

CASE 2523: Appli. of CONSOLIDATED OIL
& GAS for an unorthodox gas well
location for its TRIBAL "C" WELL #2-6

452 / 10.

2523

dition, Transcript,
all Exhibits, Etc.

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER



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

P. O. BOX 871
SANTA FE

April 19, 1962

Re: CASE NO. 2523

ORDER NO. R-2217

APPLICANT:
Consolidated Oil & Gas, Inc.

Mr. Jason Kellahin
Kellahin & Fox
Box 1713
Santa Fe, New Mexico

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

ir/

Carbon copy of order also sent to:

Hobbs OCC X
Artesia OCC
Aztec OCC X

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. 2523
Order No. R-2217

APPLICATION OF CONSOLIDATED OIL
& GAS, INC., FOR AN UNORTHODOX
GAS WELL LOCATION, RIO ARriba
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 11, 1962, at Santa Fe, New Mexico, before Daniel S. Mutter, 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 18th day of April, 1962, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Mutter, 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, Consolidated Oil & Gas, Inc., seeks approval of an unorthodox gas well location in the Blanco-Mesaverde Gas Pool for its Tribal "C" Well No. 2-6 to be 1650 feet from the North line and 1550 feet from the West line of Section 6, Township 26 North, Range 3 West, NMPM, Rio Arriba County, New Mexico.

(3) That said well is to serve as the unit well for a 320-acre gas proration unit comprising the W/2 of said Section 6.

(4) That said well is off-pattern with respect to the Special Rules and Regulations governing the Blanco-Mesaverde Gas Pool.

(5) That the subject application should be approved inasmuch as the applicant encountered severe mechanical problems which prevented the completion in the Mesaverde formation of its Tribal "C" Well No. 1-6 located in the SW/4 of said Section 6.

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CASE No. 2523

Order No. R-2217

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

IT IS THEREFORE ORDERED:

(1) That the applicant, Consolidated Oil & Gas, Inc., is hereby authorized to complete its Tribal "C" Well No. 2-6 at an unorthodox gas well location in the Blanco-Mesaverde Gas Pool, 1650 feet from the North line and 1550 feet from the West line of Section 6, Township 26 North, Range 3 West, NMPM, Rio Arriba County, 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



EDWIN L. NECHEM, Chairman



E. S. WALKER, Member



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



esr/

RECEIVED OFFICE
SOUTHERN UNION PRODUCTION COMPANY
FIDELITY UNION TOWER
DALLAS 1, TEXAS
APR 16 10 16 AM '62
A. M. WIEDERKEHR
VICE-PRESIDENT
April 3, 1962

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

Southern Union Production Company, as offset operator, has no objection to the proposed unorthodox location of Consolidated Oil & Gas, Inc.'s Tribal "C" No. 2-6 well located 1650' F/NL and 1550' F/WL of Section 6, T-26N, R-3W, Rio Arriba County, New Mexico.

Yours very truly,

SOUTHERN UNION PRODUCTION COMPANY

A. M. Wiederkehr

AMW:t

cc: Consolidated Oil & Gas, Inc.
Suite 2112 Tower Building
1700 Broadway
Denver 2, Colorado

No. 11-62

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 11, 1962

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
Elvis A. Utz, as Alternate Examiner:

CASE 2521: Application of Pan American Petroleum Corporation for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 160-acre non-standard gas proration unit in the Basin-Dakota Gas Pool, comprising the NW/4 of Section 23, Township 29 North, Range 13 West, San Juan County, New Mexico, said unit to be dedicated to the Gallegos Canyon Unit Well No. 94 located 1850 feet from the North and West lines of said Section 23.

CASE 2522: Application of Shell Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its State GA Well No. 2, located in Unit N of Section 16, Township 15 South, Range 36 East, Lea County, New Mexico, as a dual completion (conventional) in the Caudill Permo-Pennsylvanian and Caudill-Devonian Pools with the production of oil from the Permo-Pennsylvanian zone to be through a string of 1-inch tubing and the production of oil from the Devonian zone to be through a parallel string of 2 1/16-inch tubing, a hydraulic casing pump and the casing-tubing annulus.

