

CASE 1910: Application of ROY H. SMITH
to commingle from MALJAMAR-YATES POOL
& PEARSALL POOL FROM ALL WELLS ON
ITS WALKER "A" LEASE.

Case No.

1910

Application, Transcript,
Small Exhibits, Etc.

CASE 1910:

Application of Roy H. Smith Drilling Company for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the production from the Maljamar-Yates Pool and the Pearsall Pool from all wells on its Walker "A" lease in Section 5, Township 18 South, Range 32 East, and to commingle the production from the Baish Pool and the Maljamar Pool from wells on its Gulf State lease in Section 16, Township 17 South, Range 32 East, all in Lea County, New Mexico.

CASE 1911:

Application of Johnston and Shear for a multiple zone slim hole completion. Applicant, in the above-styled cause, seeks an order authorizing the multiple completion of its Jicarilla Well No. 1-4, located 985 feet from the North line and 805 feet from the West line of Section 4, Township 24 North, Range 5 West, Rio Arriba County, New Mexico, in such a manner as to produce gas from the South Blanco-Pictured Cliffs Pool (or Otero Chacra), gas from the Dakota Producing Interval, and oil from the Gallup formation adjacent to the Otero-Gallup Pool, each to be produced through 2 7/8-inch tubing which tubing is to be cemented in a common well bore.

CASE 1912:

Application of Southern Union Gas Company for a gas-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Jicarilla 1-F, Unit L, Section 27, Township 26 North, Range 4 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of gas from the Blanco Mesaverde Pool, and the production of oil from the Dakota producing interval through parallel strings of 2 3/8-inch tubing

CASE 1913:

Application of Continental Oil Company for a non-standard oil well location. Applicant, in the above-styled cause, seeks a non-standard oil well location for its Wm. Mitchell "A" Well No. 20, to be located 1320 feet from the North line and 1520 feet from the West line of Section 20, Township 17 South, Range 32 East, Maljamar Paddock Pool, Lea County, New Mexico.

the West line of Section 29, Township 22 South, Range 37 East, Lea County, in such a manner as to permit the production of oil from the Langlie-Mattix Pool and the production of oil from the Drinkard Pool through 2 7/8-inch casing and 4 1/2-inch casing respectively with said casing being cemented in a common well bore.

CASE 1906:

Application of El Paso Natural Gas Products Company for permission to produce more than sixteen wells in a common tank battery. Applicant, in the above-styled cause, seeks an order authorizing the production into a common tank battery of all Horseshoe-Gallup Oil Pool wells presently drilled or hereafter completed on its Horseshoe Ute lease, comprising portions of Sections 27, 28, 33 and 34, Township 31 North, Range 16 West, San Juan County, New Mexico.

CASE 1907:

Application of Gulf Oil Corporation for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its J. N. Carson (NCT-A) Well No. 11, located in Unit K of Section 28, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Wantz-Abo Pool and the production of oil from the Paddock Pool through parallel strings of 2 3/8-inch tubing.

CASE 1908:

Application of Val R. Reese & Associates, Inc. for an oil-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Sperling Well No. 1-30, located in Unit I, Section 30, Township 24 North, Range 6 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of oil from the Gallup formation adjacent to the Escrito-Gallup Oil Pool and the production of gas from the Dakota Producing Interval through parallel strings of 2 3/8-inch tubing.

CASE 1909:

Application of Pan American Petroleum Corporation for a 386-acre non-standard gas unit in the Dakota Producing Interval. Applicant, in the above-styled cause, seeks the establishment of a 386-acre non-standard gas unit in the Dakota Producing Interval consisting of all of partial Section 7 and the W/2 of partial Section 8, Township 28 North, Range 10 West, San Juan County, New Mexico, said unit to be dedicated to the J. R. Day "F" Well No. 1, to be located in the E/2 of said partial Section 7.

