

CASE 5427: PENROC OIL CORP. for
a dual completion, Eddy County

CASE No.

5427

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 19, 1975

EXAMINER HEARING

IN THE MATTER OF:

Application of Penroc Oil Corporation
for a dual completion, Eddy County,
New Mexico.

Case No.
5427

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Thomas Derryberry, Esq.
Legal Counsel for the
Commission
State Land Office Bldg.
Santa Fe, New Mexico

For the Applicant:

Thomas Kellahin, Esq.
KELLAHIN & FOX
500 Don Gaspar
Santa Fe, New Mexico

I N D E X

STERLING J. TALLEY

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Direct Examination by Mr. Kellahin

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Cross Examination by Mr. Nutter

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E X H I B I T SMarkedAdmittedApplicant's Exhibits Nos.
1, 2, and 3

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10

MR. NUTTER: Call Case 5427.

MR. DERRYBERRY: Case 5427. Application of Penroc Oil Corporation for a dual completion, Eddy County, New Mexico.

MR. KELLAHIN: Tom Kellahin of Kellahin & Fox, Santa Fe, New Mexico, appearing on behalf of the Applicant, and I have one witness to be sworn.

(Witness sworn.)

STERLING J. TALLEY

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Please state your name, by whom you are employed, and in what capacity.

A My name is Sterling Talley, Penroc Oil Corporation, Midland, Texas, President.

Q Mr. Talley, have you previously testified before this Commission and had your qualifications as an expert witness accepted and made a matter of record?

A I have on several occasions.

Q Are you familiar with the facts surrounding this Application by Penroc?

A Yes.

MR. KELLAHIN: If the Examiner please, are the Witness' qualifications acceptable?

MR. NUTTER: Yes, they are.

BY MR. KELLAHIN:

Q Mr. Talley, will you please refer to what has been marked as Applicant Exhibit No. 1, identify it, and state briefly what Penroc is seeking?

A Well, I might just run through this whole first Exhibit. Exhibit No. 1 is a map covering portions of Townships 20 and 21 South, Ranges 26 and 27 East, in Eddy County, New Mexico. The scale of this map is drawn 3 inches equal to one mile. The subject well in this Case, the Penroc Oil Corporation No. 1 Allied B Com is located in the Southwest Quarter of Section 27, Township 20 South, Range 27 East. It's near the approximate center of the map and is indicated by the red arrow affixed thereto. Lease ownership is also shown on the map and all wells that exist in the area, both shallow and deep, have been spudded. Now, according to the legend it can be seen that the wells drilled to depths shallower than Wolfcamp are not circled. A circled well with a dry hole symbol within was drilled to the Wolfcamp

TALLEY-DIRECT

or deeper. Those wells circled in colored have been completed as a producer in the formation indicated by the appropriate color. Now, we might run down from the top to the bottom of the legend and see that pink represents Bone Springs, blue is Wolfcamp, orange is Canyon, red is Strawn, and yellow is Morrow. Now, the Penroc No. 1 Allied B Com there in Section 27 is a dual in the Bone Spring and Morrow being, indicated by the half pink and half yellow circle. Three-quarters of a mile northeast the Penroc No. 1 Allied Com was completed as a dual producer from the Wolfcamp and the Morrow, which is indicated by the half blue and the half-yellow circle. The northwest diagonal offset to the No. 1 Well is a single completion in the Morrow only, being solid yellow. This is the Penroc No. 1 Allied A Com. Looking to the south on this same map, and to the wells on the lower portion of the map, we see eight more completed wells in which some are in the designated Avalon Pool. One well in Section 2 is dually completed from the Canyon and the Morrow, this being orange and yellow, and immediately west, in Section 3, is another dual having been completed from the Strawn and the Morrow, this being red and yellow. All the other wells shown on the map are completed as single completions in the

producing formation indicated by the color as shown on the map legend.

Q Please refer to Exhibit No. 2 and identify it.