CASE 2523: Application of Consolidated Oil & Gas, Inc., for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location in the Blanco-Mesaverde Gas Pool for its Tribal "C" Well No. 2-6 to be 1650 feet from the North line and 1550 feet from the West line of Section 6, Township 26 North, Range 3 West, Rio Arriba County, New Mexico.

CASE 2524: Application of Cities Service Petroleum Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 320-acre non-standard gas proration unit in the Jalmat Gas Pool, comprising the E/2 of Section 19, Township 24 South, Range 37 East, Lea County, New Mexico; said unit is to be dedicated to

Docket No. 11-62

the Thomas Well No. 2 located at an unorthodox location 2310 feet from the North line and 2210 feet from the East line of said Section 19.

- CASE 2525: Application of Cities Service Petroleum Company for conversion of two wells in the Drickey-Queen Sand Unit, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the conversion of the Drickey-Queen Sand Unit Wells Nos. 7-1 and 21-3 located, respectively, in the NW/4 NW/4 of Section 1 and the SE/4 NE/4 of Section 2, all in Township 14 South, Range 31 East, Chaves County, New Mexico, to water injection wells. Said wells have not received a response from the waterflood operations.
- CASE 2526: Application of Texaco Inc., for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its State "R" (NCT-4) Well No. 2 located in Unit D, Section 7, Township 18 South, Range 35 East, Lea County, New Mexico, as a dual completion (tubingless) in an undesignated Drinkard pool and adjacent to the Vacuum-Abo Pool, with the production of oil from both zones to be through parallel strings of 2 7/8-inch casing.
- CASE 2527: Application of Humble Oil & Refining Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its State "BO" Well No. 1, located in Unit H, Section 12, Township 18 South, Range 34 East, Lea County, New Mexico, as a dual completion (combination) in an undesignated Drinkard pool and adjacent to the Vacuum Abo Pool, with the production of oil from the Abo zone to be through tubing inside 4½-inch casing and the production of oil from the Drinkard zone to be through a parallel string of 2 7/8-inch tubing.
- CASE 2528: Application of R & G Drilling Company for special allowables, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to produce 12 wells in the West Kutz-Pictured Cliffs Gas Pool and 2 wells producing from the Farmington formation, located in Sections 22, 27, 28, 32, 33 and 34, Township 28 North, Range 11 West, and in Section 10, Township 27 North, Range 11 West, San Juan County, New Mexico, under a project allowable of 3300 MCF of gas per day to be produced from any well or combination of wells in the project. Applicant further seeks approval to install compression equipment with which to produce said wells.

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Docket No. 11-62

CASE 2529: Application of R & G Drilling Company for an exception to Order No. R-2046, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of the two following described non-standard gas proration units in the Basin-Dakota Gas Pool in San Juan County, as an exception to Order No. R-2046 which established a series of non-standard Dakota Units:

(1) Lots 3, 4, 5, 6 & 7, the SE/4 NW/4 and the E/2 SW/4 of Section 6, and Lots 1 and 2 and the E/2 NW/4 of Section 7, containing 342.51 acres;

(2) Lots 3 and 4 and the E/2 SW/4 of Section 7, and the W/2 of Section 18, containing 320.27 acres, all in Township 30 North, Range 13 West, San Juan County.

iqg/



MAIL OFFICE OCC
Consolidated Oil & Gas, Inc.
1962 MAR 19 PM 6:41

Executive Offices

SUITE 2112 TOWER BLDG.
DENVER-U. S. NATIONAL CENTER
1700 BROADWAY
DENVER 2, COLORADO
PHONE AMHERST 6-1306

March 16, 1962

1550 W
1650 N

Mr. A. L. Porter, Jr.
Oil & Gas Conservation Commission
State of New Mexico
P. O. Box 871
Santa Fe, New Mexico

Dear Mr. Porter:

We hereby request permission for an unorthodox Pictured Cliffs-Mesaverde completion in the Blanco Mesaverde field. We refer to RI-670, Section VIII, Para. A, Rule 2. This request is for Consolidated Oil & Gas, Inc. Tribal "C" No. 2-6, located in the NW/4 of Section 6, Township 26 North, Range 3 West, Rio Arriba County, New Mexico; a dual Pictured Cliffs-Mesaverde test.

The location as concerns the Mesaverde is off pattern and this request is due to the fact that our Tribal "C" No. 1-6, located in the SW/4 of Section 6, encountered severe mechanical problems which prevented us from completing it in the Mesaverde.