NEW CASES

CASE 1901

Application of Caulkins Oil Company for a gas-gas dual completion and for establishment of a 320-acre non-standard Dakota gas unit. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its PC-233 Well, located in Unit D, Section 16, Township 26 North, Range 6 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of gas from the South Blanco-Pictured Cliffs Pool and the production of gas from the Dakota Producing Interval. Applicant further seeks the establishment of a 320-acre non-standard gas unit in the Dakota Producing Interval consisting of the N/2 N/2 and S/2 NW/4 and N/2 SW/4 of said Section 16 to be dedicated to said PC-233 Well.

CASE 1902:

Application of Kenneth Murchison & Company for permission to commingle the production from two separate non-contiguous leases. Applicant, in the above-styled cause, seeks permission to commingle the Bisti-Lower Gallup Oil Pool production from the Federal lease NM-036255-A, consisting of the S/2 SE/4 of Section 3 and the Federal Lease NM-036255-B, consisting of the S/2 NE/4 of said Section 3, Township 25 North, Range 12 West, San Juan County, New Mexico.

CASE 1903:

Application of Texaco Inc. for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the liquid hydrocarbon production from the Moore-Pennsylvanian Pool and the Moore-Wolfcamp Gas Pool from all wells on its State "BN" (NCT-1) lease consisting of the SW/4 of Section 25, Township 11 South, Range 32 East, Lea County, New Mexico.

CASE 1904:

Application of Sunray Mid-Continent Oil Company for an amendment of Order R-1414, as amended by R-1414-A and R-1414-B. Applicant, in the above-styled cause, seeks an order amending the provisions of Order R-1414 which relate to assignment and transfer of allowables in the Central Bisti LPG-Gas-Water Injection Project, Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1905:

Application of Humble Oil & Refining Company for an oil-oil dual completion utilizing parallel strings of small diameter casing cemented in a common well bore. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its State M-20 Well, located 1930 feet from the North line and 1980 feet from

DOCKET: EXAMINER HEARING FEBRUARY 25, 1960

Oil Conservation Commission - 9 a.m., State Corporation Commission Hearing Room, Basement, Capitol Building, Santa Fe, New Mexico

The following cases will be heard before Elvis A. Utz, Examiner, or A. L. Porter, Jr., Secretary-Director:

CONTINUED CASES

CASE 1868: Application of Hamilton Dome Oil Company, Ltd. for permission to commingle the production from three separate pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Justis-Drinkard Pool, the Justis-Fusselman Pool and an undesignated Tubb pool from wells on a lease consisting of the S/2 SE/4 of Section 25, Township 25 South, Range 37 East, Lea County, New Mexico.

CASE 1879: Application of Amerada Petroleum Corporation for a gas-oil dual completion and for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its State EM "A" Well No. 2, located 660 feet from the South and West lines of Section 22, Township 19 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Eumont Gas Pool and the production of oil from the Eumont Gas Pool through the casing-tubing annulus and the tubing respectively. Applicant further seeks the establishment of a 160-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the SW/4 of said Section 22 to be dedicated to the said State EM "A" Well No. 2.

CASE 1888: Application of C. W. Trainer for off-lease storage of oil production. Applicant, in the above-styled cause, seeks permission to store the Pearl-Queen Oil Pool production from his Rushing lease, consisting of the W/2 NE/4 of Section 22, Township 19 South, Range 35 East, Lea County, New Mexico, in a tank battery located on his Signal State lease, consisting of the E/2 NW/4 of said Section 22.

CASE 1894: (Continued)
Application of Robert N. Enfield for designation of a unit area. Applicant, in the above-styled cause, seeks a designation of the following-described 560 acres as the Southwest Mescalero Unit Area: Section 32, E/2 NE/4; Section 33, S/2 and NW/4, Township 10 South, Range 32 East, Lea County, New Mexico.

PHONE 723-4742

ROY H. SMITH DRILLING CO.

