Paso Natural Gas Company for downhole commingling, San Juan County, New Mexico.

MR. STAMETS: We call for appearances in this case.

MS. WALDMAN: Mr. Examiner, I am Randy Waldman of El Paso Natural Gas Company. I have a letter of association and I have one witness, Mr. E. R. Manning.

MR. STAMETS: Are there any other appearances in this case? The witness will stand and be sworn, please.

(Witness sworn.)

E.R. MANNING

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

DIRECT EXAMINATION

BY MS. WALDMAN:

Q Would you please state your name and where you reside?

A My name is E. R. Manning, and I reside in El Paso, Texas.

Q By whom are you employed and in what capacity?

A I am employed by El Paso Natural Gas Company as Chief Production Engineer.

MANNING-DIRECT

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Q As a ororation engineer, have you previously testified before this Commission or one of its Examiners?

A Yes, I have.

Q Mr. Manning, are you familiar with Case No. 5313 involving El Paso Natural Gas Company?

A Yes, I am.

MS. WALDMAN: Are the witness' qualifications acceptable to the Commission?

MR. STAMETS: They are.

BY MS. WALDMAN:

Q Mr. Manning, what does El Paso seek in Case 5313?

A El Paso seeks in this Hearing, permission to downhole commingle Pictured Cliffs gas with the Blanco-Mesaverde gas and produce this gas through one meter in its Ludwick No.11 Well, located in Unit B, Section 19, Township 30 North, Range 10 West, San Juan County, New Mexico. We also propose an allocation for the gas from each of the zones.

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

A Well, we would like to downhole commingle this gas due to the low productivity of both of these zones and due to the high cost of repairing a suspected packer

in this well.

Q Do you have an exhibit showing the present equipment in this well?

A Yes, I have.

Q Would you please explain what the exhibit shows?

A I have a diagramatic sketch of the equipment which has been marked as El Paso's Exhibit No. 1, and this exhibit shows, among other things, that there are two strings of tubing installed in the Ludwick No. 11. It also shows that a Baker Model D Production Packer is set at 2991 feet to separate the two zones of production. You will also note that there is a Baker Model D Production Packer set at 3012 feet. This well has a previous history of a packer leak, and in order to repair the leak, El Paso simply installed another Baker Packer above the old one and set it at 2991 feet.

Q Has a leak been determined to exist in this well?

A We don't know exactly where this leak is. There is a leak in the well.

Q What, in your opinion, is causing this leak?

A Well, I believe the sealer rings on the Baker Model D Production Packer are leaking.

Q Have packer leakage tests been able to show

where exactly any communication has been?

A No. Subsequent testing of the well has failed to locate the exact nature of the leak or leaks. We have conducted several temperature surveys on this well attempting to locate the exact point of communication, and at this time, we don't know precisely where this communication exists.

Q Prior to the time that communication was noted, what was the normal producing rate from each zone of this well?

A In 1973, the actual flow rate measured during the deliverability test period indicated that the Pictured Cliffs Zone had a flow rate of 87 MCF per day. Now, the Mesaverde Zone was not tested in 1973 because this well at that time was classified as an exempt marginal well in the proration schedules from January through October, inclusive, of 1973. However, the 1972 deliverability test of the Mesaverde Zone indicated a deliverability of 84 MCF per day.

Q What is the combined ability of the Ludwick No. 11 to produce gas right now?

A Approximately 150 MCF per day of gas.

Q Are these flow rates considered to be quite small?

A Yes, they are. In my opinion, these are considered small flow rates. They are not exactly barn-burners.

Q What is the estimated total cost of repairing this leak?

A We estimate it will cost somewhere in the neighborhood of \$6000 to repair this packer leak.

Q Is it possible that it may involve a greater cost?

A It very well could. Since we were unable to locate the exact point of communication, it is possible that additional repairs may have to be made if it is later determined that the leak exists somewhere else. As an example, in the tubing. We may have to change out the long string of tubing.

Q Might the cost of repairing the well as a dual completion be considered unprofitable to El Paso?

A Yes, in which case, we might not repair the well and one zone, would of necessity, have to be plugged and the gas in the pool would be abandoned in the zone in which it would be plugged.

Q In your opinion, would granting of this Application for downhole commingling of the gas prevent waste?

A Yes.

