CASE 5802: EL PASO NATURAL GAS CO. FOR DOWNHOLE COMMINGLING, RIO ARRIBA COUNTY, 2019

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CASE NO.

5802

APPlication,
Transcripts,
Small Exhibits,

ETC.

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSI			
	Santa Fe, 1 November	New Mexico 10, 1976	e e
	EXAMINER	HEARING	
)

IN THE MATTER OF:

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Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. 5802

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

APPEARANCES

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

Santa Fe, New Mexico

For the Applicant:

John F. Nance, Esq.

David T. Burleson, Esq.

Legal Counsels for El Paso

Natural Gas Company

P. O. Box 1492

El Paso, Texas

MONTGOMERY, FEDERICI, ANDREWS & HANNAHS

Attorneys at Law P. O. Box 2307 Santa Fe, New Mexico sid morrish reporting service
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BY MR. NANCE:

Natural Gas Company for downhole commingling, Rio Arriba County New Mexico. MR. STAMETS: Call for appearances in this case. MR. NANCE: Mr. Examiner, my name is John Nance. Mr. David Burleson and I are appearing on behalf of El Paso Natural Gas Company. May the record reflect that I am handing to the Examiner a letter from the law firm of Montgomery, Federici her in Santa Fe, indicating that Mr. Burleson and I are associated with that firm for the purposes of this hearing. I am also handing to the Examiner copies of El Paso's proposed exhibits in this case. Mr. Examiner, we have one witness to be sworn. (THEREUPON, the witness was duly sworn.)

PAUL W. BURCHELL

DIRECT EXAMINATION

Will you please state your name and where you reside?

My name is Paul W. Burchell and I reside in El Paso,

called as a witness, having been first duly sworn, was

examined and testified as follows:

MR. STAMETS: We will call next Case 5802.

MS. TESCHENDORF: Case 5802, application of El Paso

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Texas.

- Q By whom are you employed and in what capacity?
- A I'm employed by the El Paso Natural Gas Company as Senior Proration Engineer.
- Q Mr. Burchell, are you familiar with Case Number 5802 involving El Paso Natural Gas Company?
 - A. Yes, I am.
- As a Proration Engineer have you previously been qualified as a witness before this Commission or one of its examiners?
 - A. Yes, I have.
 - Q And your qualifications were accepted?
 - A. They were.

MR. NANCE: Are the witnesses qualifications acceptable to the Commission?

MR. STAMETS: They are.

- Q (Mr. Nance continuing.) Mr. Burchell, what is El Paso seeking in Case Number 5802?
- A El Paso seeks permission to downhole commingle gas of both the South Blanco-Pictured Cliffs Pool with gas of the Blanco Mesaverde Pool and to produce this gas through one meter at its San Juan 28-7 Well No. 75. This well is located in Unit letter L, Section 15, Township 28 North, Range 7 West, Rio Arriba County.

El Paso further proposes to allocate this gas in such

a manner that a certain percentage will be considered

Pictured Cliffs and the remaining percentage, as well as all

of the liquid will be considered Mesaverde.

- Q Why is El Paso asking for this permission to down-hole commingle?
- A El Paso Natural Gas considers this commingling to be the most economical and efficient method to undertake in order to produce a certain amount of hydrocarbons that otherwise would not be recovered.
- Q Do you have an exhibit showing the present equipment in this well?
 - A. Yes, I do.
 - Q Would you please explain what the exhibit shows?
- A. I have a diagrammatic sketch of the equipment which has been marked as El Paso's Exhibit Number One. The exhibit shows that there are two strings of tubing installed in the San Juan 28-7 Unit No. 75 Well. It also shows that a Baker EJG production packer is set at three thousand, one hundred and thirty-six feet. The well is perforated from two thousand, eight hundred and sixty-three feet to two thousand, nine hundred and twenty feet. In the Pictured Cliffs Pool above the packer the Mesaverde Pool is perforated from four thousand, five hundred and six feet to five thousand, two hundred feet below the packer. The Pictured Cliffs side of the well produces through a one and quarter inch tubing which is set at

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two thousand, nine hundred and twenty-three feet while the

It should be pointed out that there is no freerunning piston installed in the two and three-eighths inch tubing.

- Q Has a packer leak ever been determined to exist in this well?
- A No, all of the yearly production packer leakage tests that have been taken since 1957 have shown no communications between either of these dually completed zones.
- Q Do you have an exhibit showing the production history of this well?
 - A. Yes, I do.
 - Q Would you please explain what that exhibit shows?
- A. El Paso's Exhibit marked Number Two-A and Two-B shows the Mesaverde formation's gas and condensate production performance since the well was initially completed.

The gas production curve is shown in Two-A and the condensate is shwon in Two-B.

The Mesaverde formation produced over a hundred barrels of fluid a day when it was first delivered in September

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4 spaced out over the two thousand foot of tail pipe below the

packer. This kept the well producing some condensate with

6 the aid of an intermitter until 1971 when the intermitter

use was converted to a stop-cock type production in the pipeline

Since then the Mesaverde has steadily declined in both con-

densate and gas production.

Now, various stop-cock cycles have been used to try to get the Mesaverde to unload itself but there has been no success.

Then on March 22nd, 1976 the well was unloaded with a compressor by taking a suction on the Mesaverde tubing and operating the tubing at about sixty pounds per square inch gauge. About sixty barrels of condensate and very little water was unloaded in twelve days. The well showed no sign of cleaning up and the compressor went down on low suction pressure on two occasions. When the compressor was finally removed the well rapidly returned to its previously producing rate of about forty-five MCF of gas per day and practically no condensate.

- Q. What is the ability of the San Juan 28-7 Unit Number 75 Well to produce gas and fluids at this present time?
- A. As of July of this year, 1976, both sides of the well were classified as marginal. Now, during 1976 the

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Pictured Cliffs formation had an average nine-month flow rate from December to September of ninety-four MCF of gas per day and the Mesaverde averaged forty-two MCF of gas per day. This amounts to approximately seventy percent Pictured Cliffs gas and thirty percent Mesaverde.

The Pictured Cliffs formation produced little or no fluids, in fact they were too small to measure while the Mesaverde made a hundred and twenty-two barrels of condensate during this same period of time.

Now, each zone, both the Pictured Cliffs and the Mesaverde, produced less than a gallon of water per day.

Mr. Burchell, do you have any information regarding fluid levels in the well?

Yes, sir, on October 20th, 1976, a water line pressure survey showed a static fluid level at about four thousand, five hundred feet in the Mesaverde side of the well. The fluid level on the Pictured Cliffs side of the well was calculated to be about nine feet above the bottom of the one and quarter inch tubing which is set at two thousand, nine hundred and twenty-three feet.

Tests conducted in May of the same year indicated a Mesaverde shut in tubing pressure of four hundred and eightyfour pounds per square inch and this compares to four hundred and twenty-four pounds per square inch on the Pictured Cliffs side of the well.

. . . .

please?

- -

MR. STAMETS: Would you give me those figures again,

A. Yes, sir, it is four hundred and eighty-four pounds per square inch on the Mesaverde and four hundred and twenty-four pounds per square inch on the Pictured Cliffs.

MR. STAMETS: And those are surface pressures?

- A. Yes, sir, shut in tubing.
- Q (Mr. Nance continuing.) Would you tell us what method you would recommend to undertake to improve condensate recovery from the Mesaverde formation?
- A. If authority can be obtained from the New Mexico Oil Conservation Commission I recommend removal of the perforated tail pipe to improve the performance of the well by commingling the Mesaverde and the Pictured Cliffs zone. This method would increase condensate recovery from the Mesaverde by using Pictured Cliffs gas to help lift the Mesaverde liquids. Now this could be accomplished by pulling the existing one and quarter inch and two and three-eighths inch tubing string, retiring the packer and running a single two and three-eighths inch tubing string from the surface to a point somewhere below the Mesaverde perforations.

This new tubing string would be rigged for pumping equipment. Initially both zones would be produced through the tubing with a free-running piston to aid in the condensate production. If the free-running piston is unable to keep the

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well cleaned up pumping equipment could be installed by running a pump and rods.

Q What would be the cost of the rework which you have just described?

A. The estimated cost to commingle this well is five thousand, two hundred and eighty dollars, this is excluding the expense of putting in pumping facilities.

Q. Now by increasing the condensate production would you foresee an increase in recoverable gas reserves?

A. No, an increase in oil production or condensate production does not necessarily cause a long term increase in gas production, particularly in this area of the Blanco Mesaverde Field. There should be an increase in the daily gas flow volume immediately following the rework but this should stabilize and resume its present rate of decline.