1117 CITY NATIONAL BUILDING
WICHITA FALLS, TEXAS

January 21, 1960

Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Attention: Mr. A.L. Porter

Gentlemen:

We have received the Order No. R-1560 of the Commission regarding the hearing called by the Oil Conservation Commission for the purpose of considering our application to commingle the production from two separate pools in Lea County, New Mexico. We regret that due to an oversight on our part we were not in attendance at the hearing. We respectfully request that we be given a hearing for the purpose of considering a new request concerning permission to commingle production from the Maljamar-Yates Pool and the Pearsall Pool on our Walker Federal lease in Section 5, T-18-S, R-32-E, Lea County, New Mexico and also we wish to commingle production from the Baish Pool and the Maljamar Pool on our Gulf State lease in Section 16, T-17-S, R-32-E, Lea County, New Mexico.

We wish to thank you for your consideration in this matter and also to assure you that we will attend the hearing that you may grant us.

Very truly yours,

ROY H. SMITH DRILLING COMPANY

Hugh L. Johnston Jr.
Hugh L. Johnston, Jr.

HLJjr:bs

*Joseph
Mailed
2-15-60
JL*

*See Previous
ad in case
That was
dismissed
by Order
R-1560*

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 3-1-60

Hearing Date 2-25-60

1910

My recommendations for an order in the above numbered cases are as follows:

1. Grant Roy W. Smith & Co. request as follows:

(a) Coominges in on Smith & Co. Maljama - Gates and Pearson - Iron oil production on their Walker "A" lease consisting of the S/2 NE/4 - 5. 185-32 E. Provided the Maljama - Gates is measured before coominging.

(b) Coominges in on Smith & Co. Maljama - Grayburg Sam Andrus oil production on their Gulf State lease consisting of N/2 SW/4 16 - 175-32 E provided the Baish - Gates production is measured before coominging.

2. Provisions for monthly well test.

Thos. A. W.

Staff Member

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 4, 1960

Mr. Jason Kellahin
Box 1713
Santa Fe, New Mexico

Dear Mr. Kellahin:

On behalf of your client, Roy H. Smith Drilling Company,
we enclose two copies of Order R-1623 in Case 1910 issued
by the Oil Conservation Commission this date.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

lr/

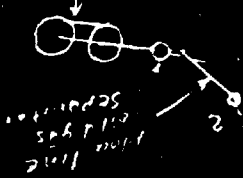
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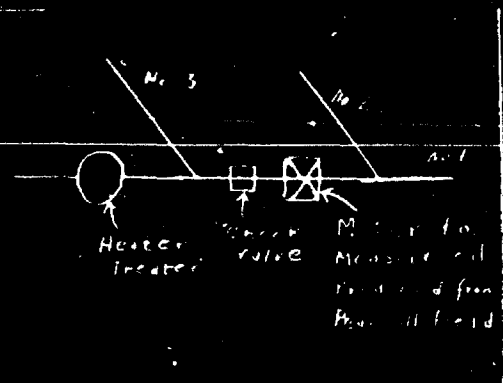
Highway 67
N.E. 51/4 Sec. 16 T 17S R 32E
Drainage of the road system
to Canadian oil

Key II Switch Drilling Case

Walker A Lease

S/2 NE/4 Sec. 5 T12S R10E

Diagram of proposed system



80 ft

Water Shut
Main field

Proposed for flow

Water Shut
Main field
Flow line

Flow line



Header water

Two field
Main field

HL108

151

151

NORTH

151

Toy A. Smith Drilling Co.
Walker "A" Lease

17 Township Plat

3 1/2 of NE



Section

County

Lea

Township

18 S

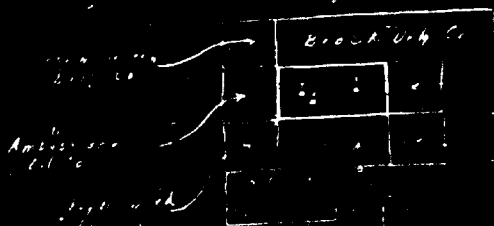
Range

32 E

State

New Mexico

NORTH



SOUTH

Handwritten notes at the top of the page, possibly a title or description.

