

CASE 6764: LEE CRANE FOR SURFACE COM-
MITTEE, SAN JUAN COUNTY, NEW MEXICO

CASE NO.

6763

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

STATE OF NEW MEXICO
 ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION
 STATE LAND OFFICE BLDG.
 SANTA FE, NEW MEXICO
 12 December 1979

EXAMINER HEARING

 IN THE MATTER OF:)

Application of Lee Crane for surface com-)
 mingling, San Juan County, New Mexico.)

CASE
 6764
)

 BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
 Division:

Ernest L. Padilla, Esq.
 Legal Counsel for the Division
 State Land Office Bldg.
 Santa Fe, New Mexico 87501

For the Applicant:

William F. Carr, Esq.
 CAMPBELL & BLACK P. A.
 Jefferson Place
 Santa Fe, New Mexico 87501

I N D E X

LEE M. CRANE

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MR. NUTTER: Call Case Number 6764.

MR. PADILLA: Application of Lee Crane
for surface commingling, San Juan County, New Mexico.

MR. CARR: May it please the Examiner, I
am William F. Carr, Campbell and Black, P. A., Santa Fe, appearing
on behalf of the applicant. I have one witness who needs to be
sworn.

(Witness sworn.)

LEE M. CRANE

being called as a witness and having been duly sworn upon his
oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. CARR:

Q. Will you state your name and place of resi-
dence?

A. Lee M. Crane, Aztec, New Mexico.

Q. Mr. Crane, by whom are you employed and
in what capacity?

A. I am self-employed.

Q. Have you previously testified before the
Commission, had your credentials accepted and made a matter of

record?

A. No.

Q. Will you briefly summarize for the Examiner your background in the oil business?

A. Oh, I've been involved in the drilling business since the end of World War II, since 1946, in various phases of drilling of oil and gas wells and some production.

Q. How much of your experience is in the San Juan Basin?

A. I've been there since 1951.

Q. And how many wells have you been involved in the drilling of?

A. Oh, two hundred.

Q. You are the applicant in this case?
Is that correct?

A. No. No, just -- my function in the drilling of the wells is a consulting engineer, not as an operator.

Q. And you are the applicant in this case, Mr. Crane?

A. Oh, yes, I'm sorry.

Q. And you are familiar with the subject area?

A. Yes.

MR. CARR: Are the witness' qualifications as a practical oil man acceptable?

MR. NUTTER: Yes, sir, they are.

Q Mr. Crane, will you briefly state what you are seeking with this application?

A To commingle gas from the Martin No. 1, which is an old expired oil well, which is producing gas between the long string and the, I suppose you would call it, intermediate. It's an old cable tool hole.

It started producing gas between the two strings of casing in September and, of course, we -- I immediately notified the Oil Conservation Commission, and they made an extensive search of the area for leaking casings in the nearby wells, well, within wells within four miles. And after a two-month period they have been able -- unable to find any well that shows a casing leak from production records or bradenhead test.

MR. NUTTER: Now, let me interrupt you there, Mr. Crane.

A Yes.

MR. NUTTER: It's producing gas between the surface pipe and the long string?

A It's producing -- it's producing gas from the string, the string that they carried with them down to the top of the Ojo Alamo, which is at 700 feet.

MR. NUTTER: Okay, what size casing is that?

A. That is 7-inch.

MR. NUTTER: And then what's the other casing?

A. The other casing is supposed to be 5-1/2. One of the records -- these wells were drilled before I bought the property, and I don't really -- they're real old wells, Mr. Examiner, and the records are not too good, but the Commission records show that it's 5-1/2 down to 900 feet.

MR. NUTTER: And that 7-inch is --

A. 700 feet.

MR. NUTTER: At 700.

A. So the production is coming from 700 to 900, presumably.

MR. NUTTER: Okay, now what is the -- is the well producing through the 5-1/2 inch casing from 900, also?

A. No. It's -- I pulled the tubing out of it and plugged it at the bottom of the casing at 900 feet, and was preparing to make a water well out of it.

MR. NUTTER: I see, but you got gas coming up between the -- annulus between the two pipes, then?

A. Yes.

MR. NUTTER: I see. Okay, so the 5-1/2 is not producing any more.