Now, reserve studies indicate about three hundred and sixty-six thousand MCF of gas remaining in the Mesaverde Pool and this represents a little over thirty percent of the total reserves that are left or expected to be produced from the well. No additional ultimate recovery in gas reserves is expected.

Q. Now, in your opinion would granting this application for downhole commingling of the gas prevent waste and encourage conservation?

A. Yes, we would be recovering condensate and extra

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condensate that otherwise would not be produced and this, of course, is in a sense good conservation practice.

Q Could you tell us, now, does El Paso propose a formula in which gas and liquid production could be apportioned between the two producing zones?

A. Yes, based on my prior testimony related to the production history and based on the remaining reserves in the Mesaverde, it is recommended that seventy percent of the well's gas production be attributed to the South Blanco-Pictured Cliffs Pool and thirty percent of the well's gas production attributed to the Blanco Mesaverde Pool.

In addition, it is recommended that all liquid hydrocarbons be attributed to the Mesaverde formation.

- Q I have a few questions now about the nature of the interests held in this particular well. What is the nature of the working interest ownership involved in this case?
- A. El Paso Natural Gas Company is a working interest owner and the operator. In addition to El Paso there are six other working interest owners committed to the Pictured Cliffs and the Mesaverde participating areas of the 28-7 Unit.
- Q. Now, can you describe the nature of the royalty and overriding royalty interests which share in production from this well?
- A. The royalty and overriding royalty interests which are involved here arise under the 28-7 unit agreement. Although

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there are no overriding royalty owners and only one royalty owner having an interest in this particular tract on which this well is located, the unit agreement provides that all royalty and overriding royalty interest owners participating in the unit well have at least some interest in the production from this well and from all other wells on tracts within the participating areas.

- Q All right, are these royalty and overriding royalty interests identical as between the Pictured Cliffs and the Mesaverde producing formations?
- A. No, sir, they are not. Although all royalty and most overriding royalty interest owners have an interest in production from both zones, the interests are not identical. There is some variation.
- Q Okay, what effect would an allocation of the production from the subject well have on these royalty and over-riding royalty interest owners?
- A. In my opinion the effect would be negligible. First and foremost we are confident that the allocation formula which we propose for the two producing zones is correct and will allocate production such that each zone will receive its fair share.

Secondly, there is no difference between the interests which the royalty interest owners have in the Pictured Cliffs production and the interests which they have

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in production from the Mesaverde zone. The twelve and one half percent royalty interest which the USGS and the State of New Mexico have in the various tracts of the Pictured Cliffs and the Mesaverde participating areas remain identical between the two formations, therefore, whatever allocation is made between the two zones will have no effect on the royalties received by the USGS or the State of New Mexico.

Now, the situation with regard to the overriding royalty interest owners is somewhat more complicated because there are so many tracts making up the participating areas the interest of each individual in relation to the entire participating area is quite small. The largest overriding royalty interest of any one individual is less than two percent of the production from the Pictured Cliffs participating area and the remaining interests are much smaller. Additionally there is no great difference between the interest which these owners hold in the Pictured Cliffs and the interests which they hold in the Mesaverde.

In terms of production from this one particular well, this means that only one or possibly two MCF of each day's gas production are allocatable to the largest overriding royalty interest owner so any error in the allocation formula would have to be quite large in order for it to have any effect at all on this overriding royalty owner, much less on any of the others.

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- Has El Paso approached the other working interest owners regarding commingling of gas from this well?
- Yes, El Paso has obtained written letters of consent from all of the working interest owners agreeing to a division of gas based on the formula which I have just described, namely seventy percent Pictured Cliffs and thirty percent Mesaverde. This includes the liquids being attributed to the Mesaverde also.
 - Do you have copies of these letters with you? Q
- Yes, the letters are marked Exhibit Three, pages one through nine.
- Once again, in your opinion would such an agreement and the granting of this application both protect correlative rights and prevent waste?
 - Yes, sir. A.
 - Do you have anything further to present in this Q. case?
 - No, sir, I do not. A.
 - Were Exhibit Numbers One, Two-A and Two-B and Three, pages one through nine, prepared by you or under your supervision?
 - Yes, they were.

MR. NANCE: Mr. Examiner, we ask that the aforementioned exhibits be accepted into evidence at this time. This completes our direct testimony in this case.

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MR. STAMETS: These exhibits will be admitted. (THEREUPON, El Paso's Exhibits One through Three were admitted into evidence.)

CROSS EXAMINATION

BY MR. STAMETS:

- Mr. Burchell, do you have a tabulation of 1976 production?
 - 1976 -- I believe I do.
- That's what you base this ninety-four MCF for the PC and the forty-two for the Mesaverde on? It's not necessary that I have that at this time but I would like to have a copy of that.
- Mr. Examiner, I do have a record of the production from both sides of the well. It's only included up to August, which shows nine-six, say for the Pictured Cliffs and forty-two percent for the Mesaverde.

MR. NANCE: That's forty-two MCF?

Forty-two MCF per day. I don't have the sheet that shows September. I thought I had it with me but this just shows -- this is the monthly production report showing the monthly volumes on both sides of the well, the Pictured Cliffs formation and the Mesaverde formation. The figures that I'm referring to are the yearly average flow rate for that particular month based on the prior monthly production.

Q (Mr. Stamets continuing.) That's the column labeled YAQ? I'm going to mark that with an "X" on my copy.

A. Now, up to and including August of 1976, the Pictured Cliffs side of the well averaged ninety-six MCF of gas per day and at the same time period the Mesaverde averaged forty-two percent MCF of gas per day which is still thirty percent of the total well's production.

What I referred to in testimony was an update that included September production.

MR. NANCE: Mr. Examiner, we should probably also point out to you at this time that Exhibit Three, the letter to each of the working interest owners contains a statement of production through the month of May in 1976, during which the average production was one hundred four MCF per day from the Pictured Cliffs and forty-seven MCF per day from the Mesaverde. This is still a comparable percentage for each formation.

- Q (Mr. Stamets continuing.) Mr. Burchell, have you made any projection on the relative life of these two zones? Will they be depleted at about the same time or at a considerably different time?
- A. No particular studies were made but the period of time or the life of the expected ultimate production from the Mesaverde formation will be greatly reduced by this type or method that we propose of commingling. More gas will be produced at a faster rate but the pressures are also going to

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be dropping down faster so ultimately you won't gain anymore gas but you will shorten the life of that particular reservoir. Timewise I have no idea.

- So the two zones, since they would be commingled would be depleted at essentially the same time?
- That's true. As a matter of fact, this particular 7 formation here, the reserves that I indicate, were based on, say, a hundred pounds abandonment pressure. The Pictured Cliff 9 side of the well was based on a fifty pound abandonment pressure. 10 Now, by commingling the Mesaverde side of the well can extend 11 its life a little bit longer to coincide with the abandonment pressure that we expect to see in the Pictured Cliffs.
 - Does the unit agreement have any terms or provisions which allow this type of commingling or prohibit this type of commingling?
 - Not to my knowledge, Mr. Examiner.
 - And has the U. S. Geological Survey and -- I don't know whether there are any State lands in this unit or not?
 - Yes, I believe there is.
 - Has the Land Office and the GS agreed to this commingling?
 - Now, we have not been in communication with the Land Office but we certainly have been in communication with the USGS and they have no objection, at least they did not have any objection as of last Friday. They were given the exhibits

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and they were given the testimony.

- Q I believe you stated that there would be no difference to the royalties to the Federal government or to the State because of this commingling?
 - A Right.
- Q. But because of differences in the overriding royalty interest, because of the participation titles, there could be some differences to overrides?
- A. Right. Maybe I might give you an example of something like that. For example, there is a particular individual or firm that has eight tracts that are participating in the Pictured Cliffs on overriding royalty, his interest in the area is point, six, eight, seven percent. Now, the same individual in the Mesaverde side has nine tracts that are participating in the Mesaverde side and the overriding royalty percentage that he receives is point, nine, oh, five, so you can see the slight difference that the same individual has with regard to his interest in the participating areas.
- Q Do you know offhand how many individuals would be so affected?
- A. Y's, sir, altogether the number of -- this is a summary of overriding interest owners in the unit and the number of different interest owners in the Pictured Cliffs is a hundred and thirty-six and the number of different interest owners in the Mesaverde is a hundred and thirty.