SECTION 30, TOWNSHIP 27 S, RANGE 3 E

17 Township Plat

Q1 Section

Township

27 S

Range

3 E

County

100

State

New Mexico

NORTH



SOUTH

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1910: Application of Roy H. Smith Drilling Company for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the production from the Maljamar-Yates Pool and the Pearsall Pool from all wells on its Walker "A" lease in Section 5, Township 18 South, Range 32 East, and to commingle the production from the Baish Pool and the Maljamar Pool from wells on its Gulf State lease in Section 16, Township 17 South, Range 32 East, all in Lea County, New Mexico.

State Conservation Commission
Hearing Room
Capitol Building
Santa Fe, New Mexico
February 25, 1960

BEFORE:

Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 1910.

MR. FLINT: Case 1910. Application of Roy H. Smith Drilling Company for permission to commingle the production from two separate pools.

MR. KELLAHIN: Jason Kellahin, Kellahin and Fox, Santa Fe, representing the applicant. We will have one witness, Mr. Johnston.

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PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



(Witness sworn.)

HUGH JOHNSTON

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Will you state your name, please?

A Hugh Johnston.

Q What business are you engaged in, Mr. Johnston?

A In the drilling and contracting business.

Q Are you connected with the Roy H. Smith Drilling Company?

A Yes, sir.

Q What is your position with that company?

A I'm a partner.

Q Mr. Johnston, you've never testified before this Commission, have you?

A No, sir.

Q What educational background have you had?

A Well, I studied geology and petroleum engineering at Oklahoma University.

Q And what business have you engaged in since that time?

A Since that time, I was employed in Midland wells servicing firm for about--

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Q When was that?

A From 1947 for approximately five years, and 1952 I left that job and went into the drilling business.

Q And have you engaged in the drilling business since that time?

A Yes, sir.

Q Now, Mr. Johnston, do you have any connection with the area which is involved in the application in Case 1910?

A Well, yes, sir. You mean--

Q Is it under your supervision?

A Yes, sir. I supervised the operation of that area.

Q Are you familiar with the area and the wells located there and their completions?

A Yes, sir.

MR. KELLAHIN: Are the witness' qualifications acceptable, Mr. Utz?

MR. UTZ: Yes, sir.

Q (By Mr. Kellahin) Mr. Johnston, are you familiar with the application in Case 1910?

A Yes, sir.

Q Would you state briefly what is proposed in this application?

A Briefly, we propose to commingle the oil from the three wells that are on this lease. Two of the wells produce from the Queen section, and one of the wells is completed in the



Yates section and has been assigned to the Maljamar-Yates Field, or Pool.

Q There are actually two separate leases involved here, are there not?

A Yes, sir. There is another lease also, and the application and the other lease being a Gulf State lease in Section 16 of Township 17 South, 32 East. And again we have three wells on this lease, two of which produce from the Maljamar or Grayburg San Andres, and one well is producing from the Yates and is assigned to the Baish Pool, and we also propose to commingle the oil from these three wells into a common tank battery.

Q Now, referring to what has been marked as Exhibit No. 1, a diagram of the Walker A lease, will you state what that Exhibit shows?

A Yes, sir. That shows that the south half of the northeast quarter of Section 5 is the lease in question, and it gives the location of the wells that are on the lease. The number 1 and 2 wells are wells that are in the Pearsall Field producing from the Queen, and the number 3 well is in the Maljamar-Yates Pool, this is from the Yates formation.

Q Now, the Exhibit likewise shows the ownership of the offsetting acreage, does it not?

A Yes, sir, that is correct. That-- It does not put the address of the owners, I did not know whether that was necessary or not, but to the best of my knowledge, these are the



correct owners of that offsetting acreage.