Q What is the nature of the ownership in the two

producing intervals?

A The division of ownership in the two zones, or three divisions of ownership in the two zones is identical.

Q In your opinion, will the granting of this Application protect correlative rights?

A Yes.

Q Do you propose an allocation formula by which the gas production can be apportioned in the two producing zones?

A Yes.

Q Would you please explain what that formula is?

A I have looked into the production history of the two zones in this well from 1957 until 1964.

Q Do you mean 1974?

A 1974. Thank you. And I find that the two zones produced -- as the two zones produced, there have been periods when the Mesaverde Zone produced as much as 67 percent of the total production from the well, while at other times, it only contributed approximately 30 percent of the total production from the well.

Also, in reviewing our records, I find that the year-to-date average producing rate for the Mesaverde is 73 MCF per day in 1973 and 64 MCF per day in 1972, and

69 MCF per day in 1971. The Pictured Cliffs year-to-date average producing rate was 76 MCF per day in 1973, 94 MCF per day in 1972, and 88 MCF per day in 1971.

Now, this will yield an average producing rate of approximately 69 MCF per day for the Mesaverde and 86 MCF per day for the Pictured Cliffs, and this indicates that 45 percent of the gas rate -- it indicates to me -- that 45 percent of the gas rate was from the Mesaverde Zone while 55 percent of the rate was from the Pictured Cliffs Zone.

Also, for the years 1969 through 1973, inclusive, the Mesaverde Zone contributed 45 percent of the produced volume and the Pictured Cliffs Zone produced 55 percent of the volume, and for this reason, I am recommending that should we be granted permission to downhole commingle, that we divide it 45 percent of the total production -- or that we should allocate 45 percent of the total production to the Blanco-Mesaverde Gas Pool and 55 percent of the production to the Aztec-Pictured Cliffs Pool.

Q Do you have anything further in this case?

A No, I do not.

Q Was Exhibit No. 1 prepared by you or under your supervision?

A Yes, it was.

MS. WALDMAN: Mr. Examiner, we ask that Exhibit No. 1 be accepted in evidence, and this completes our direct testimony in this case.

MR. STAMETS: Exhibit No. 1 will be admitted.

(Whereupon, Applicant's Exhibit No. 1 was marked for identification, and was admitted into evidence.)

MR. STAMETS: Are there any questions of the witness? Mr. Arnold?

CROSS EXAMINATION

BY MR. ARNOLD:

Q You were speaking just now about allocation. Formerly, you weren't using an allocation in the sense of it being a proration, were you?

A No, sir. More appropriately, I guess it should have been a divisional formula or something along that order, not --

Q (Interrupting) In other words, you were thinking of dividing the production for statistical purposes and not for proration?

A Yes, sir, that is true.

Q In the event that -- I think one of these pools

is a prorated pool and one is a non-prorated pool -- so that possibly the problem isn't as big here as it might be in some other places where you were commingling two prorated pools, but I think there is a case before the Commission at the present time for infill drilling in the Blanco-Mesaverde Pool, and if at some future date a well should be drilled on some other 160-acre unit in the pool and the combined Mesaverde gas -- or, let's suppose this way: That the new well was a non-marginal well in the Blanco-Mesaverde Pool, how would you then propose that proration should be handled on this type of unit?

A Mr. Arnold, really, I don't know how the Commission is going to rule on this thing. Supposing with you along the lines that you propose there, I really see no problem in handling downhole commingling with such poor wells. I would suggest that it may be treated as possibly two separate wells there. The new well would receive an allowable and the other downhole commingled well which in all probability will be either marginal or exempt marginal and just be allowed to produce it. It is exempt marginal status. I have no indication of how the Commission is going to rule on this case that you speak of.

Q I might say that I have no indication of that either at the moment. That was a theoretical approach.

A Yes, sir, I can theorize with you. But I foresee no problem in handling this. We are asking -- at this time we are asking for just one well, the Ludwick 11, and I certainly see no problem with the Ludwick 11.

Q You would propose at that time that the amount of production you are going to allocate to Pictured Cliffs would simply be deducted from the total?

A That is one way, take the percentage that was assigned to the Mesaverde and deduct it from the total 320 allowable that you come up with, assuming it is a non-allowable well.

Q I am not trying to be difficult, but I think the time to face that problem is before we get into it with some wells.