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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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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. 5802 Order No. R-5324

APPLICATION OF EL PASO NATURAL GAS 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 November 10, 1976, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 30th day of November, 1976, 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 San Juan 28-7 Unit Well No. 75, located in Unit L of Section 15, Township 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.
- (3) That the applicant seeks authority to commingle South Blanco-Pictured Cliffs and Blanco Mesaverde production within the wellbore of the above-described well.
- (4) That from the South Blanco-Pictured Cliffs zone, the subject well is capable of low rates of production only.
- (5) That from the Blanco Mesaverde zone, the subject well is capable of low rates of 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.

-2-Case No. 5802 Order No. R-5324

- (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, 70 percent of the commingled gas production should be allocated to the South Blanco-Pictured Cliffs zone, and 30 percent of the commingled gas production and all of the liquid production to the Blanco Mesaverde zone.

IT IS THEREFORE ORDERED:

- (1) That the applicant, El Paso Natural Gas Company, is hereby authorized to commingle South Blanco-Pictured Cliffs and Blanco Mesaverde production within the wellbore of the San Juan 28-7 Unit Well No. 75, located in Unit L of Section 15, Township 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.
- (2) That 70 percent of the commingled gas production shall be allocated to the South Blanco-Pictured Cliffs zone and 30 percent of the commingled gas production and all of the liquid 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 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

PHILAR. LUCERO, Chairman

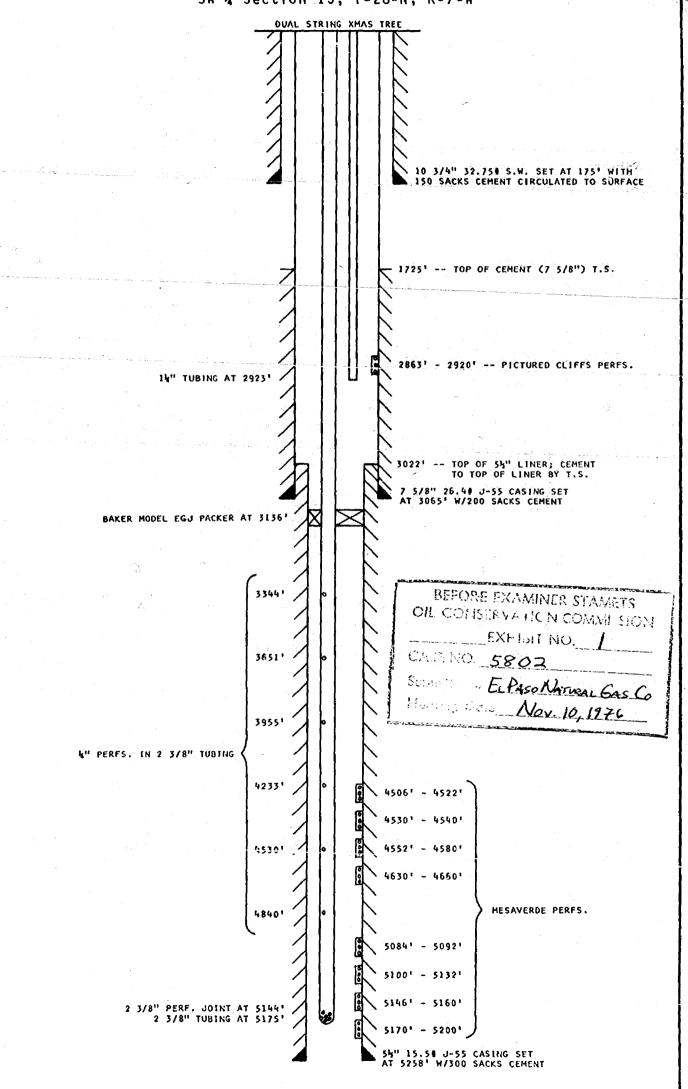
RY C. ARNOLD, Member

JOE D. KAMEY, Member & Secretary

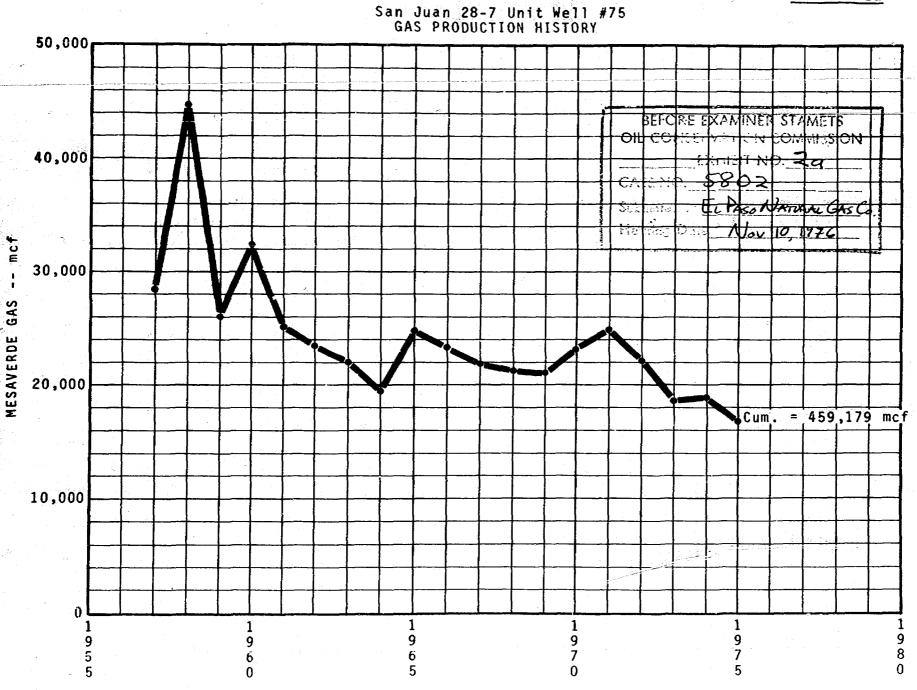
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EXHIBIT No. 1

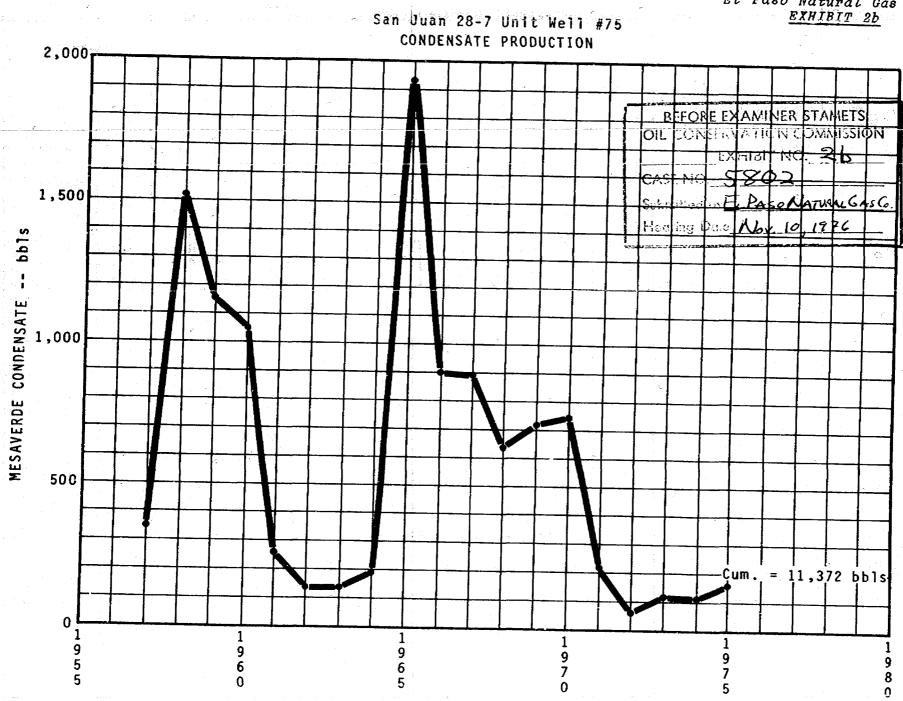
SCHEMATIC DIAGRAM of DUAL COMPLETION
El Paso Natural Gas Co. San Juan 28-7 Unit No. 75 (PM)
SW % Section 15, T-28-N, R-7-W







Exhibits 1 through 3
Complete Set



ETTESU COMPANY

P. O. UOX 1492 EL PASO, TEXAS 70078 PHONE 915 543-2679

June 29, 1976

SAN JUAN 28-7 UNIT PICTURED CLIFFS & MESAVERDE PARTICIPATING AREA WORKING INTEREST OWNERS

San Juan 28-7 Unit #75 SW/4 Section 15-28N-7W Rio Arriba County, New Mexico

Dear Interest Owner:

The Mesaverde zone of the referenced dually completed Pictured Cliffs/ Mesaverde well produced some oil with the aid of an intermitter until 1971, when the intermitter was converted to a stop-cock. Since then, the well has produced gas with practically no oil. Various stop-cock cycles have been used to try to get the Kesaverde to unload itself, without success. The well was unloaded with a compressor by taking a suction on the Hesaverde tubing and operating the tubing at about 60 psig. In doing this, about 60 BBI of oil and very little water was unloaded in twelve days, but the well showed no sign of cleaning up and the compressor went days on low suction pressure (50 psig) on two occasions. However, Went down on low suction pressure (50 psig) on two occasions. Upon removal of the compressor, the well returned to its previous gas producing rate and oil production ceased after three days. The current production for the two formations is for the year 1976 through May has been -Pictured Cliffs - 104 MCF/D, Mesaverde - 47 MCF/D.