Q Now, referring to what has been marked Exhibit No. 2, will you state what that shows?

A That is a diagram. It is our proposal as to how we would commingle this oil.

Q I'm referring, Mr. Johnston, first, to the diagrammatic sketch as the Gulf State lease.

A On the Gulf State lease, we diagrammed here how we would propose to commingle oil, and I would like to--

Q The plat I'm referring to identifies the wells, please, sir?

A On this plat we have outlined the north half of the Southwest quarter of Section 17, 17 South, Range 32 East, as being the lease in question. And also have the locations of the wells that are on this lease. And in this case, the number 1 well is assigned to the Baish Pool, and produced from the Yates numbers 2 and 3 are in the Maljamar Field and produce from the Grayburg and San Andres.

Q And all of the offsetting acreage is owned and operated by Continental Oil Company?

A Yes, sir. That is correct.

Q Now, referring to the diagrammatic sketch on the Walker A lease which has been marked as Exhibit number 3, would you discuss how you propose to handle your tank battery on that lease?

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A Yes, sir. First, the size of that plat, it may be a little hard to read. I would like to substitute in the diagram there where I have put "Meter", I would like to substitute the word "Tank" for that, and the diagram, of course, shows the present flow lines and the tank battery, and our proposed flow line in the upper left-hand corner. We would show that we would produce our number 3 well into a separate tank in order to measure the oil, and then, transfer the oil from that tank into the tank battery that is presently there in order to get it on the pipe line connection.

Q Now, that would then indicate that you only propose to measure the production from one of the wells; is that correct?

A Yes, sir. That is correct.

Q Have you any production history on these wells, Mr. Johnston?

A Yes, sir. On the numbers 1 and 2 we've had for some time, and the recent history of those two wells is that they have an average production of approximately thirty barrels per day.

Q Now, they are producing from the Maljamar-Yates Pools?

A No, sir. They are producing from the Pearsall-Queen sand.

Q And what did you say their production was?

A Approximately thirty barrels per day.



Q Now, what is the production on your number 3 well?

MR. UTZ: Is that thirty barrels from both wells?

A Yes, sir. The well that is producing from the Yates or Maljamar-Yates Pool well makes approximately thirty barrels per day.

Q (By Mr. Kellahin) Now, what is the gravity of the fluids from the two zones, Mr. Johnston?

A Gravity of the oil from the Pearsall Pool is 35.4 and gravity of the oil from the Maljamar-Yates is 38.

Q Would, by commingling, be any loss in the value of the fluids after they are commingled?

A I believe not, not to any extent, not to any great extent at least, because of the fact that the amount of oil that we are attempting to commingle is quite small, and especially the amount of oil that comes from the Yates sand well, is very small amount there.

Q In your opinion, would it be practical to meter the production from the two separate zones?

A I believe that it would not be practical to attempt to meter both of the zones. In the case of the Yates sand well, it makes a small amount of water which would complicate the metering process in any manner other than the manner that was stated of putting in the tank where the water could be drawn off and handled in that way to more accurately measure it. More so than by using the water samples or fluid samples to deter-



mine the percentage of water.

Q In your opinion, would periodic tests of the wells give a reasonably accurate indication of the production from the two zones?

A Yes, sir. I believe that we could take periodic tests and have a certainly a reasonably accurate record of what the production of the well would be.

Q In the alternative, you propose to install a tank in which oil from one of the zones would be measured?

A Yes, sir, that is right. As an alternative, we would install a tank which would be somewhat more positive.

Q Now, would you then determine the production from the other zones by deducting the measured production from the total production into the common tank battery?

A Yes, sir.

Q Would shrinkage be a factor to be considered in this instance?

A I would think not. I think that shrinkage would be very small.

Q Is the ownership throughout the acreage involved here common?

A Yes, sir.

Q Is the overriding royalty common?

A Yes, sir.