A. No.

MR. NUTTER: Okay, go ahead.

A And I have a water well at the shop and house about 600 feet away from it, and I am seeking permission to put this gas in the line to relieve the pressure and keep it off my water well.

My water well is perforated in the same water zone at 820 feet, and I'm anxious about the possibility of gas coming up in that well, if the pressure continues to build. So I think that if I can put this gas into the line and control the pressure, the build-up pressure, in the section that it may not break into the water well.

MR. NUTTER: I see.

Q Now, Mr. Crane, have you prepared an exhibit for introduction in this case?

A Yes.

Q Would you briefly summarize for the Examiner what this exhibit shows?

A It shows -- it shows the position -- these wells are designated as part of the Oswell Oil Field, and it is -- the only two wells that are producing now are in Section 4, and this is a graph showing the position of the wells that are producing in that field.

Q And the Orville Slaughter well, which is depicted on your exhibit is the nearest well which is producing

from the subject formation.

A Yes. Well now, there are no other wells producing from the Ojo Alamo in the San Juan Basin. This is just strictly an orphan.

Q Has surface commingling been authorized in other instances in this general area?

A The Slaughter wells to the north in 34, he commingles gas for the Fruitland and Farmington.

Q Are you planning to sell the gas from the No. 1 to El Paso Natural Gas?

A Yes.

Q And you are currently selling gas from the No. 3 to El Paso?

A Yes.

Q Will you have to run an additional line from the No. 1 to the No. 3?

A Yes.

Q And how will this gas be metered?

A Probably, if there's -- the production from the Martin 3 is fairly constant, varying only with the line pressure, and if it would be satisfactory and look satisfactory, we could simply work it on a percentage basis by shutting one well off periodically and checking the production. Or if this doesn't -- isn't satisfactory, we'll just simply put a metering device in

the line.

Q If the Commission required it, you would be able to meter the production separately?

A Yes.

Q Are either of the wells, the Martin 1 or the Martin 3, producing any liquids?

A No.

Q Are you producing any water from either of these wells?

A No. Oh, this -- the Martin 1, looking just as we could check it, will probably produce about a barrel and a half of water a day.

Q All right, and how do you plan to dispose of that water?

A Oh, in an evaporation pit.

Q Are all the lands involved in this application fee lands?

A Yes.

Q And do you own or have the ownership rights in all the producing formations?

A Yes.

Q What is the production capacity of each of these wells?

A The Martin No. 1, we put a gauge on it, and

it's producing at atmosphere at about 115,000 cubic feet a day.

And the Martin No. 3 produces about -- between 500 and 800 a month.

Q. There is production data attached to the -- included on the second page of your exhibit.

A. Yes.

Q. On the Martin 3.

What pressure have you encountered in the Ojo Alamo?

A. The maximum shut-in pressure we have seen to date is 200 pounds.

Q. Now what is the pressure of the El Paso Natural Gas line it would be producing into?

A. 125 pounds.

Q. Has notice of this hearing been given to El Paso and to Mr. Slaughter?

A. Yes.

Q. In your opinion, Mr. Crane, if this application is granted, will you be able to recover hydrocarbons that otherwise would not be recovered?

A. Yes.

Q. Will granting this application be in the interest of conservation, the prevention of waste, and the protection of correlative rights?

A. In my opinion, it will.

Q Was Exhibit Number One prepared by you?

A Under my direction.

MR. CARR: At this time, Mr. Examiner, we would offer into evidence Applicant's Exhibit Number One.

MR. NUTTER: Applicant's Exhibit One will be admitted in evidence.

MR. CARR: And we have nothing further on direct.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Crane, what did you say the pressure was here on the annulus in this Martin No. 1?

A At the last reading yesterday it was 200 pounds.

Q So it ought to be able to buck that line pressure of 125, then.

A Yes, sir.

Q How about the pressure on the No. 3, what has it been?

A Its maximum pressure is about 185 pounds.

Q Okay. Do you have any idea why this well is producing from the Ojo Alamo, Mr. Crane? Do you think it's leakage from the Farmington that has occurred in the years gone

by or is it natural, a natural accumulation of gas in the Ojo Alamo?