A It could very well be, but as I stated, we are only asking in the Ludwick 11 now, and we see no problem with the Ludwick 11.

MR. ARNOLD: That's all the questions I have.

MR. STAMETS: Are there any other questions?

CROSS EXAMINATION

BY MR. STAMETS:

MANNING-CROSS

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Q Mr. Manning?

A Yes, sir.

Q How would you propose to recomplete this well?
Where would you intend to set the tubing?

A I don't believe I understand exactly what you
speak of.

Q Do you plan to pull the existing tubing --

A (Interrupting) How we intend to produce the well?

Q Right.

A We intend to leave it just like it is and produce
it as is.

Q I see. So you just leave the leak there?

A Yes, sir. If we are granted permission to
downhole commingle, this is our proposed production method.

Q And you will be producing out of both strings
of tubing and not just a single string?

A Yes, sir, but we will be producing through one
meter.

Q Okay. Now, is El Paso the gas transporter?

A Yes.

Q So if there is a necessity to, El Paso can
designate on Form C-111 how much of the gas is coming from
each of these zones even though it is on a single meter

at the well?

A Yes, sir. We will do this for the Commission if we are granted permission to downhole commingle through the computer.

Q I believe that there is an error in the advertisement of this case, the well having been identified as being located in Section 9 instead of Section 19.

A Mr. Examiner, I didn't catch that error until yesterday afternoon.

Q I believe that this will necessitate a re-advertisement of this particular case for some other date, at which time the case will be called and if there are no appearances at that time, then we can go ahead and issue an order based on this record.

MS. WALDMAN: Will this necessitate our putting in an additional appearance?

MR. STAMETS: No.

MS. WALDMAN: All right.

MR. STAMETS: Are there any other questions of this witness? He may be excused.

(Witness dismissed.)

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

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I, RICHARD L. NYE, Court 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.

Robert A. Reynolds
COURT REPORTER

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5313
heard by me on 9-18, 1974.
Richard L. Hunt, Examiner
New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 942-0386

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. 5313
Order No. R-4871

APPLICATION OF EL PASO NATURAL GAS
COMPANY FOR DOWNHOLE COMMINGLING,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 18, 1974, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 22nd day of October, 1974, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, El Paso Natural Gas Company, is the owner and operator of the Ludwick Well No. 11, located in Unit B of Section 19, Township 30 North, Range 10 West, NMPM, San Juan County, New Mexico.
- (3) That applicant seeks authority to commingle Aztec-Pictured Cliffs and Blanco-Mesaverde production in the wellbore of the above-described well.
- (4) That from the Pictured Cliffs formation the subject well is capable of very low marginal production only.
- (5) That from the Mesaverde formation the subject well is capable of very low marginal production only.
- (6) That the subject well is presently completed as a dual completion but that there is communication between the zones due to a leaking packer.
- (7) That repairing the packer would not be economical in view of the low productive capacity of the well.

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CASE NO. 5313
Order No. R-4871

(8) 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.

(9) 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 subject well is not shut-in for an extended period.

(10) That in order to properly allocate the commingled production to each of the commingled zones in the subject well, 55 percent of the commingled production should be allocated to the Aztec-Pictured Cliffs zone and 45 percent should be allocated to the Blanco-Mesaverde zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, El Paso Natural Gas Company is hereby authorized to commingle Aztec-Pictured Cliffs and Blanco-Mesaverde production in its Ludwick Well No. 11, located in Unit B of Section 19, Township 30 North, Range 10 West, NMPM, San Juan County, New Mexico, in such a manner as to permit production of commingled gas through two strings of tubing.

(2) That 55 percent of the commingled production shall be allocated to the Aztec-Pictured Cliffs zone and 45 percent of the commingled production shall be allocated to the Blanco-Mesaverde zone.

(3) That the operator of the subject well shall immediately notify the Commission's Aztec District Office any time the subject well has been shut-in for 7 consecutive days.

(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

I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

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

SEAL
jr/

Docket No. 30-74

Dockets Nos. 30-74 and 31-74 are tentatively set for hearing on October 30 and November 13, 1974. Application for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 16, 1974

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas from seventeen prorated pools in Lea, Eddy, Roosevelt, and Chaves Counties, New Mexico, for November, 1974;
- (2) Consideration of the allowable production of gas from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for November, 1974.