We will very much appreciate your scheduling this for hearing at an early date. We are notifying all offset operators of our desire to drill this unorthodox location.

Very truly yours,

CONSOLIDATED OIL & GAS, INC.

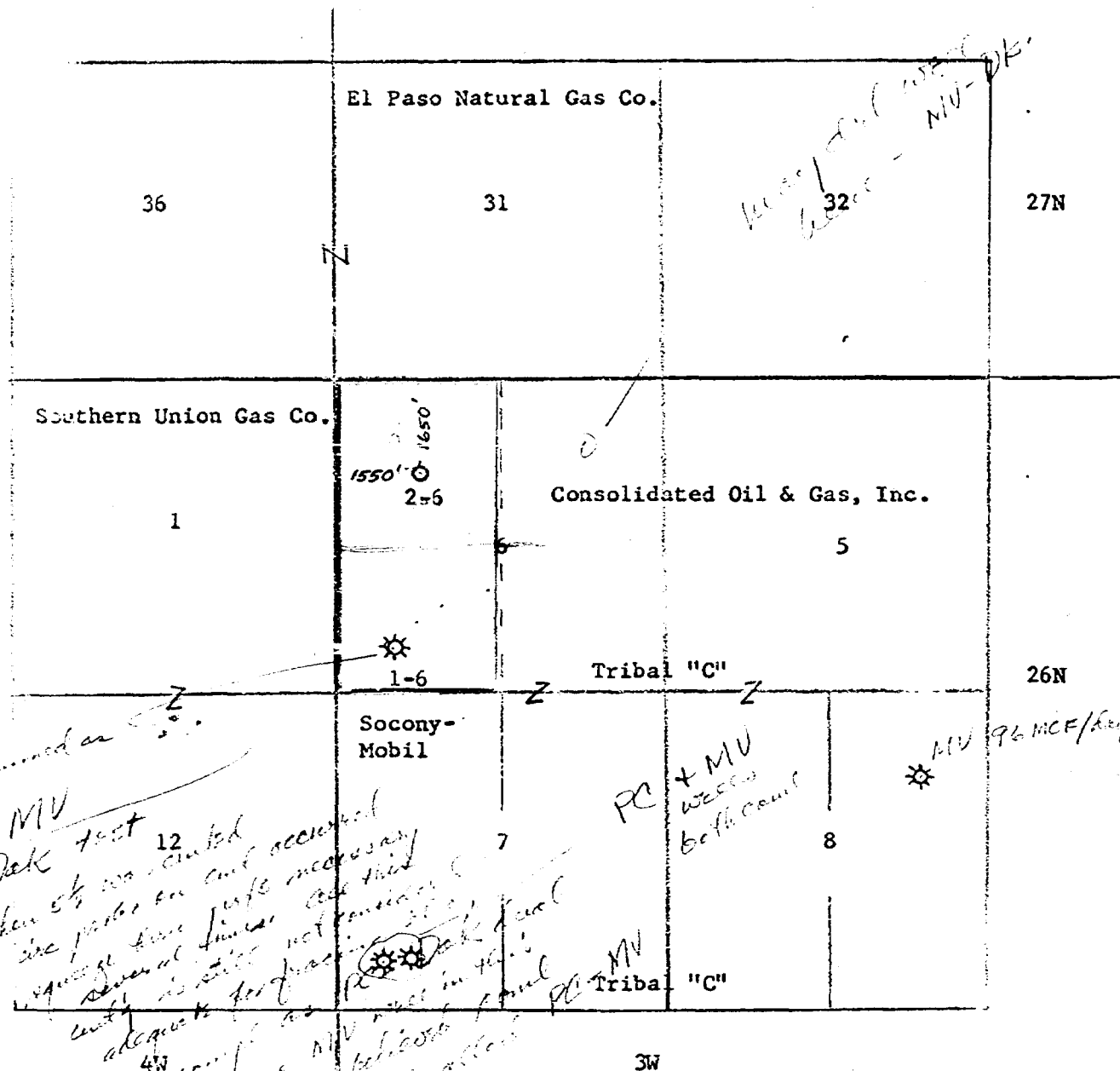
Robert B. Tenison
Robert B. Tenison, Vice President