A Yes. Exhibit No. 2, the diagrammatic representation of the dual completion technique from a mechanical and equipment standpoint utilized in the Penroc No. 1 Allied B Com. To briefly explain what this Exhibit represents, you will see that the diagram, starting at the bottom of the wellbore and show that the 4-1/2-inch casing was cemented at a total depth of 11,050 feet. At 10,960 feet there is a cast iron plug and this has the plug backed on the left. Immediately above the plug are located a series of Morrow perforations ranging from 10,705 feet to 10,880 feet. Above the Morrow perfs at 10,670 feet a packer is placed and 2-3/8th-inch tubing is anchored here by means of the over-shot and seal assembly. We see that Bone Spring perforations are at depths of 6472 to 6525 feet. The second and top packer is located at 6380 feet and is as is the concentric cross-over equipment. So, it can readily be seen that the gas in the Morrow enters into the 4-1/2-inch casing indicated by the red color ; it travels into the tubing into the cross-over and then out the cross-over above the RH

packer to be produced as a tubing casing annulus. The Bone Spring oil and casinghead gas enters into the annulus in travel paths shown by the green color and goes into the cross-over and the tubing and continues to the surface through the tubing.

Q Are there any liquids produced out of the Morrow formation?

A Well, I might go ahead and point out here and show that the Morrow was completed. We calculate an absolute open flow of 3.439 million cubic feet of gas per day plus a small amount of 54.7 degree condensate; flow pressure being 2180 pounds; shut-in pressure being 3250 pounds. The Bone Spring was potential flowing 48 barrels of oil per day, 202 mcf of gas and 4 barrels of water per day. This was through a 3/16 choke and all gravity being 43 degrees, flowing tubing pressure ranging from 60 to 100 pounds, the shut-in tubing pressure at 1780 pounds. So, we note that a difference of the shut-in pressure of the two zones amounts to 1470 pounds. We further see that by drill stem test the bottomhole pressures were indicated to be 2440 pounds in the Bone Spring and 4634 pounds in the Morrow. Here we note a difference of 2194 pounds. While potential in the Bone Spring, the flowing tubing

pressure being 60 to 100 pounds, while the shut-in pressure for the Morrow remained at a stable 3250 pounds, so it is clearly indicated by the pressure differentials that good packer separation of the two zones exists. We do not anticipate any complication by this completion method of the two zones.

Q Please refer to what has been marked as Exhibit No. 3 and identify it.

A Exhibit 3 is a compensated density log from the Allied B Com Well. It has the large scale of 5 inch equals 100-foot portion of the log, and if you will turn down to about the mid point of 6450-foot depth, this is merely to indicate where the perforation exists on the log. Looking at the carbonate section of the Bone Spring, it exists above the second Bone Spring sand, the top of which sand is indicated by a blue color. Perforations on the left side of the wellbore are also designated by depth to the left of the bore by the figures; these are in red. The drill stem test interval that was conducted during the drilling of the well is indicated in the wellbore on the right-hand side of being indicated in orange color and to the far right you can see the yellow, which is the porosity zone that was perforated. The treatments are shown

in red, being acidized and fraced, and the drill stem test itself showing all recoveries and pressures have been tied on a sticker there next to the log. Then we move on down to a depth of 10,550 feet and see the same color scheme situation showing the perforations, the drill stem tests, porosity zones and treatments, showing the top of the Morrow shale sand series at 10,644 and the Barnett 11,010 feet. You can see that this well is completed in four Morrow sand sections. That's about all this Exhibit is intended to show.

Q Your Exhibit indicates that the drill stem test No. 5 showed a packer failure?

A Yes, it was a packer failure but it was retested with drill stem test number six.

Q And Test No. 6 results are affixed to the Exhibit?

A Yes, they are.

Q Were Exhibits 1, 2, and 3 either prepared by you directly or under your direction and supervision?

A Yes, they were.

Q In your opinion, Mr. Talley, will approval of this Application be in the best interests of conservation, and prevention of waste, and protection of correlative rights?

A Yes, I do.

MR. KELLAHIN: If the Examiner please, we move
the introduction of Exhibits 1, 2, and 3.

MR. NUTTER: Penroc Exhibits 1 through 3 will
be admitted into evidence.

(Whereupon, Applicant's
Exhibits Nos. 1, 2, and 3 were
admitted into evidence.)

MR. KELLAHIN: This concludes our direct testimony.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Talley, what is the casing program on this
well?

A Above the four and a half?

Q Yes, sir.