CASE 5304: (Continued from the September 4, 1974, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Mercury Production Company, American Employers' Insurance Company and all other interested parties to appear and show cause why the Mercury State Well No. 1 located in Unit E of Section 27, Township 10 South, Range 26 East, Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Commission approved plugging program.

CASE 5292: (Continued from the September 18, 1974, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit El Paso Natural Gas Company, United States Fidelity and Guaranty Co., and all other interested parties to appear and show cause why each of the following wells should not be plugged and abandoned in accordance with a Commission-approved plugging program:

EPNG Ludwick Well No. 11, located in Unit B, Section 19, Township 30 North, Range 10 West, San Juan County, New Mexico;

EPNG Rincon Unit Well No. 127, located in Unit A, Section 28, Township 27 North, Range 6 West, Rio Arriba County, New Mexico; and

EPNG Warren A Well No. 2, located in Unit A, Section 23, Township 28 North, Range 9 West, San Juan County, New Mexico.

CASE 4976: (Reopened) (Continued from the October 2, 1974, Examiner Hearing)

In the matter of Case No. 4976 being reopened pursuant to the provisions of Order No. R-4638 to permit all operators in the West Parkway-Strawn

(Case 4976 continued from Page 1)

and West Parkway-Atoka Gas Pools in Section 28, Township 19 South, Range 29 East, Eddy County, New Mexico, to appear and present evidence to clearly establish the nature of the reservoirs, proper rates of production for wells therein, and special rules therefor.

✓ CASE 5313: (Continued and Readvertised)

Application of El Paso Natural Gas Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Aztec-Pictured Cliffs and Blanco-Mesaverde production in the wellbore of its Ludwick Well No. 11 located in Unit B of Section 19, Township 30 North, Range 10 West, San Juan County, New Mexico.

CASE 5338: Application of Amerada Hess Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water into the Devonian formation through the open-hole interval from 10,980 feet to 11,180 feet in its State BTC Well No. 1, located in Unit N of Section 35, Township 11 South, Range 33 East, Bagley Siluro-Devonian Pool, Lea County, New Mexico.

CASE 5339: Application of John L. Cox for salt water disposal, Lea County, New Mexico. Applicant in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation through the open-hole interval from approximately 4989 feet to 5017 feet in his U.S.M. Well No. 2, located in Unit H of Section 27, Township 9 South, Range 37 East, West Sawyer-San Andres Pool, Lea County, New Mexico.

CASE 5340: Application of Atlantic Richfield Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its State BR Well No. 1, located in Unit K of Section 16, Township 21 South, Range 26 East, Eddy County, New Mexico, in such a manner as to produce gas from an undesignated Atoka gas pool through the tubing and gas from an undesignated Morrow gas pool through the casing-tubing annulus by means of a cross-over assembly.

CASE 5341: Application of Texas Oil & Gas Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Williamson Fed. Well No. 3, located 660 feet from the North line and 1980 feet from the East line of Section 9, Township 20 South, Range 29 East, NMPM, Burton Flats-Morrow Gas Pool, Eddy County, New Mexico, the E/2 of said Section 9 to be dedicated to the well.

CASE 5342: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Leon Davis, Fidelity and Deposit Company of Maryland, and all other interested parties to appear and show cause why the New Mexico State "Heart" Well No. 1, located in Unit J of Section 16, Township 14 North, Range 32 East, NMPM, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5343: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Paul Haskins, Trustee and Continental Casualty Company, and all other interested parties to appear and show cause why the Arthur Cain Well No. 1, located in Unit N of Section 4, Township 15 North, Range 33 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5344: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit American Fuels Corporation and Aetna Casualty and Surety Company, and all other interested parties, to appear and show cause why the following American Fuels Wells on the W-S Ranch in Colfax County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program:

NM-B Well No. 1, located in Unit G of Section 6, Township 30 North, Range 19 East;

NM-B Well No. 2, located in Unit P of Section 16, Township 30 North, Range 18 East;

NM-B Well No. 4, located in Unit H of Section 18, Township 30 North, Range 18 East;

NM-B Well No. 5, located in Unit P of Section 30, Township 30 North, Range 19 East; and

NM-B Well No. 10, located in Unit N of Section 24, Township 31 North, Range 19 East.