RBT:bw

cc: El Paso Natural Gas Co.
Mobil Oil Company
Southern Union Gas Co.
Oil & Gas Conservation Commission-Aztec

*Look
Mailed
3-30-62
JR*

Rio Arriba County, New Mexico



BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Exptl. EXHIBIT NO. 1
CASE NO. 2523

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691

EXAMINER HEARING

IN THE MATTER OF:

Application of Consolidated Oil & Gas, Inc., for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location in the Blanco-Mesaverde Gas Pool for its Tribal "C" Well No. 2-6 to be 1650 feet from the North line and 1550 feet from the West line of Section 6, Township 26 North, Range 3 West, Rio Arriba County, New Mexico.

CASE 2523

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: We will call next Case 2523.

MR. WHITFIELD: Case 2523: Application of Consolidated Oil & Gas, Inc., for an unorthodox gas well location, Rio Arriba County, New Mexico.

MR. KELLAHIN: If the Examiner please, Jason Kellahin, Kellahin and Fox, Santa Fe, representing the Applicant. We have one witness I would like to have sworn, please.

(Witness sworn.)

GEORGE E. FARMAR

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



DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A George E. Farmar.

Q By whom are you employed and in what position?

A Consolidated Oil and Gas, Inc., Chief Engineer.

Q Have you ever testified before the Oil Conservation Commission of New Mexico?

A No.

Q Would you state, for the benefit of the Examiner, your educational qualifications and experience as an Engineer?

A Graduated from the University of Southern California in 1946, Bachelor of Engineering in Petroleum Engineering. Worked from 1946, Spring of 1948 for Signal Oil and Gas Company; from 1948 to Fall of 1953 for U. S. Smelting and Refining Company; for the next year as an independent consultant; and from 1954 till the Spring of 1958 with Brinkerhoff Drilling Company; and since the Spring of 1958 I have been employed by Consolidated Oil and Gas.

Q In connection with your duties as Engineer for Consolidated Oil and Gas, do you have jurisdiction over the area involved in this application?

A Yes.

MR. KELLAHIN: Are the witness' qualifications acceptable?

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PHONE 243-6631



MR. NUTTER: Yes, sir.

Q (By Mr. Kellahin) Mr. Farmar, what is Consolidated Oil and Gas, Inc., proposing in this application?

(Whereupon, Applicant's Exhibit 1 marked for identification.)

A Exhibit 1 shows a plat of the area, and the area outlined in red is the 320-acre proration unit for the Mesaverde. We are proposing an unorthodox location in the Northwest Quarter in the Blanco-Mesaverde Field. This was brought about by the fact that the well shown in the Southwest Quarter originally was programmed as a Pictured Cliffs, Mesaverde and Dakota test. This well was drilled for gas from below the intermediate string set below the Pictured Cliffs into the Dakota, and at such time as it became necessary to cement the 5-1/2 inch producing string, there was circulation problems and the cement was not circulated as proposed. It was then, several cement procedures were required to effectively squeeze opposite the Dakota formation, and then the pipe was perforated and cement was placed at the base of the Mesaverde formation. This cement job showed some leakage. It was then squeezed in three stages and cemented at the top of this 5-1/2 inch liner, which was cut off inside the 7-5/8ths casing.

In the opinion of our staff, it was felt that the cementing opposite the Mesaverde was not a hundred percent fool-proof. We felt that we had properly covered the section with cement, but there might be possible bond voids in there, and

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various things which would give us a very hazardous fracking job and probably an inadequate test of the Mesaverde section. So no attempt was made to complete this well in the Mesaverde.

It was completed as a Pictured Cliff and Dakota dual producer. Therefore, we proposed this location 2-6 in the Northwest Quarter to test the Pictured Cliff and Mesaverde. It was felt that the actual producing possibilities of the Mesaverde in this area are rather unproven. We do not feel that a single zone well drilled to the Mesaverde is economically feasible, and this is the reason for our proposal.

Q What is the status of the 2-6 Well at the present time?

A Due to some commitments we had, we had to go ahead and drill it. It has been drilled into the Mesaverde and there is casing cemented in this formation at the present time. That is as far as completion has gone.

Q You propose to make a dual completion out of it?