El Paso desires to make application to the New Mexico Oil Conservation Commission to commingle production from the Mesaverde and Pictured Cliffs zones. By doing this, oil recovery from the Mesaverde zone would be greatly improved by using the Pictured Cliffs gas to help lift the Mesaverde oil at very little cost. It would also allow the use of pumping equipment to produce liquids if required.

If New Mexico Oil Conservation Commission approval to commingle production is obtained, the following procedure will be initiated.

- The 1-1/4" tubing be pulled and retired from the Pictured Cliffs side.
- The 2-3/8" tubing be pulled.
- The 5-1/2" Baker EGJ packer be rethred. BEFORE EXAMINER STAMETS OIL CONSERVATION COMMISSION

EXEMPLE NO. 3

CASE NO. 5802

Submitted ELPASONATURAL GAS GO

Homing Date Nov. 10, 1976



SAN JUAN 28-7 UNIT PICTURED CLIFFS & MESAVERDE PARTICIPATING AREA WORKING INTEREST OWNERS June 29, 1976 Page Two

> A single 2-3/8" tubing string rigged for pumping equipment be landed as low in the Mesaverde perforations as possible.

Initially, both zones should be produced through the tubing with a free running piston to aid oil and water production. If the free running piston is unable to keep the well cleaned up, pumping equipment could be installed by running a pump and rods.

By performing the above outlined work, it is projected that Mesaverde production will increase 10 80/D and 60 MCF/D gas. Based on past production, El Paso recommends that production after commingling be allocated 70% gas to the Pictured Cliffs and 30% gas and all oil to the Mesaverde.

The estimated cost to commingle the well is \$5,280.00 as reflected on the enclosed cost estimate. This cost will be borne entirely by the Mesaverde Participating Area working interest owners, since Pictured Cliffs production will not be affected and only Mesaverde production will be increased. Also provided is a copy of our pertinent data sheet on the well.

If you agree with our proposal to make application with the New Mexico Oil Conservation Commission for approval to commingle production from the subject well in order to overall increase production, please sign and return one copy of this letter and the enclosed cost estimate to this office. Your prompt reply will be appreciated.

Yours very truly, Don Wadnutrot

Don Wadsworth

Landman

Land Department

Energy Resource Development

Enclosures

NH-4762

APPROVED this 6th day of

BY: Stand - Plane Patrile. - G.

SAN JUAN 28-7 URIT PICTURED CLIFFS & MESAVEROE PARTICIPATING AREA WORKING INTEREST OWNERS

June 29, 1976

Page Two

 A single 2-3/8" tubing string rigged for pumping equipment be landed as low in the Mesaverde perforations as possible.

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By performing the above outlined work, it is projected that Mesaverde production will increase 10 80/D and 60 NCF/D gas. Based on past production, El Paso recommends that production after commingling be allocated 70% gas to the Pictured Cliffs and 30% gas and all oil to the Mesaverde.

The estimated cost to commingle the well is \$5,280.00 as reflected on the enclosed cost estimate. This cost will be borne entirely by the Mesaverde Participating Area working interest owners, since Pictured Cliffs production will not be affected and only Mesaverde production will be increased. Also provided is a copy of our pertinent data sheet on the well.

If you agree with our proposal to make application with the New Mexico Oil Conservation Commission for approval to commingle production from the subject well in order to overall increase production, please sign and return one copy of this letter and the enclosed cost estimate to this office. Your prompt reply will be appreciated.

Yours very truly, Non Walnut

Don Wadsworth

Landman

Land Department

Energy Resource Development

DW:nm Enclosures NM-4762

APPROVED this 4- day of

Falley , 1970

BY: 7/1 w. K. f. Kimmien

SAN JUAN 28-7 UNIT PICTURED CLIFFS & HESAVURDE PARTICIPATING AREA KORKING INTEREST OWNERS June 29, 1976 Page Two

> A single 2-3/8" tubing string rigged for pumping equipment be landed as low in the Mesaverde perforations as possible.

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Yours very truly, Won Walnutto

Don Wadsworth

Landman

Land Department

Energy Resource Davelopment

DW:nm

Enclosures NM-4762

APPROVED this 7 day of

July 1976. BY: [N.D. Myers

SAN JUAN 28-7 UNIT PICTURED CLIFFS & MESAVERDE PARTICIPATING AREA WORKING INTEREST OWNERS June 29, 1976 Page-Two

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Yours very truly,

Don Wadnion Don Wadsworth

Landman

Land Department

Energy Resource Development

DW:nm Enclosures NM-4762

APPROVED this 13th day of

_, 1976.

THE WISER OIL COMPANY

SAN JUAN 28-7 UNIT PICTURED CETETS & MESAVERDE PARTICIPATING AREA WORKING IRTEREST OWNERS June 29, 1976 Page Tuo

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Yours very truly,

Don Walnusty Don Wadsworth Landman

Land Department

Energy Resource Development

DM: nat Enclosures

NM-4762

APPROVED this 13 day of

____August______, 1976.

BY: Margaret Notchkiss
Ancillary Guardian of Lylla Arant.

SAN JUAN 28-7 UNIT PICTURED CLIFFS & MESAVERDE-PARTICIPATING AREA WORKING INTEREST OWNERS
June 29, 1976
Page Two

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Yours very truly,

Word Wadnevoto Don Hadsworth

Landman

Land Department

Energy Resource Development

DW:nm Enclosures NM-4762

APPROVED this 20 th day of

BY:

SAN JUAN 28-7 PC/NV Working Interest Owners

Mesa Petroleum Company

Thelma F. Simmons, Ind. & as Indep. Executrix

Tenneco Oil Company

The Hiser Oil Company (HV only)

Margaret Hotchkiss, Ancl. Admin.

W. G. Peavy

SAN JUAN 28-7 UNIT

PICTURED CLIFFS - 26TH

Effective 1-74 16,559.32 cres

Working Interest Owners	<u>Acres</u>	<u>Percent</u>
El Paso Natural Gas Company	14,745.99	89.05%
Mesa Petroleum Company	864.00	5.223
Tenneco Oil Company	640.00	3.86%
Thelma F. Simmons, Indiv. & as Indep.	Exec. 256.00	1.55%
W. G. Peavy	26.67	.16%
Margaret Hotchkiss Ancl. Admin.	26.66	.16%
	16,559.32	100.00%

MESAVERDE - 37TH

Effective 9-1-59 24,768.39 acres

Working Interest Owners	Acres	Percent
El Paso Natural Gas Company Mesa Petroleum Company (includes .52% CVI	21,719.65	87.69%
by El Paso)	1,350.75	5.45%
Thelma F. Simmons, Ind. & as Indep. Exec.	885.12	3.57%
Tenneco Oil Company	640.00	2.59%
The Wiser Oil Company	119.54	.48%
Margaret Hotchkiss, Ancl. Admin.	26.67	.118
W. G. Peavy	26.66	.11%
	24,768.39	100.00%

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HELL RECORD AS OF DEC. 31 METER - 001 - 7175401 PAGE 1644 40: UNES @ 15:025 PB V. OPERATOR NAME- EL PASO NATURAL GAS CO OPERATOR CODE *015* 2282 UL-+063* L SEC. +004* 15 TSP. +005* 28 RGE. +035* 007 HELL HAME- SJ 28-7 UNIT #75 PC COUNTY ... DCALC 5037000 .00 0 NPROSTG073

DCALC 5041000 .00 0 NW CON4011

EPHWEXCO43 00000 OPN FL0075

FLD 0FF013 03 PAY2NF 022

FST DEL017 07-10-57 PAY2NF 023

FL0N 036 0 PIPLINE007

FORM 099 05 POOL 002

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HELL RECORD AS OF DEC. 31 1972 PAGE 1645 METER +001+ 7175501 VOLUMES 4 15.025 PB OPERATOR CODE +015+ OPERATOR MAME. EL PASO MATURAL GAS CO-UL-+063+ L SEC. +004+ 15 TSP. +005+ 28 RGE. +035+ 007 WELL NAME- SJ 28-7 UNIT #75 MY DCALC 4037000 .00 0 NPROSTG073