CASE 5345: Application of Texaco, Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Fusselman, Montoya, and Ellenburger formations, North Justis Field, in the wellbore of its G. L. Erwin "B" Fed. (NCT-2) Well No. 5, located in Unit P of Section 35, Township 24 South, Range 37 East, Lea County, New Mexico.

CASE 5346: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Blinebry formation and the East Warren-Drinkard Pool in the wellbore of its Warren Unit Well No. 11, located in Unit A of Section 35, Township 20 South, Range 38 East, Lea County, New Mexico.

CASE 5347: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the West Warren-Blinebry and East Skaggs-Drinkard Pools in the wellbore of its SEMJ Berger Well No. 21, located in Unit O of Section 19, Township 20 South, Range 38 East, Lea County, New Mexico.

Examiner Hearing - Wednesday - October 16, 1974

Docket No. 29-74

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CASE 5348: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Blinebry and Drinkard Pools in the wellbores of its Elliott B Well No. 6, located in Unit J of Section 6, Township 22 South, Range 37 East, and its Lockhart B-1 Well No. 9, located in Unit I of Section 1, Township 22 South, Range 36 East, both in Lea County, New Mexico.

Dockets Nos. 29-74 and 30-74 are tentatively set for hearing on October 2 and October 16, 1974. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 18, 1974

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas from seventeen prorated pools in Lea, Eddy, Roosevelt, and Chaves Counties, New Mexico, for October, 1974;
- (2) Consideration of the allowable production of gas from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for October, 1974;

CASE 5288: (Continued from the August 7, 1974, Examiner Hearing)

Application of Merrion & Bayless for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of hydrocarbon production from the top of the Gallup formation at 5434 feet to the base of the Dakota formation at 6570 feet in its Keeling Federal Well No. 1 located in Unit B of Section 20, Township 25 North, Range 8 West, Dufers Point-Dakota Pool, San Juan County, New Mexico.

CASE 5313: Application of El Paso Natural Gas Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Aztec-Pictured Cliffs and Blanco-Mesaverde production in the wellbore of its Ludwick Well No. 11 located in Unit B of Section 9, Township 30 North, Range 10 West, San Juan County, New Mexico.

CASE 5292: (Continued from the August 7, 1974, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit El Paso Natural Gas Company, United States Fidelity and Guaranty Co., and all other interested parties to appear and show cause why each of the following wells should not be plugged and abandoned in accordance with a Commission-approved plugging program:

EPNG Ludwick Well No. 11, located in Unit B, Section 19, Township 30 North, Range 10 West, San Juan County, New Mexico;

EPNG Rincor Unit Well No. 127, located in Unit A, Section 28, Township 27 North, Range 6 West, Rio Arriba County, New Mexico; and

EPNG Warren A Well No. 2, located in Unit A, Section 23, Township 28 North, Range 9 West, San Juan County, New Mexico.

- CASE 5316: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Benson-Montin-Greer Drilling Corporation and Hartford Accident and Indemnity Company and all other interested parties to appear and show cause why the Segal Well No. 1 located in Unit K of Section 10, Township 31 North, Range 13 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5317: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit R & G Drilling Company, Inc., and all other interested parties to appear and show cause why the Marron Well No. 42 in Unit M of Section 22, Township 27 North, Range 8 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5318: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit William C. Russell and United States Fidelity and Guaranty Company and all other interested parties to appear and show cause why the Marron Well No. 46 located in Unit K of Section 23, Township 27 North, Range 8 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5326: Application of William C. Russell for directional drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the directional drilling of his Hammond Well No. 1, the surface location of which is 1800 feet from the North line and 1650 feet from the East line of Section 26, Township 27 North, Range 8 West, Largo-Chacra Pool, San Juan County, New Mexico.
- CASE 5328: Application of R & G Drilling Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blanco-Mesaverde and Basin-Dakota gas production in the wellbore of its Hammond Well No. 47, located in Unit K of Section 35, Township 27 North, Range 8 West, San Juan County, New Mexico.
- CASE 5312: Application of SEC Corporation for two non-standard carbon dioxide gas units, Harding County, New Mexico. Applicant, in the above-styled cause, seeks approval for two non-standard gas units in the South Bueyeros Carbon Dioxide Field, Harding County, New Mexico, the first comprising the W/2 NE/4, SE/4 NE/4, and NE/4 SE/4 of Section 32, Township 19 North, Range 30 East, to be dedicated to a well to be drilled in the approximate center of the SW/4 NE/4 of said Section 32; the second non-standard unit would comprise the SW/4 NE/4, N/2 SE/4 and SE/4 SE/4 of Section 5, Township 18 North, Range 30 East, and would be dedicated to a well in the approximate center of the NW/4 SE/4 of said Section 5.