Q Now, referring to what has been marked as Exhibit



No. 4, which is a diagrammatic sketch of the Gulf State lease common tank battery. Would you discuss that Exhibit, please?

A Yes, sir. This, as in the case of the previous diagram, is to outline our alternate plan for commingling this oil in the event it isn't possible to, by periodic test, to determine the production from the two different zones, and this diagram being to show that we would again set a separate tank in order to measure the oil, if we are not allowed to measure the oil by periodic test.

MR. FLINT: You are changing the meter, to tank, here again?

A Yes, please.

Q (By Mr. Kellahin) Now, would you give us the production from the two zones in this lease?

A Yes, sir. Again the one well, the well in the Baish Field, the number 1 well, the average production in that well is approximately three barrels per day, and the average production from the two wells, numbers 2 and 3, in the Maljamar Pool, is approximately forty barrels per day.

Q There again you would determine the production in the Maljamar Field by deducting therefrom the measured production from the Yates-Baish Field after it had been measured into the tank?

A Yes, sir, that is correct.

Q In your opinion, would that give you an accurate measure-



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ment of the oil production from the two separate zones?

A Yes, I believe it would.

Q What are the gravities of the fluids involved here?

A The gravity of the oil from the Baish Pool 35.4; the oil from the Maljamar is 36.7.

Q And the commingling would have no significant effect on the gravity of the ultimate product?

A I would think not. Unless there is one degree difference in the gravity, I don't believe it would change it much.

Q In your opinion, would shrinkage be a factor to be considered by this system of measurement?

A I don't believe that it would.

Q Do you think that accurate measurement could actually be achieved by periodic well tests, rather than any measure from the total commingled product?

A Yes, sir, I believe so.

Q Would you propose that as an alternative to measuring into a tank?

A That would be our proposal primarily, and then, as an alternative, we would measure it in the tank.

Q Would it be practical, in your opinion, to meter the production from the two separate zones?

A I think that we have a situation that wouldn't, where it would not be practical. For one thing, we have the numbers 2



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ALBUQUERQUE, NEW MEXICO

and 3 wells are flowing, and they do make some gas naturally, and I think that that would probably make our metering process more difficult. And again, the number 1 well does make a small amount of water.

Q Is the ownership common throughout the acreage involved here?

A Yes, sir, it is.

Q Is the overriding royalty all common?

A Yes, sir.

Q Is economics a factor on both of these leases in regard to the question of metering both zones? Would it be an economic practice to install meters to separately measure the production from each zone?

A I don't believe it would be considered economic to spend the money to install meters and maintain them in view of the fact that in each case we have a well in question that makes approximately three barrels per day, and does not produce a great deal of revenue.

Q And measurement into a tank would be more accurate than measurement by meter, you feel?

A We feel it would be more accurate and certainly less trouble to maintain than the meter.

Q Were Exhibits 1 through 4, inclusive, prepared by you?

A Yes, sir.



MR. KELLAHIN: At this time, we would like to offer in evidence Exhibit 1 through 4.

MR. UTZ: Without objection, they will be entered in the record.

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

CROSS-EXAMINATION

BY MR. UTZ:

Q Mr. Johnston, I was not clear whether the interests in both pools were the same throughout this acreage?

A Yes, sir, they are.

Q And in both instances?

A Both instances, yes.

Q Now, what size tank do you propose to set to measure the oil from the Maljamar-Yates Pool?

A Either one hundred barrel, or one hundred and fifty barrel tank.

Q It is your intention, in order to clarify this thing, to produce the Yates Pool into the tank and measure, and then, from that tank into the common storage with the Pearsall Pools?

A Yes, sir.

Q And that same situation would hold true for your Baish and your Maljamar Pool, your Gulf State lease?

A Yes, sir.

MR. UTZ: Any other questions of the witness?

If no other questions, the witness may be excused.

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(Witness excused.)

MR. UTZ: Any statements to be made in this case?