A 8-5/8ths intermediate pipe and 13-3/8ths surface
pipe.

Q And where is that 8 and 5 set?

A Around 2700 I believe.

Q And what is the top of the cement on it?

A I don't have that figure; I think it was circulated.
I think we had to circulate all those wells in there.

Q Where are the surface pipes?

A 350.

Q Was it circulated?

A Yes.

Q And how about this 4 and a half, how much cement was used on it?

A It was 2 stages brought above the Bone Spring.

Q Would you get that cement and exact casing information and submit it to us please?

A You bet.

Q What is the GOR calculated out on the Bone Spring, Mr. Talley?

A 4000 to 1.

Q And you mentioned that the Morrow just made a small amount of liquid?

A Right.

Q Do you have a GOR on that?

A No.

MR. NUTTER: Are there any further questions of Mr. Talley? He may be excused. Do you have anything further, Mr. Kellahin?

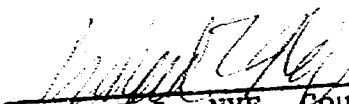
MR. KELLAHIN: No, sir.

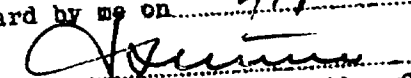
MR. NUTTER: Does anyone have anything they wish to offer in Case No. 5427? We will take the case under advisement.

CASE 5427
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STATE OF NEW MEXICO)
)
COUNTY OF SANTA FE)
) SS.

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.


RICHARD L. NYE, Court Reporter

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5427
heard by me on 2/19, 1925.
, Examiner
New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

I. R. TRUJILLO
CHAIRMAN

LAND COMMISSIONER
PHIL R. LUCERO
MEMBER

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

March 11, 1975

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

Re: CASE NO. 5427
ORDER NO. R-4971

Applicant:
Penroc Oil Corporation

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

ALP/ir

Copy of order also sent to:

Hobbs OCC X
Artesia OCC X
Aztec OCC

Other

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. 5427
Order No. R-4971

APPLICATION OF PENROC OIL CORPORATION
FOR A DUAL COMPLETION, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 19, 1975, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 11th day of March, 1975, 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, Penroc Oil Corporation, seeks authority to complete its Allied B Com Well No. 1, located in Unit K of Section 27, Township 20 South, Range 27 East, Eddy County, New Mexico, as a dual completion (conventional) to produce oil from the Bone Spring formation through tubing and gas from the Morrow formation through the casing-tubing annulus by means of a cross-over assembly set in a packer at approximately 6380 feet.

(3) That the mechanics of the proposed dual completions are feasible and in accord with good conservation practices.

(4) That approval of the subject application will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Penroc Oil Corporation, is hereby authorized to complete its Allied B Com Well No. 1, located in Unit K of Section 27, Township 20 South, Range 27 East, Eddy County, New Mexico, as a dual completion (conventional) to produce oil from the Bone Spring formation through tubing and gas from the Morrow formation through the casing-tubing annulus by means of a cross-over assembly set in a packer at approximately 6380 feet.

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Case No. 5427
Order No. R-4971

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;

PROVIDED FURTHER, that the applicant shall take packer-leakage tests upon completion and annually thereafter during the Annual Shut-In Pressure Test Period for gas pools in Southeastern New Mexico.

(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

I. R. TRUJILLO, Chairman


Phil R. Lucero
PHIL R. LUCERO, Member

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

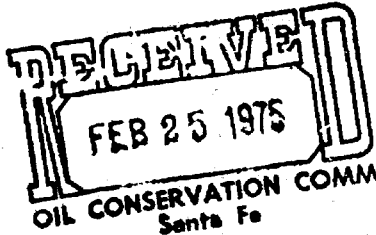
S E A L

dr/

PENROC Oil Corporation

P. O. DRAWER 831 • MIDLAND, TEXAS • 79701

Telephone (915) 683-1861



February 20, 1975

Re: Application for Dual Completion
Penroc Oil Corporation
No. 1 Allied "B" Comm.,
Eddy County, New Mexico
Case No. 5427

Kellahin and Fox
P. O. Box 1769
Santa Fe, New Mexico 87501

Attention Mr. W. Thomas Kellahin

Dear Tom:

It was requested by the Examiner at the hearing of February 19, 1975 that the Commission be furnished information concerning the surface and intermediate strings of casing in the Penroc No. 1 Allied "B" Comm.