DCALC 5041000 .00 0 NN CONNOTE

EPHWEXCO43 00000 OPN FLOOTS

FLE 0FF017 03-13-57 PAYZNT 023

O FLOW 036 2 PIPLINEOUT

FORM 009 07 POOL 052

O GATHSYS 01221001 POSTIONO45

GOVTRPT021 3 PROCODE012

LOCAL F 010 03 PRODCAP077 ACTVTY 019
AREA 006
AVOFSIPO 42
BALANCEO 66
BEVSORT 304 0 0 STATE 31 STIMEUS305 POOL 3127 SHICHERO14 TEST YRO64 TESTER 040 4506 OD 5200 TBG I 0028 TBG TH029 TBG 0 0027 TYPE 065 4.950 00 1.995 CSG LYHO26 5258 FORM 036 CSG 0 0024 5.500 GATHSYS 01 COUNTY 298 584 GOVTRPT021 CYR SIP018 0 LOCALE 010 CYR S 0044 72 LSE ID 301 DCALC 1030000 .75 0 LSE ID 299 DCALC 2032512 .75 1 MEASLTROAT 311 74722 3 PRGC00E012 03 PR00CAP077 4762 PR00SC0307 00 PR-HPR 296 2 0 TYPE 065 UNIT WELLCHP303 3034000 .00 0 HEWHELL034 HET T-P DATE DAYS CORGASAKE FIXED PERCENT NO DAY YRODLIGTYPOUN UPCTGRYMINIMUM -00000009 13 57 366 4 1 0 00 0 0 0 00000009 24 57 366 0 1 9 06 0 CONTRACT "CROSS" 2164 FO.000000 PERCENT .00000009 13 .00000009 24 RECON MAD | 0 777 | 82 | 73 DATE STARTSTAY BALSTAT CUMSTAT S HOALL ON ALL ON MOAOF 0 4 0 4 0 4 JAH 76 FES 71 HAR 71 2342 2325 1825 02080 853 3171000 MAY 1 0 4 02020 853 1618 1938 2199 01143 851 864 01546 851 0 03827 8461309 0:6 0 4 0 4 0 4 AUG 71 21 47 21 68 231 7 7 259 3251,000 6 264 3221,000 6 266 3261,000 9 201 241,1000 02399 8461736 02082 873 0 01367 8491906 0 7 0 0 24998 02677 840 922 02100 859 0 03063 858 862 01174 6551535 01650 872 0 02067 872 533 01008 010 0 02067 872 533 01008 010 0 02067 872 533 0 4 2003 MAR YZ 0 4 A28 72 HAY 72 JU. 62 313 262 62 313 262 62 313 263 63 305 212 63 272 272 63 242 273 AUG 1197 SEP 72 OCT 72 NOV 72 DEC 72 1514 236 266

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REPORT MURBER: ACT - PROPATION SITE WELL ACTIVITY RECORD AS OF DEC. 31 74 RUN ON JAH. 08 75 (USA) METERS 71755-01 COSSICNER CODE: 2281 CABBYOPER NAME: EL PASO NATURAL GAS CO (002) HELL NAME: SJ 28-7 CNIT 875 HV LOCATION: CD(AXG)-01 ULTR(ACH)-L DES#1(AXI)- 15. DES#2(AYA)- 28 DES#3(AZF)= 7 DES#4(AZS)- . DES#3(AZF)- . DES#3(AZF)-STATE(AAH)-31 COUNTY(AAA)-584 PRORATION POOL(MAB)-311 POOL NAME(ACF):BLANCO HV FURHATION (AXH)-HYDD HOVOL ACD 1374 1664 1268 1607 1607 RECÓN VOL HÃO ACA AOS 0 43 0 52 0 54 0 53 0 51 SPEC NETCANC
SHOALLOH ALLOH REDIST
ABX ADT ACV START HO STAT CUH STAT DTJ STAT 0+4 0+ 0+ 0+ 40 40 0+ 0+ ñ٠ ٨ò٠ 04 Ŭ۴ Ŏ+ 0+ 0+4 ٥÷ 0+ Õ¥ 1607 1671 644 11 0+ n+ 53854 **7**) F F 0+4 0+ 0+ 1665 1563 1348 Ŏ+ Ŏ+ Õ+ Ñ+ ٥÷ 0.4 ÛŦ 63 58 0+ 1925 1901 0+4 0+ 0+ 0.4 0+4 N Ω÷ 0+ 0+ Ü 1607 ÝĐ Õ÷ Q+ 18673 14914913421343524 74-YEAR Û+ 04 044 0+ 0+ ٥÷ 1696 55555555 0+ 1244 51 55 62 0+ 0+4 0+ 0+ 0+ 0+4 ŋŦ U+ ÜŦ ÛŦ 0+ 0+4 0+ 1807 000 044 044 1222 ŠŠ 31 40 ŌŦ ÛŦ 0+4 0+ 0+ 0+ 1537 49 54 54 53 51 ò 0+ 0+ 0+ 0+ 0+4 0+4 1751 1534 1731 46 0+ 0+ ŰŦ ŰŦ ÜF ŏ ŏ 0+ Õ+ ŏ G+4 0+ 0+ 0+4 0+4 1671 1229 N 0+ n. 0+ ŰŦ ŊΨ 7 6 6 6 131 241 12012011724073577 Ŏ+ Ō+ 19015 ÝΟ HSO ROO SHICKER AAP TESTYR BAP TYPLSE ASF YAGSP GATHSTS GS\$ 01221001 LOCALE ADJ 63 NAGGW AGE 0 PERREYS NAX PIPLINE RAG PROCOGE AAL ABO ACY AAV COSPCDS 110 000000 03 0 0000000+ 00 00 CUHYOL ARL M CURSTAT OTK 00 CURTYCD DTL DISPOS DPACALC 5 00 AAF 425791 04 E AREA NOA BONKING HOA GORKOO KAA LGORNOO FLOOFF AAN 03 HPNOSTS DIN FSTOEL ADL 57-09-13 PANSYR AAO PRODUAP AUS 00000 ÕÕ Û CONTRACT GROSS
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AREA OO (ECN)SITE-(CAT)WELL COSY)METERS SITE HELL ACTIVITY RECORD AS OF DEC. 31 74 RUN ON JAN. 08 75 REPORT NUMBER: ACT - PRORATION COSSIDER CODE: 2282 (ABB) OPER MARE! EL PASO HATURAL BAS CO (002) METT MARE! SJ 28-7 UNIT 875 PC LOCATION: CD(AXG)-01 ULTR(ACH)-L DES#1(AXI)- 15. DES#2(AYA)- 28 DES#3(AZF)- 7 DES#4(AZS)- DES#5(AZT)-NEW# STATE (AAH)-31 COUNTY (AAA)-584 PROPATION POOL (RAE)-303 POOL HAME (ACF): SOUTH BLANCO P C FORHATION(AXM)-PCCF SHOALLOW ALLOW REGIST HO STAT CUH STAT RECON HOVOL 0 123 0 123 0 123 0 123 0 126 0 131 0 157 4|4|4 4|4|4 4|4|4 4|4|4 DIN 4141+ 4141+ UTJ 4640+0 XUX 3440+ 8CD 3939 3397 ADT **.** 0+ Ö÷ 5995+0 2919 2257 4158 3032 39331 3077* 5593+0 7114+0 7651+0 8737+0 9572+0 2051+ 2637+ 2435+ 1430+ 2572+ 4141+ 4141+ 4141+ 4141+ 3933+ 5933+ 3933+ 3933+ 3933+ 0+ 0+ 0+ 0+ 2505 3907 0+ 0 203 2031030 10000 0 203 2031030 10000 0 193 1931000 100000 0 151 1511000 100000 0 203 1031000 100000 128982903 127 29**32** 22**3**7 24**9**9 0 125 0 113 0 165 2337\$ 0¥ 3670+ 3871+ 3955# 4141+ 255C+ 1178+ 8734+0 7362+0 0 0 0 0 4 0+ Ŏ. N 41414 11784 802470 131 217 30060 27 27 YO 34177+ 0+ 74-YEAR 117 215 216 116 216 716 117 232 223 117 231 233 117 241 223 118 264 235 118 262 242 112 262 242 112 262 245 111 223 243 110 223 241 110 223 241 3782 3769 31847 31847 2703 3232 3232 1 314 3241000 102000 0 239 2391000 102013 0 239 2391000 110000 0 239 2391000 110000 0 240 2401000 110000 0 317 3171000 11000 41414 7921+0 6377+0 5909+0 117 116 107 0058 4141+ 4141+ 5909+ 40 4308+ 3311+ ٩ 0.4 0 0000 614 H UŦ 053 5909+ 5909+ 6789+3 7069+0 0+ 0+ 118 000 113 Č\$ 5909+ 114 Ű¥ 113 J 59094 24041 814940 16304 0 5909+ 5909+ 8402+0 3025+ 100 000 310 30 4142+0 4311+0 5053+0 2323+0 5909+ 5909+ 1649+ 7733+ 6+ 3478 109 32237 2729+ 50 3392 3471 105 103 117 TOF 71 ŏ 59094 1649+ O 327**5** 2555 110 Sia 3rc 110 SS3 541 0+ 6005+ 0+ 105 245010 D 5909+ 2558F 04 Ō 04 38240 ۲D 45/83+ PERASIS RAK PIPLINE AAG PAOCCAE AAL PROOCAE ADS CYRSD ADD DISPOB AFX DPACALC ACY FLDOFF AAH ACTOTY AAV AREA AAF BALANCE ACK COHPCO ACW 675275 POD SHICHER TESTER TYPESE 61 \$30 \$30 \$30 \$30 \$30 COMPCOZ AAQ Ō 73 000000 B CURSTAT DIK CURSTAT DIK 03 00000 2 00000 04 PES POS PUS