- CASE 5314: Application of Gulf Oil Corporation for simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of its W. A. Ramsay Wells Nos. 6, 7, and 20 located in Units H, N, and E, respectively, of Section 35, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to a standard 640-acre gas proration unit comprising all of said Section 35. Each of the aforesaid wells is at a non-standard location for a 640-acre unit in said pool.
- CASE 5315: Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinebry, Tubb-Drinkard, and Fusselman production in the wellbore of its G. L. Erwin "B" Federal Well No. 4 located in Unit O of Section 35, Township 24 South, Range 37 East, Justis Field, Lea County, New Mexico.
- CASE 5319: Application of Alan Ralston dba Apollo Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying the NW/4 of Section 25, Township 25 South, Range 36 East, Lea County, New Mexico, to form a 160-acre non-standard gas proration unit to be dedicated to applicant's Brown Well No. 1 located 1980 feet from the North line and 2310 feet from the West line of said Section 25. Applicant further seeks the pooling of all mineral interests in the Jalmat Pool underlying the following 40-acre oil proration units in said Section 25: the NW/4 NW/4 to be dedicated to Brown Well No. 2 located 330 feet from the North line and 825 feet from the West line; the NE/4 NW/4 to be dedicated to Brown Well No. 3 located 365 feet from the North line and 1650 feet from the West line; the SE/4 NW/4 to be dedicated to Brown Well No. 4 located 1600 feet from the North line and 1870 feet from the West line; and the SW/4 NW/4 to be dedicated to Brown Well No. 5 located 1650 feet from the North line and 990 feet from the West line. Also to be considered will be the cost of reworking said wells and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the wells and a charge for risk involved in reworking said wells.
- CASE 5320: Application of Lively Exploration Company for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 341.33-acre non-standard gas proration unit comprising Lots 9, 10, 11, and 12 of Section 7, and Lots 1, 2, 3, and 4 and the E/2 W/2 of Section 18, Township 29 North, Range 8 West, Basin-Dakota Pool, San Juan County, New Mexico, to be dedicated to a well to be drilled at a standard location for said unit.

- CASE 5321: Application of Northern Minerals, Inc. for pool creation and special pool rules, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the creation of the Miguel Creek-Hospah Oil Pool in Township 16 North, Range 6 West, McKinley County, New Mexico, and for the promulgation of special pool rules therefor, including the elimination of the requirement for surface casing and authority to inject water through casing. Applicant is currently conducting waterflood operations in said pool pursuant to authority granted by Order No. R-4649 and seeks administrative provision for the drilling of additional injection and production wells at orthodox and unorthodox locations.
- CASE 5322: Application of Phillips Petroleum Company for an exception to Rule 104-C-I, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Commission Rule 104-C-I to permit the production of its Santa Fe Wells Nos. 41 and 86, both of which are located in Unit C of Section 26, Township 17 South, Range 35 East, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico, said wells being located closer than the required 330 feet apart.
- CASE 5323: Application of Cities Service Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests of Pennsylvanian age, or older, underlying the E/2 of Section 32, Township 21 South, Range 27 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location for said unit. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5324: Application of Cities Service Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests of Pennsylvanian age, or older, underlying the E/2 of Section 18, Township 22 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico, to be dedicated to applicant's Tracy "B" Well No. 1, the surface location of which is 2045 feet from the South line and 479 feet from the East line of said Section 18. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5325: Application of Cities Service Oil Company for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Tracy "B" Well No. 1, the surface location of which is 2045 feet from the South line and 479 feet from the East line of Section 18, Township 22 South, Range 27 East, South

(Case 5325 continued from Page 4)

Carlsbad Field, Eddy County, New Mexico, in such a manner as to bottom said well in the Morrow formation at an orthodox location within 165 feet of a point 2145 feet from the North line and 825 feet from the East line of said Section 18. Applicant further seeks approval for the unorthodox location of said well in the Strawn formation, in the event production is therein encountered, within a 100-foot radius of a point 2600 feet from the North line and 675 feet from the East line of said Section 18. The E/2 of said Section 18 would be dedicated to the well for both formations.