A copy of NMOCC Form C-103 as filed with and approved by the Artesia District Office is enclosed for your information.

It will be noted that 13 3/8" surface was set at 362 feet with 350 sacks cement and circulated to the surface. The intermediate 8 5/8" casing was set at 2165 feet (intended to be 2337 feet) with 950 sacks cement and after considerable problems was eventually circulated to surface.

Would appreciate your passing this information on for me and if anything else is needed please let me know.

Very truly yours,

PENROC OIL CORPORATION

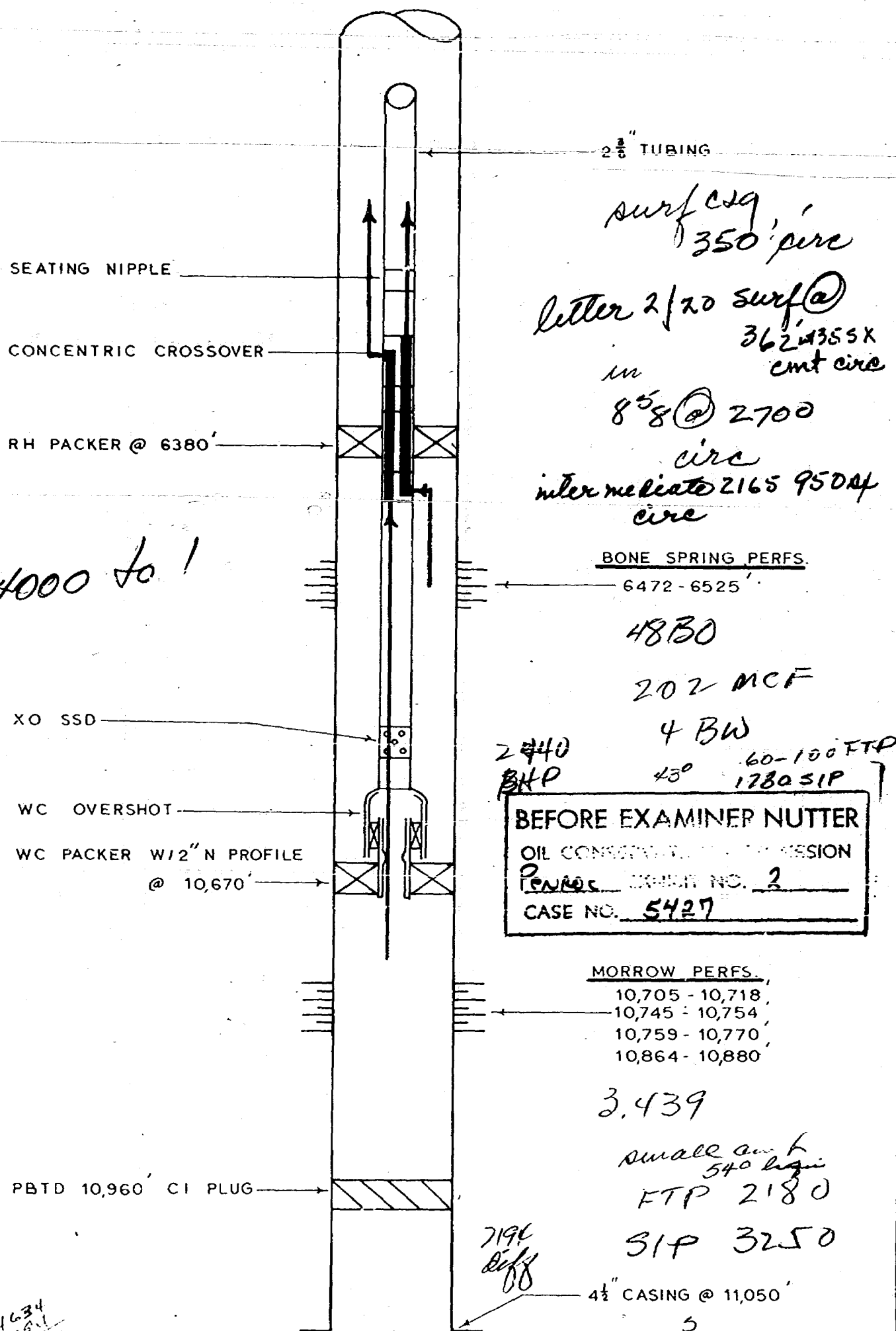
A handwritten signature in cursive script that reads "Sterling J. Talley".