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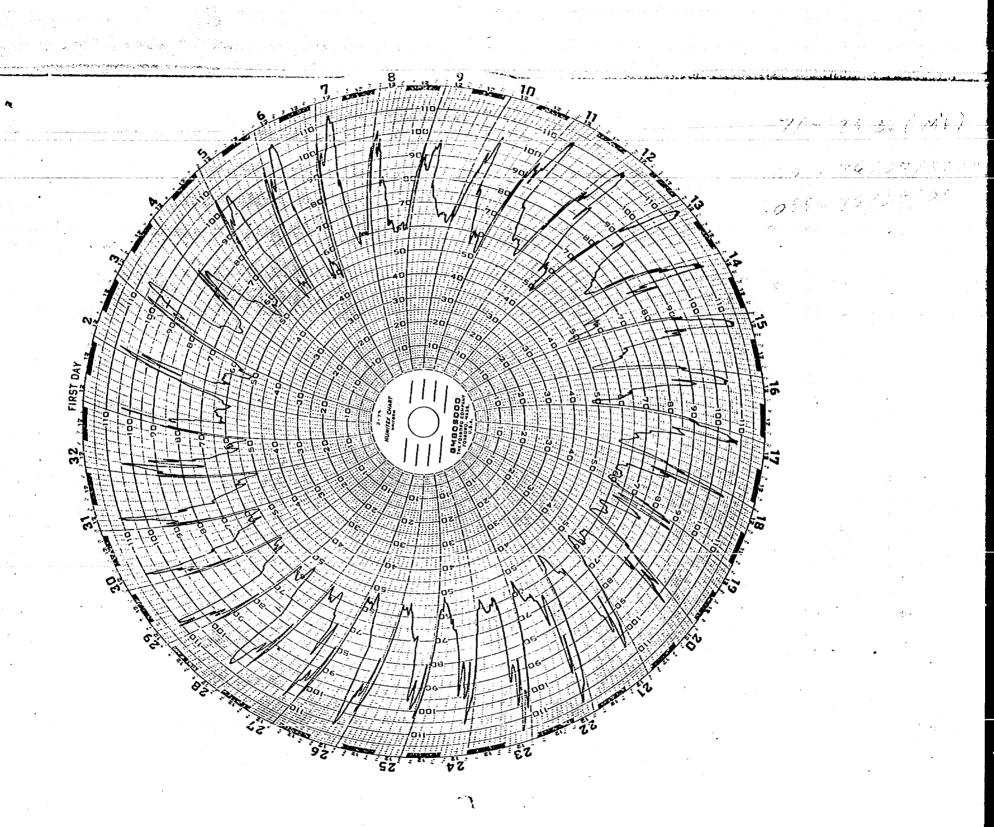
WELL RECORD AS OF MAY 31 1976 VOLUMES 9 15.025 PB PAGE 2001 METER *001* 7175401 CPERATOR NAME- EL PASO NATURAL GAS CO OPERATOR CODE *015* LCCATION- UL-#063# L SEC. #004# 15 TSP. #005# 28 RSE. #035# 007 - HELL NAME- SJ 28-7 UNIT #75 PC ACTYTY DIS AREA COA AYGESIESYA 03 PAYZNE 02 09-10-57 PAYZNI 02 0 PIPLINE00 05 PCOL NUC 01221001 PCST10N095 A PROCODE012 03 PROCOAROTT 4762 PROCSC0307 NET Y-P DATE DAYS CONJASYKS FIXED T PERCENT MO DAY YEOS ISTYPON UPCTORYMINIMUM .00000009 10 5/152 4 1 0 00 0 .00000010 04 5/152 0 1 9 06 0