CASE 5327: Application of Cities Service Oil Company for an unorthodox location and gas injection, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Empire-Abo Unit Well No. 111 to be drilled at a point 990 feet from the South line and 1880 feet from the West line of Section 35, Township 17 South, Range 27 East, Empire-Abo Pool, Eddy County, New Mexico. This well is to be used as a gas injection well and, in exception to the provisions of Order No. R-4808, is located 1140 feet from the outer boundary of the Citgo Empire-Abo Unit Boundary, rather than the required 1650 feet from the outer boundary.

J. O. SETH (1883-1963)

A. K. MONTGOMERY
WM. R. FEDERICI
FRANK ANDREWS
FRED C. HANNAHS
SUMNER G. BUELL
SETH D. MONTGOMERY
FRANK ANDREWS III
OWEN M. LOPEZ

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POST OFFICE BOX 2307
AREA CODE 505
TELEPHONE 982-3876

September 17, 1974

Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87503

Attention: Mr. Richard L. Stamets, Examiner

Re: Case No. 5313 - Application of El Paso
Natural Gas Company for downhole
commingling, San Juan County, N.M.
Our File No. 5086-74-10

Gentlemen:

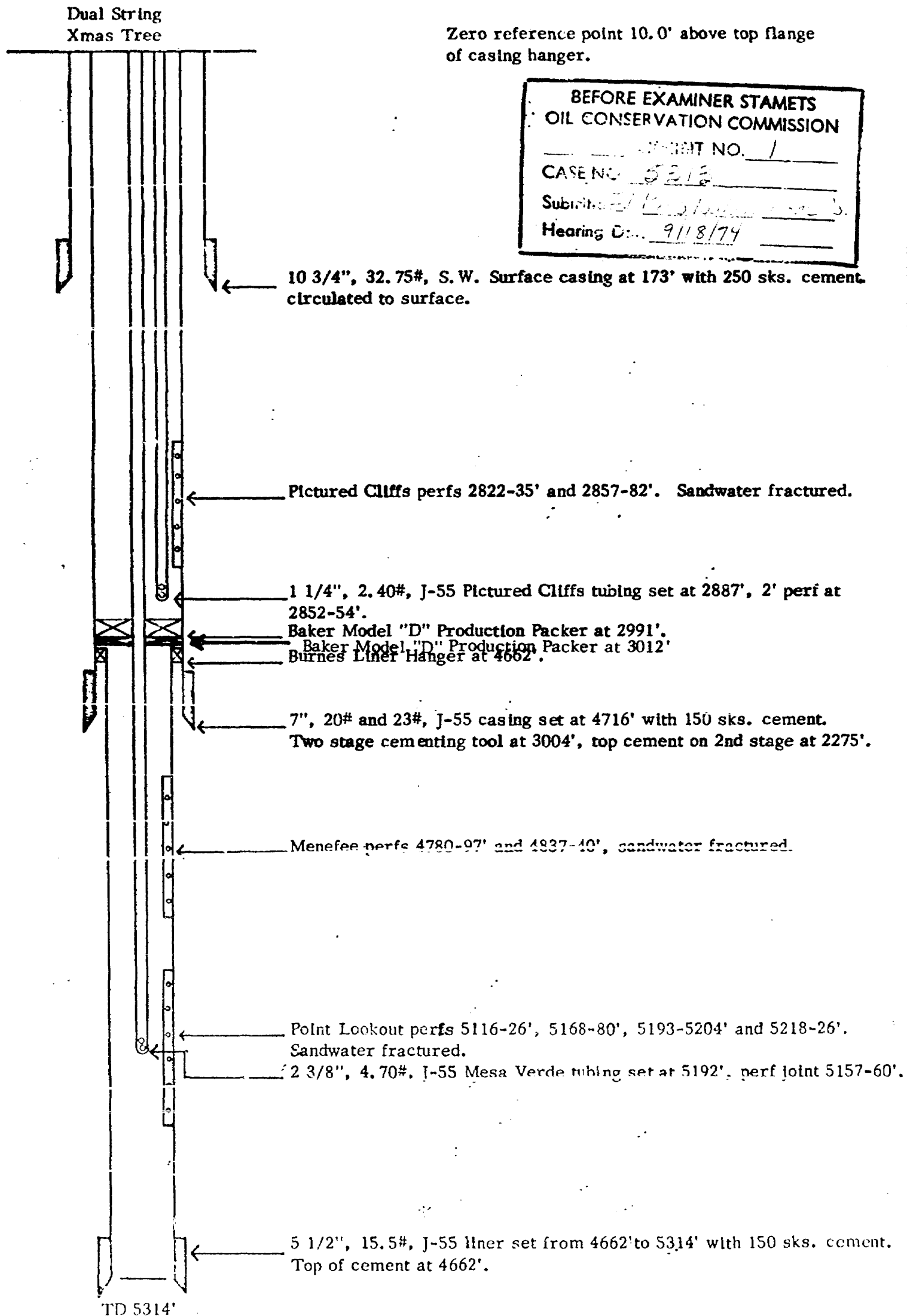
Please be advised that Ms. Randy Waldman, an attorney
with El Paso Natural Gas Company, El Paso, Texas, is
associating with our law firm in the presentation of
the above-referenced application before your Commission.