Sterling J. Talley
President

SJT/be

PENROC OIL CORP. Allied-B-Comm. No. 1

Proposed Dual Bone Spring & Morrow Completion



4634
219.1
2-4 11.0

4634 BHP

Dockets Nos. 6-75 and 7-75 are tentatively set for hearing on March 5 and March 19, 1975. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 19, 1975

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:

- ALLOWABLE:
- (1) Consideration of the allowable production of gas for March, 1975, from seventeen prorated pools in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for March, 1975, from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
 - (3) Consideration of purchaser's nominations for the one-year period beginning April 1, 1975, for both of the above areas.

CASE 5402: (Continued from the January 22, 1975 Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Tyra & Tyra, Fidelity and Deposit Company of Maryland and all other interested parties to appear and show cause why the Tyra & Tyra BTA Lulu Well No. 1 located in Unit C of Section 22, Township 9 South, Range 35 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5415: Application of Burk Royalty Co. for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Double L Queen Unit Area, comprising 2670 acres, more or less, of Federal, State, and fee lands in Townships 14 and 15 South, Ranges 29 and 30 East, Chaves County, New Mexico.

CASE 5416: Application of Tesoro Petroleum Corporation for a unit agreement, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Coal Creek Unit Area comprising 11,225 acres, more or less, of State and Federal lands in Township 23 North, Ranges 12 and 13 West, San Juan County, New Mexico.

CASE 5409: (Continued from the February 5, 1975, Examiner Hearing)

Application of Atlantic Richfield Company for a non-standard gas proration unit, an unorthodox gas well location, and simultaneous dedication, 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 12 and the NE/4 of Section 13, both in Township 24 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its George W. Toby WN Wells Nos. 4, 1, and 1-A, located, respectively, in Units A and H of said Section 12 and in Unit A of said Section 13.

- CASE 5417: Application of Atlantic Richfield Company for a non-standard gas proration unit, two unorthodox locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 640-acre non-standard gas proration unit comprising the S/2 of Section 24 and the N/2 of Section 25, both in Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its McDonald State WN Wells Nos. 12 and 24, located, respectively, at unorthodox locations in Unit M of Section 24, and in Unit E of Section 25.
- CASE 5418: Application of Joel B. Burr, Jr. and William J. Cooley for permission to flare casinghead gas, McKinley County, New Mexico. Applicants, in the above-styled cause, seek an exception to Order No. R-4070, to permit the flaring of casinghead gas produced by their Coleman Well No. 2, located in Unit C of Section 8, Township 17 North, Range 8 West, Lone Pine Dakota D Oil Pool, McKinley County, New Mexico.
- CASE 5419: Application of J. Gregory Merrion & Robert L. Bayless for downhole commingling, Rio Arriba County, New Mexico. Applicants, in the above-styled cause, seek authority to commingle Gavilan-Pictured Cliffs and Blanco-Mesaverde production in the wellbore of their North Lindrith Unit Com Well No. 1, located in Unit M of Section 20, Township 26 North, Range 2 West, Rio Arriba County, New Mexico.
- CASE 5420: Application of Texaco, Inc., for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to convert its New Mexico "DM" State (NCT-1) Well No. 1, located in Unit N of Section 21, Township 13 South, Range 33 East, Lazy J Pennsylvanian Pool, Lea County, New Mexico, to dispose of produced salt water into the Pennsylvanian formation through the perforated interval from approximately 9742 to 9792 feet.
- CASE 5421: Application of Texaco, Inc., for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Justis Tubb-Drinkard and North Justis-Fusselman production in the wellbore of its G. L. Erwin "B" Federal Well No. 3, located in Unit I of Section 35, Township 24 South, Range 37 East, Lea County, New Mexico.
- CASE 5422: Application of Hilliard Oil and Gas, Inc., for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of temporary special rules for the EK-Bone Springs Pool, in Township 18 South, Range 34 East, Lea County, New Mexico, including a provision for 80-acre spacing and proration units.
- CASE 5122: (Reopened) (Continued from the January 22, 1975, Examiner Hearing)
- In the matter of Case 5122 being reopened pursuant to the provisions of Order No. R-4693, which order established temporary special pool rules for the East Lusk-Wolfcamp Oil Pool, Lea County, New Mexico, including a provision for 160-acre spacing and proration units and a limiting gas-oil ratio of 4000 to 1. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing and proration units with a limiting gas-oil ratio of 2000 to 1.