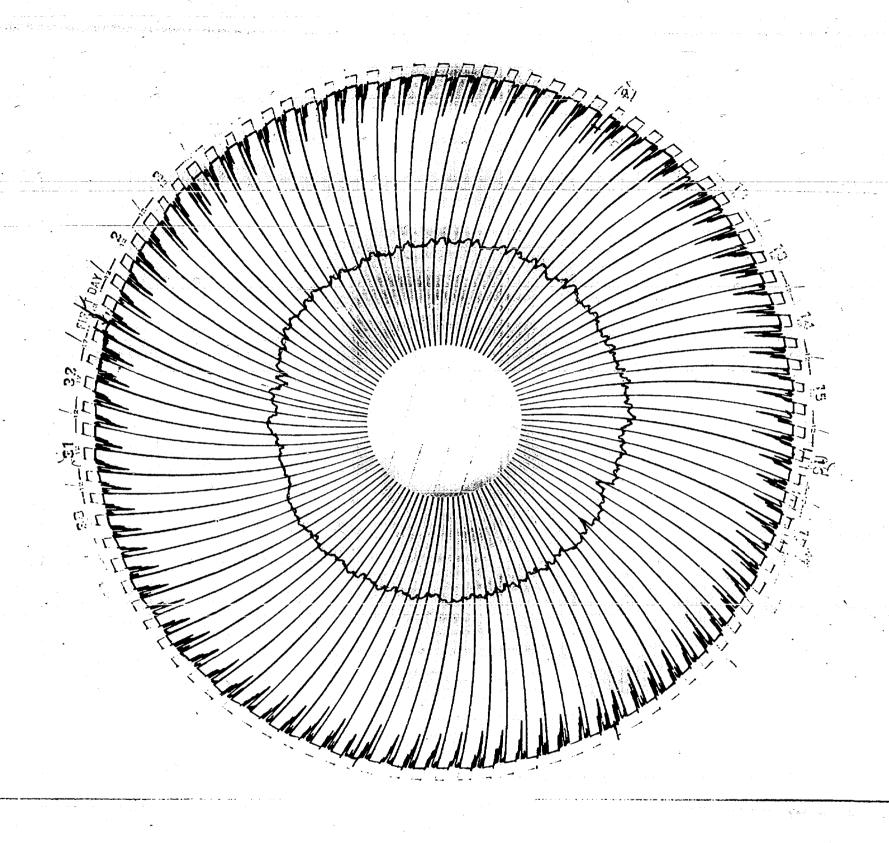
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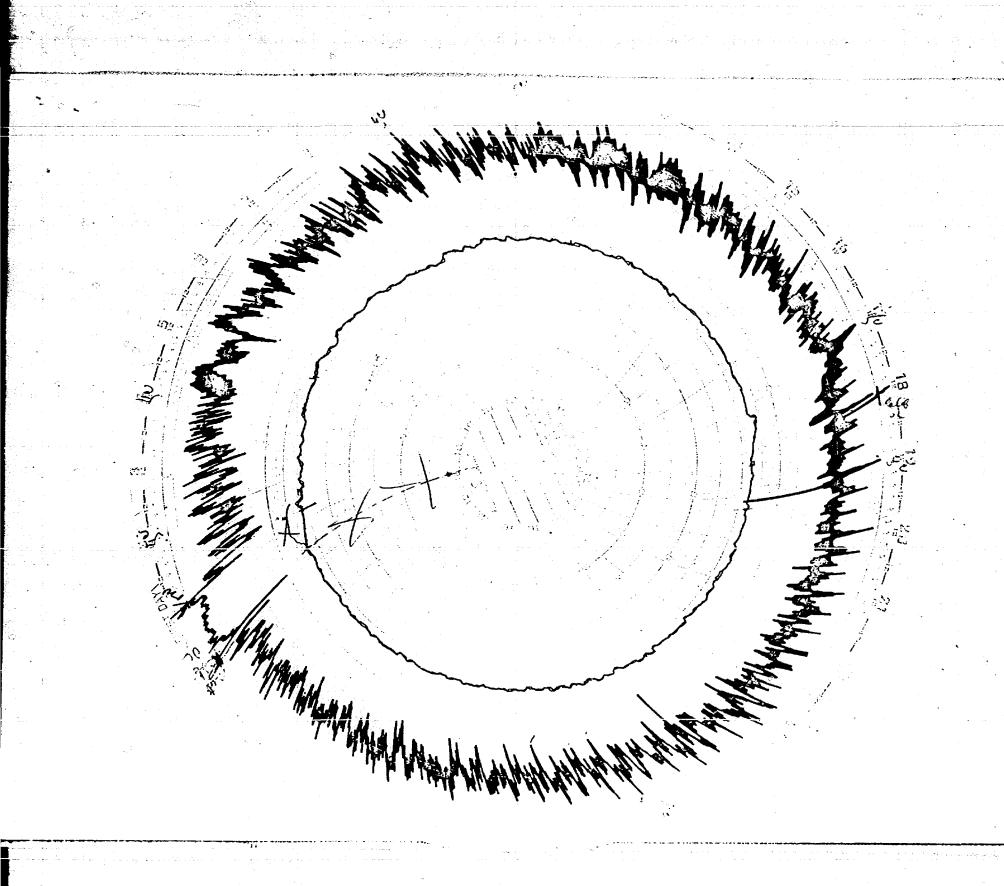
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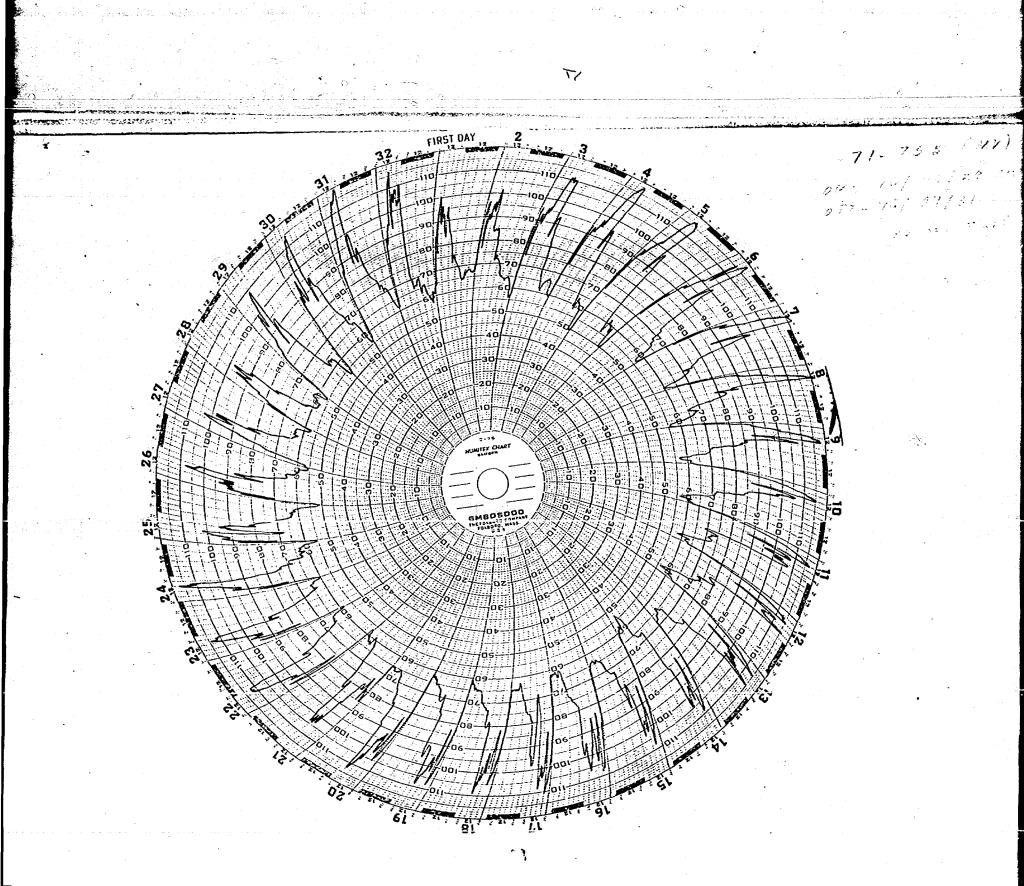
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	LOCATION- UL-	#063# L SEC. #004#	15 TSP. ±005	28 RGE. ±035	* 007 WELL NAME-	SJ 28-7 UNIT #75 MY
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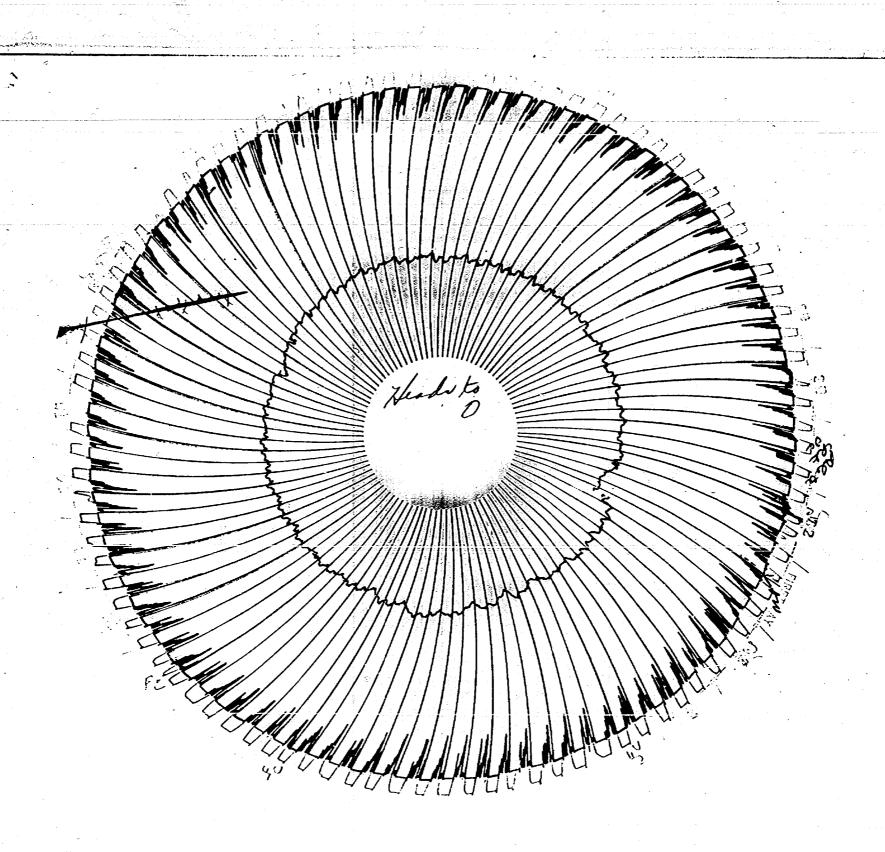




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J. O. SETH (1883-1963)

MONTGOMERY, FEDERICI, ANDREWS & HANNAHS ATTORNEYS AND COUNSELORS AT LAW

325 PASEO DE PERALTA SANTA FE, NEW MEXICO 87501

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November 9, 1976

A. K. MONTGOMERY
WM. R. FEDERICI
FRANK ANDREWS
FRED C. HANNAHS
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FRANK ANDREWS III
OWEN M. LOPEZ
JEFFREY R. BRANNEN
JOHN BENNETT POUND
GARY R. KILPATRIC
THOMAS W. OLSON
WALTER J. MELENDRES
BRUCE L. HERR

Oil Conservation Commission State Land Office Building Santa Fe, New Mexico 87501

Re: OCC Case No. 5802 - Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico

Gentlemen:

Please be advised that David T. Burleson and/or John F. Nance of the office of General Counsel of El Paso Natural Gas Company are associated with our firm for the purpose of presenting testimony with respect to the above-referenced case.