A We propose to make a dual Mesaverde-Pictured Cliff completion.

Q That has not yet been done?

A No, we have not yet tested the Mesaverde in the area. It is possible it is not commercially feasible. We do believe the Pictured Cliff is.

Q Then to sum up your testimony, Mr. Farmar, is it correct to say that as to the 1-6 Well, you do not think from an engineering point of view an attempt to complete that well in the Mesaverde



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would be a safe practice?

A I think it would not be a prudent practice. We could have done it. If we would have gotten poor results, we would never have known where the frack went. It might have lead to erroneous conclusions. We feel that the only way we can get this proration tract is through this second well, and unless this is granted, that this tract will never be drilled.

Q It will not be developed in the Mesaverde?

A No.

Q You do not feel then that an orthodox location in the Mesaverde would be justified as a single completion?

A We certainly do not. Indications are that this is a very marginal Mesaverde area, at the present time.

Q Was Exhibit 1 prepared by you or under your supervision?

A Yes.

MR. KELLAHIN: I would like to offer in evidence Exhibit No. 1.

MR. NUTTER: Consolidated Exhibit No. 1 will be admitted in evidence.

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

MR. NUTTER: Does anyone have any questions of Mr. Farmer?

MR. MORRIS: Yes, sir.

MR. NUTTER: Mr. Morris.



CROSS EXAMINATION

BY MR. MORRIS:

Q Mr. Farmer, your Well No. 2-6 is within the allowed tolerance from the lease lines and quarter section lines, but is merely unorthodox because it's off pattern?

A That is correct.

Q What zone is your 1-6 completed in?

A It is completed as a dual Pictured Cliff and Dakota well.

Q Are there any other producing formations besides the Pictured Cliffs, Dakota, and Mesaverde in this particular area?

A There are none developed. We do not believe there are any potentialled.

Q So it would have been impossible, as far as you know, to dually complete your Mesaverde with another formation in the Southwest Quarter of Section 6?

A Only through that 1-6 Well, and the hazards have been explained on that.

Q Right. Did I understand you to mention that the Mesaverde section in 2-6 has not been tested?

A It has not been tested. We have a log of it; however, it has not been tested within several miles of location.

Q Do you have any indication as to how good a well you have?

A In the Mesaverde, I would say that we have a very

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marginal well in all probability, and that it might have a deliverability into the pipeline of maybe, oh, you know, half a million a day and probably would drop off rather rapidly down into the two or three hundred thousand class.

Q If that information is correct, would Consolidated consider drilling a well anywhere in the East Half of Section 6?

A We are considering drilling an on-pattern well, which would be in the Northeast Quarter, depending on the outcome of the 2-6. This well in the Northeast Quarter would be a dual Dakota-Mesaverde well.

Q Would you agree that an undue hardship would be placed upon Consolidated if this application were not granted?

A We feel that it would be, yes.

MR. MORRIS: I have no further questions.

BY MR. NUTTER:

Q Are all of the producing wells in this area depicted on your Exhibit No. 1?

A They are.

Q What is this well over here in Section 8?

A I believe that is a Mesaverde well. I believe it had a potential of 96 MCF per day. I qualify that, as I'm not quite sure if that is the one. That might be a Pictured Cliff well. I inadvertently left my field map in Denver.

Q What do we have down here in the Southwest of 7?

A We have a Pictured Cliff and Mesaverde well. The



Mesaverde well I believe is a commercial well, as is the Pictured Cliff.

Q What pool would this Pictured Cliff production fall in?

A It is in the Tapicito.

MR. NUTTER: Are there any further questions of Mr. Farmer? He may be excused.

(Witness excused.)

MR. RAINEY: Mr. Examiner, D. H. Rainey with El Paso Natural Gas Company. El Paso is an owner of acreage offsetting the acreage, and as an offset operator we have no objection to granting the application.

MR. NUTTER: Does anyone else have anything further?

MR. KELLAHIN: That's all I have.

MR. NUTTER: We will take the case under advisement.

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STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings was reported by me, and that the same is a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

DATED this 14th day of April, 1962, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Ada Dearnley
 NOTARY PUBLIC

My Commission Expires:

June 19, 1963.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2522 heard by me on 4/11, 1962.

[Signature] Examiner.
 New Mexico Oil Conservation Commission

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