CASE 5423: 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 in formations of Pennsylvanian age or older underlying the W/2 of Section 29, Township 21 South, Range 27 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at an orthodox location within the spacing 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 the applicant as the operator of the well and a charge for the risk involved in drilling said well.

CASE 5424: Application of Cities Service Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Dark Canyon Unit Area, comprising 2560 acres, more or less, of State lands in Township 23 South, Range 25 East, Eddy County, New Mexico.

CASE 5425: Application of Continental Oil Company for an unorthodox location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of a non-standard 480-acre gas proration unit comprising the W/2 of Section 13 and the E/2 E/2 of Section 14, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to its Lockhart B Wells Nos. 4 and 8, located at unorthodox locations in Units H and P, respectively, of Section 13, and to its Lockhart B Well No. 7, at an unorthodox location in Unit D of said Section 14. Applicant further seeks approval for the simultaneous dedication of a 320-acre non-standard gas proration unit comprising the S/2 of Section 12, Township 19 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to its State KN-12 Wells Nos. 1 and 2, located at unorthodox locations in Units P and N, respectively, of said Section 12.

CASE 5426: Application of Continental Oil Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Bell Lake Unit Well No. 16 to be drilled 660 feet from the North and East lines of Section 7, Township 24 South, Range 34 East, South Bell Lake-Morrow Gas Pool, Lea County, New Mexico, the N/2 of said Section 7 to be dedicated to said well.

CASE 5427: Application of Penroc Oil Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Allied B Com Well No. 1, located in Unit K of Section 27, Township 20 South, Range 27 East, Eddy County, New Mexico, in such a manner as to produce oil from the Bone Springs formation through tubing and gas from the Morrow formation through the casing-tubing annulus by means of a cross-over assembly.

*Unit K
Allied B
Tubing
Tubing*

Examiner Hearing - Wednesday - February 19, 1975

Docket No. 5-75

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CASE 5428: Application of Amax Chemical Corporation for the extension of the Potash-Oil Area, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the Potash-Oil Area in Eddy County, New Mexico, as defined by Order No. R-11-A, as amended, by the addition of the following described lands:

TOWNSHIP 19 SOUTH, RANGE 29 EAST

Section 13: S/2 SE/4

Section 14: W/2 SW/4

Section 23: N/2 NW/4, SE/4 NW/4, S/2 NE/4

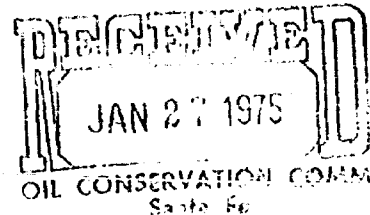
Section 24: NW/4, W/2 NE/4, NE/4 NE/4

TOWNSHIP 19 SOUTH, RANGE 30 EAST

Section 14: W/2 NE/4

Section 18: SW/4

Case 5427



KELLAHIN AND FOX
ATTORNEYS AT LAW
500 DON GASPAR AVENUE
POST OFFICE BOX 1789

SANTA FE, NEW MEXICO 87501

JASON W. KELLAHIN
ROBERT E. FOX
W. THOMAS KELLAHIN

TELEPHONE 982-4315
AREA CODE 505

January 24, 1975

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

Gentlemen:

Enclosed, in triplicate, is the application of
Penroc Oil Corporation for approval of a dual completion
in undisgnated Bone Spring and Morrow pools, Eddy County,
New Mexico.

It is requested that this application be set for
hearing at the February 19, 1975 examiner hearing.