Sincerely yours,

Walter J. Melendres
Walter J. Melendres

WJM: RB

Docket No. 31-76

Dockets Nos. 32-76 and 33-76 are tentatively set for hearing on November 23 and December 15, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER MARING - WEDNESDAY - MOVEMBER 10, 1976

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas for December, 1976, from seventeen prorated roots in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for December, 1976, from four provated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 5796: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Hixon Development Company, National Surety Corporation, and all other interested parties to appear and show cause why the Central Bisti Unit Wells Nos. 41, 46, 47, 49 and 50 located in Units D, I, K, M, and O, respectively, of Section 16, Township 25 North, Range 12 West, Bisti-Lower Callup Pool, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5798: Application of Exxon Corporation for a unit agreement, Sierra and Dona Ana Counties, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the Prisor Unit Area comprising 24,910 acres, more or less, of State, Federal, and fee lands in Townships 16 and 17 South, Ranges 1 Fast and 1 West, Sierra and Dona Ana Counties, New Mexico.
- Application of Gulf Oil Corporation for an unorthodox gas well location and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard proration unit comprising the NE/4 SW/4 and W/2 SE/4 of Section 28 and the NW/4 NE/4 of Section 33, Township 21 South, Range 37 East, Tubb Gas Pool, Lea County, New Mexico, to be dedicated to applicant's J. N. Carson Well No. 9 located at an unorthodox location 1874 feet from the South line and 2086 feet from the West line of said Section 28.
- CASE 5809: Application of Gulf Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Drinkard, Tubb, and Blinebry production in the wellbore of its Manda "B" Well No. 1, located in Unit C of Section 28, Township 22 South, Range 37 East, Lea County, New Mexico.
- CASE 5800: Application of Yates Petroleum Corporation for salt water disposal well, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Morrow formation through the perforated interval from 8983 feet to 9129 feet in its Bob Gushwa Well No. 1 located in Unit J of Section 21, Township 18 South, Range 26 East, Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico.
- CASE 5801: Application of Atlantic Richfield Company for a non-standard proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 275-acre non-standard gas proration unit comprising the W/2 E/2, N/2 NW/4, and SE/4 NW/4 of Section 19, Township 21 South, Range 36 Fast, Duront Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's State 176 Wells Nos. 3 and 6 located, at unorthodox locations in Units J and C, respectively, of said Section 19.
- CASE 5802: Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico.

 Applicant, in the above-styled cause, seeks authority to commingle South Blance-Pictured Gliffs and Blanco Mesaverde production in the wellbore of its San Juan 23-7 Unit Well No. 75 located in Unit L of Section 15, Township 28 North, Range 7 West, Rio Arriba County, New Mexico.
- CASE 5803: Application of El PamCo., Inc., for downhole commingling and simultaneous dedication, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Fruitland and Pictured Cliffs gas production in the wellbore of its Valdez "A" Well No. 1, located in Unit P of Section 24, Township 29 North, Range 11 West, San Juan County, New Mexico. Applicant further seeks approval for the simultaneous dedication of the SE/4 of said Section 24 to said well and its Valdez Well No. 1 located in Unit I of said Section 24.
- CASE 5804: Application of Stevens Oil Company for a dual completion, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its C'Brien "C" Well No. 2 located in Unit D of Section 1, Township 9 South, Range 28 Fast, Chaves County, New Mexico, to produce oil from the San Andres and Devonian formations through parallel strings of tubing.

- CASE 5805: Application of Morris R. Antweil 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 Morrow formations underlying the N/2 of Section 3, Township 22 South, Range 26 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location in Unit G of said Section 3. 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 experision. 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 5806: Application of Anadarko Production Company for two unorthodox well locations, Eddy County, New Mexico. Applicant, in the above-ftyled cause, seeks approval for the unorthodox locations of its Artesia State Unit Well No. 9-5 to be drilled 1270 feet from the North line and 50 feet from the East line of Section 23 and its Artesia State Unit Well No. 2-3 to be drilled 50 feet from the South line and 1270 feet from the West line of Section 13, both in Township 18 South, Range 27 East, Artesia Queen-Grayburg-San Andres Pool, Eddy County, New Mexico.
- CASE 5797: Application of C&K Petroleum, Inc. for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Dallas Ranch Unit Area comprising 5746 acres, more or less, of State, Federal, and fee lands in Township 9 South, Range 26 East, Chaves County, New Mexico.
- CASE 5807: Application of C&K Petroleum, Inc., for compulsory pooling and a non-standard unit, 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 N/2 of Section 13, Township 22 South, Range 26 East, South Carlsbad Field, Eddy County, New Mexico, to form a non-standard 336.6-acre unit to be dedicated to a well located 1680 feet from the North line and 1980 feet from the East line of said Section 13. 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.
- Application of C&K Petroleum, Inc., for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down to and including the Pennsylvanian formation underlying the SE/4 SE/4, NE/4 SE/4, NE/4 SE/4, and SW/4 SE/4 of Section 21, Township 16 South, Range 37 East, Lea County, New Mexico, to form four 40-acre oil proration units, the first to be dedicated to a well to be drilled at a point 660 feet from the South and East line of said Section 21 to test the Strawn formation and each of the others to a well subsequently drilled thereon. Also to be considered will be the cost of drilling and completing caid wells 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 wells and a charge for risk involved in drilling said wells.
- CASE 5785: (Continued from October 27, 1976 Examiner Hearing)

Application of Doyle Hartman for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Seven Rivers-Queen formation underlying the NE/4, NE/4, NE/4, NE/4, SW/4 NE/4, and SE/4 NE/4 of Section 19, Township 24 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico, to form four 40-acre proration units to be dedicated to four oil wells to be drilled at standard locations on said tracts. Also to be considered will be the cost of drilling and completing said wells 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 wells and a charge for risk involved in drilling said wells.

- CASE 5790: Application of Dome Petroleum Corporation for pool creation and assignment of a discovery allowable, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Phtrada production and the assignment of approximately 58,770 barrels of oil discovery allowable to the discovery well, being the Federal 21 Well No. 1 located in Unit K of Section 21, Township 20 North, Range 5 West, McKinley County, New Mexico.
- CASE 5776: (Continued from October 27, 1976, Examiner Hearing)

Application of Continental Oil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its James Ranch Unit Well No. 8 to be drilled at a point 1980 feet from the North line and 660 feet from the West line of Section 31, Township 22 South, Range 31 Fast, Los Medanos-Morrow Gas Pool, Eddy County, New Mexico, the N/2 of said Section 31 to be dedicated to the well.

E Paso NATURAL GAS



October 11, 1976

Det hearing

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 Commission or its designated examiner at your convenience. El Paso seeks approval to downhole commingle gas from the South Blanco Pictured Cliffs with gas from the Blanco Mesaverde in its San Juan 28-7 Unit No. 75 Well. This well is located in Unit L, Section 15, T28N, R7W, Rio Arriba County, New Mexico.

Very truly yours,

E. R. Manning E. R. Manning

ERM:eh

cc: David T. Burleson Donald A. Wadsworth

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:

J.J

CASE NO. 5802

Order No. R- 5324

APPLICATION OF EL PASO NATURAL GAS 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 November 10, 1976, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this day of November , 1976 , 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 San Juan 28-7 Unit Well No. 75 located in Unit L of Section 15, Township 28 North, Range

 7 West, NMPM, Rio Arriba County, New Mexico.
- - (4) That from the South Blanco-Pictured Cliffs zone, the subject well is capable of low marginal production only.
 - (5) That from the Blanco Mesaverde 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.

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(7) That the reservoir characteristics of each of the
ubject zones are such that underground waste would not be caused
y the proposed commingling provided that the well is not shut-in
or an extended period.
(8) That to afford the Commission the opportunity to assess
he potential for waste and to expeditiously order appropriate
emedial action, the operator should notify the Aztec district
office of the Commission any time the subject well is shut-in for
consecutive days.
(9) That in order to allocate the commingled production
to each of the commingled zones in the subject well, 70
percent of the commingled 263 production should be allocated cliffs
to the South Blanco-Pictured/ zone, and 30 percent of the
commingled production/to the Blanco Mesaverde
zone.
IT IS THEREFORE ORDERED:
(1) That the applicant, El Paso Natural Gas Company, is
hereby authorized to commingle South Blanco-Pictured Cliffs and
Blanco Mesaverde production within the wellbore
of the San Juan 28-7 Unit Well No. 75 , located in Unit L
of Section 15 , Township 28 North , Range 7
West , NMPM, Rio ArribaCounty, New Mexico.
(2) That 20 percent of the commingled pas
production shall be allocated to the South Blanco-Pictured Cliffs
zone and 30 percent of the commingled
gus 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 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 entroof such further orders as the Commission may deem necessary.
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.