Case will be taken under advisement.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691



C E R T I F I C A T E

STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, J. A. TRUJILLO, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript by me and/or under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal, this, the 15th day of March, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Joseph A. Trujillo
 NOTARY PUBLIC

My commission expires:
 October 5, 1960.

I do hereby certify that the foregoing is a true and correct transcript of the proceedings in the New Mexico Oil Conservation Commission No. 1960, heard by me on July 25, 1960.
Paul H. [Signature], Examiner
 New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.
 ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691



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. 1910
Order No. R-1623

APPLICATION OF ROY H. SMITH
DRILLING COMPANY FOR PERMISSION
TO COMMINGLE THE PRODUCTION FROM
TWO SEPARATE POOLS ON EACH OF
TWO SEPARATE LEASES IN LEA COUNTY,
NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on February 25, 1960, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 4th day of March, 1960, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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 is the owner and operator of the Walker "A" lease comprising the S/2 NE/4 of Section 5, Township 18 South, Range 32 East and of the Gulf State lease comprising the N/2 SW/4 of Section 16, Township 17 South, Range 32 East, all in Lea County, New Mexico.

(3) That the applicant proposes to commingle the Maljamar-Yates Pool and the Pearsall (Queen) Pool production from all wells presently completed on said Walker "A" lease after separately measuring the Maljamar-Yates Pool production in tanks.

(4) That the applicant further proposes to commingle the Baish (Yates) Pool and the Maljamar (Grayburg-San Andres) Pool production from all wells presently completed on said Gulf State lease after separately measuring the Baish Pool production in tanks.

-2-

Case No. 1910
Order No. R-1623

(5) That all of the wells presently completed in the subject pools on the two leases described above are low marginal wells.

(6) That because of the marginal character of the subject wells, the applicant's request for permission to commingle the production from two pools on each of two leases, after separately measuring the production from only one pool in each case, should be granted, provided that a monthly test is conducted on each of the subject wells to determine the individual production from each well.

(7) That approval of the subject application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant be and the same is hereby authorized to commingle the Maljamar-Yates Pool and the Pearsall (Queen) Pool production from all wells presently completed on the Walker "A" lease, comprising the S/2 NE/4 of Section 5, Township 18 South, Range 32 East, NMPM, Lea County, New Mexico, after separately measuring the Maljamar-Yates Pool production in tanks.

(2) That the applicant be and the same is hereby authorized to commingle the Baish (Yates) Pool and the Maljamar (Grayburg-San Andres) Pool production from all wells presently completed on the Gulf State lease, comprising the N/2 SW/4 of Section 16, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico, after separately measuring the Baish Pool production in tanks.

PROVIDED HOWEVER, That if any well in either of the subject pools on either of the subject leases shall at any time in the future become capable of producing considerably in excess of the present level of liquid hydrocarbon production, the authority granted by this order shall terminate unless the production from each of the subject pools is separately measured prior to commingling.

PROVIDED FURTHER, That the applicant shall conduct monthly tests of all wells presently completed in the subject pools on the subject leases to determine the individual production from each well.

PROVIDED FURTHER, That the applicant shall conduct periodic tests to determine that undue sediment is not accumulating in the measuring tanks which would cause the measurement to become inaccurate.

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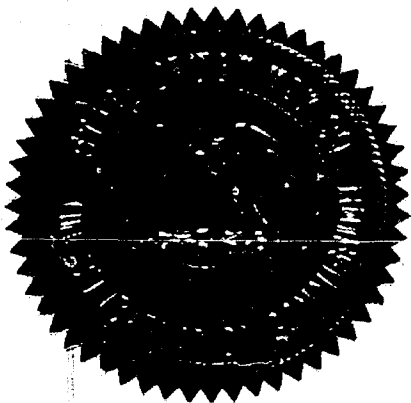
DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John Burroughs
JOHN BURROUGHS, Chairman

M. E. Morgan
MURRAY E. MORGAN, Member

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



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