Yours very truly,

Jason W. Kellahin
Jason W. Kellahin

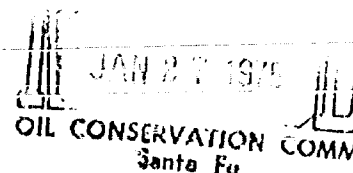
JWK:ks

Enclosure

cc: Mr. Stirling Talley

DOCKET MAILED

Date 2-7-75



BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF PENROC OIL CORPORATION FOR
A DUAL COMPLETION, EDDY COUNTY,
NEW MEXICO.

A P P L I C A T I O N

COMES NOW Penroc Oil Corporation and applies to the
Oil Conservation Commission of New Mexico for approval of
a dual completion for its Penroc Oil Corporation No. 1
Allied B Com well, and in support thereof would show the
Commission:

1. The No. 1 Allied B Com well is located 1980 feet
from the South and West lines of Section 27, Township 20
South, Range 27 East, N.M.P.M., Eddy County, New Mexico.
2. Applicant proposes to complete the subject well
for production of oil from the Bone Spring formation, and
gas from the Morrow formation by means of a conventional
cross-over packer assembly, producing oil through a single
string of 2 3/8ths inch tubing, and producing the Morrow
gas through the casing-tubing annulus, the well being cased
with 4 1/2 inch casing.

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

Respectfully submitted,

PENROC OIL CORPORATION

BY Jason W. Kellahin
KELLAHIN & FOX

P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

DRAFT

jr/

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. 5427

Order No. R-4911

APPLICATION OF PENROC OIL CORPORATION
FOR A DUAL COMPLETION, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 19, 19 75
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this March day of February, 1975, 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, Penroc Oil Corporation, seeks
authority to complete its Allied B Com Well No. 1, located in Unit
K of Section 27, Township 20 South, Range 27 East, Eddy County,
New Mexico, as a dual completion (conventional) to produce oil from
the Bone Spring formation through tubing and gas from the Morrow
formation through the casing-tubing annulus by means of a cross-over
assembly set in a packer at approximately 6380 feet.

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Case No. 5427

Order No. R-

(3) That the mechanics of the proposed dual completion are feasible and in accord with good conservation practices.

(4) That approval of the subject application will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Penroc Oil Corporation, is hereby authorized to complete its Allied B Com Well No. 1, located in Unit K of Section 27, Township 20 South, Range 27 East, Eddy County, New Mexico, as a dual completion (conventional) to produce oil from the Bone Spring formation through tubing and gas from the Morrow formation through the casing-tubing annulus by means of a cross-over assembly set in a packer at approximately 6380 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;

PROVIDED FURTHER, that the applicant shall take packer-leakage tests upon completion and annually thereafter during the Annual Shut-In Pressure Test Period for gas pools in Southeastern New Mexico.

(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 herein-above designated.

Case No.

Order No.

App. location of Pennac Oil Corporation
for a dual completion, Eddy County,
New Mexico.

FEB. 19, 1975-DSN

(1) Jurisdiction

(2) That the applicant, Pennac Oil Corporation, seeks authority to complete its Allied B Com Well No. 1, located in Unit K of Section 27, Township 20 South, Range 27 East, Eddy County, New Mexico, as a dual completion (Conventional) to produce oil from the Bone Spring formation through tubing and gas from the Morrow formation through the casing-tubing annulus by means of a cross-over assembly set in a packer at approximately 6380 feet.

(3) That the mechanics of the proposed dual completion are feasible and in accord with good conservation practices.

(4) That approval of the subject application will prevent waste and protect correlative rights.

ORDERED

(1) That the applicant, Pennac Oil Corporation, is hereby authorized to complete its Allied B Com Well No. 1, located in Unit K of Section

27, Township 20 South, Range 27 East,
Eddy County, New Mexico, so a dual completion
(conventional) to produce oil from the Pore
Spring formation through tubing and gas from
the Morrow formation through the casing - the
casing annulus by means of a cross-over assem-
bly set in a packer at approximately 6380
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;

PROVIDED FURTHER, that the applicant shall take packer-leakage
tests upon completion and annually thereafter during the Annual
~~Shut-in Pressure~~
~~Gas-Oil Ratio~~ Test Period for ~~400~~ ^{zone completion} pools in ~~northeastern New Mexico~~
~~Deliverability~~

(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 herein-
above designated.