Very truly yours,

Owen M. Lopez

OML:rmb

Schematic Diagram of Dual Completion
El Paso Natural Gas Company Ludwick #11 (PM)
NE/4 Section 19, T-30-N, R-10-W



El Paso Natural Gas Company

El Paso, Texas 79978

Case 5-313

August 8, 1974

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

Gentlemen:

El Paso Natural Gas Company respectfully requests a hearing be set before the NMOCC or its designated examiner for September 4, 1974. El Paso seeks approval to downhole commingle gas from the Aztec Pictured Cliffs Pool with gas from the Blanco Mesaverde Pool in its Ludwick #11 well. El Paso's Ludwick #11 well is located in Unit B, Section 19, T-30-N, R-10-W, San Juan County, New Mexico.

Very truly yours,

E. R. Manning

E. R. Manning
Chief Proration Engineer

ERM:tm

DUCKETT MAILED

9-6-74

jr/TWD

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. 5313

Order No. R-7871

APPLICATION OF EL PASO NATURAL GAS
COMPANY FOR DOWNHOLE COMMINGLING,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 18, 1974,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this 18th day of September, 1974, the Commission,
a quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, El Paso Natural Gas Company, is the
owner and operator of the Ludwick Well No. 11, located in Unit B
of Section 19, Township 30 North, Range 10 West, NMPM, San Juan
County, New Mexico.

(4) That from the ~~Pete~~ - Pictured Cliffs ~~zone~~ formation the subject well is capable of very low marginal production only.

-2-
CASE NO. 5313
Order No. R-

(3) That applicant seeks authority to commingle Aztec-Pictured Cliffs and Blanco-Mesa Verde production in the wellbore of the above-described well.

(5) That from the Mesaverde formation the subject well is capable of very low marginal production only.

(6) That the subject well is presently completed as a dual completion but that there is communication between the zones due to a leaking packer.

(7) That repairing the packer would not be economical in view of the low productive capacity of the well.

(8) 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.

(9) 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 subject well is not shut-in for an extended period.

(10) That in order to properly allocate the commingled production to each of the commingled zones in the subject well, 55 percent of the commingled production should be allocated to the Aztec-Pictured Cliffs zone and 45 percent should be allocated to the Blanco-Mesaverde zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, El Paso Natural Gas Company is hereby authorized to commingle Aztec-Pictured Cliffs and Blanco-Mesaverde production in its Ludwick Well No. 11, located in Unit B of Section 19, Township 30 North, Range 10 West, NMPM, San Juan County, New Mexico, in such a manner as to permit production of commingled gas through two strings of tubing.

one word
small "v"

1 -3-
2 CASE NO. 5313
3 Order No. R-

4 (2) That 55 percent of the commingled production shall be
5 allocated to the Aztec-Pictured Cliffs zone and 45 percent of the
6 commingled production shall be allocated to the Blanco-Mesaverde
7 zone.

8 (3) That the operator of the subject well shall immediately
9 notify the Commission's Aztec District Office any time the subject
10 well has been shut-in for 7 consecutive days.

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

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

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