A. Mr. Examiner, I don't know of any other case where the Ojo Alamo has ever produced gas of this nature. It probably is a leak from an old well somewhere, but it's probably either from the PC; the pressure are too high to be a Farmington gas sand.

Q. Well now, wasn't the well originally a Farmington gas well?

A. Yes, it was.

Q. And it quit producing from the Farmington.

A. Yes.

Q. So you decided to make a water well out of it.

A. Yes, sir.

Q. I see.

MR. NUTTER: Are there any further questions of the witness.

MR. PADILLA: I have one, Mr. Examiner.

MR. NUTTER: Mr. Padilla.

CROSS EXAMINATION

BY MR. PADILLA:

Q. Mr. Crane, is the royalty ownership the

same for both wells?

A Yes, sir.

MR. PADILLA: That's all I have.

MR. NUTTER: Are there any other questions
of the witness? He may be excused.

Do you have anything further, Mr. Carr?

MR. CARR: Nothing further, Mr. Nutter.

MR. NUTTER: Does anyone have anything they
wish to offer in Case Number 6764?

We'll take the case under advisement.

(Hearing concluded.)

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a Certified Shorthand Reporter,
DO HEREBY CERTIFY that the foregoing and attached Transcript of
Hearing before the Oil Conservation Division was reported by me;
that the said transcript is a full, true, and correct record of
the hearing, prepared by me to the best of my ability.

Sally W. Boyd C.S.R.
Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 6764
heard by me on 12/12 1979.
[Signature], Examiner
Oil Conservation Division

STATE OF NEW MEXICO
 ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION
 STATE LAND OFFICE BLDG.
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Q And do you own or have the ownership rights in all the producing formations?

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Q And it quit producing from the Farmington.

A Yes.

Q So you decided to make a water well out of it.

A Yes, sir.

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MR. NUTTER: Mr. Padilla.

CROSS EXAMINATION

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MR. NUTTER: Does anyone have anything they
wish to offer in Case Number 6764?

We'll take the case under advisement.

(Hearing concluded.)

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a Certified Shorthand Reporter,
DO HEREBY CERTIFY that the foregoing and attached Transcript of
Hearing before the Oil Conservation Division was reported by me;
that the said transcript is a full, true, and correct record of
the hearing, prepared by me to the best of my ability.

Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 6764
heard by me on 12/12 19 79
Abraham, Examiner
Oil Conservation Division



BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

January 10, 1980

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. William F. Carr
Campbell and Black
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico

Re: CASE NO. 6764
ORDER NO. R-6233

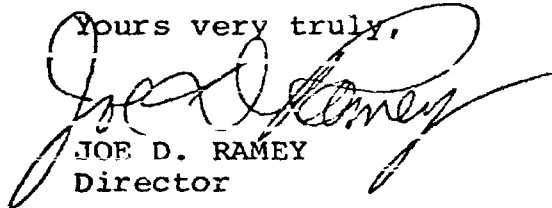
Applicant:

Lee Crane

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Division order recently entered in the subject case.

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD X
Artesia OCD X
Aztec OCD X

Other _____

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6764
Order No. R-6233

APPLICATION OF LEE CRANE FOR
SURFACE COMMINGLING, SAN JUAN
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 12, 1979, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 9th day of January, 1980, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Lee Crane, is the owner and operator of the Martin Wells Nos. 1 and 3, located in Unit N of Section 34, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico.

(3) That the applicant seeks authority to commingle undesignated Ojo Alamo and Oswell-Farmington production of the above-described wells into a common gathering line for sale through a single meter into the pipe line.

(4) That the production of gas from the aforesaid Martin Well No. 1 is a salvage operation only.

(5) 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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Case No. 6764
Order No. R-6233

(6) That in order to allocate the commingled production to each of the subject wells, semi-annual tests should be taken of the wells by shutting in one well and producing the other.

IT IS THEREFORE ORDERED:

(1) That the applicant, Lee Crane, is hereby authorized to commingle undesignated Ojo Alamo and Oswell-Farmington production from his Martin Wells Nos. 1 and 3, located in Unit N of Section 34, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico, in a common gathering system.

(2) That the applicant shall allocate the production to each of the aforesaid wells on the basis of semi-annual well tests.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director


S E A L

fd/

Section 34, Township 30 N, Range 11 W

CRANE

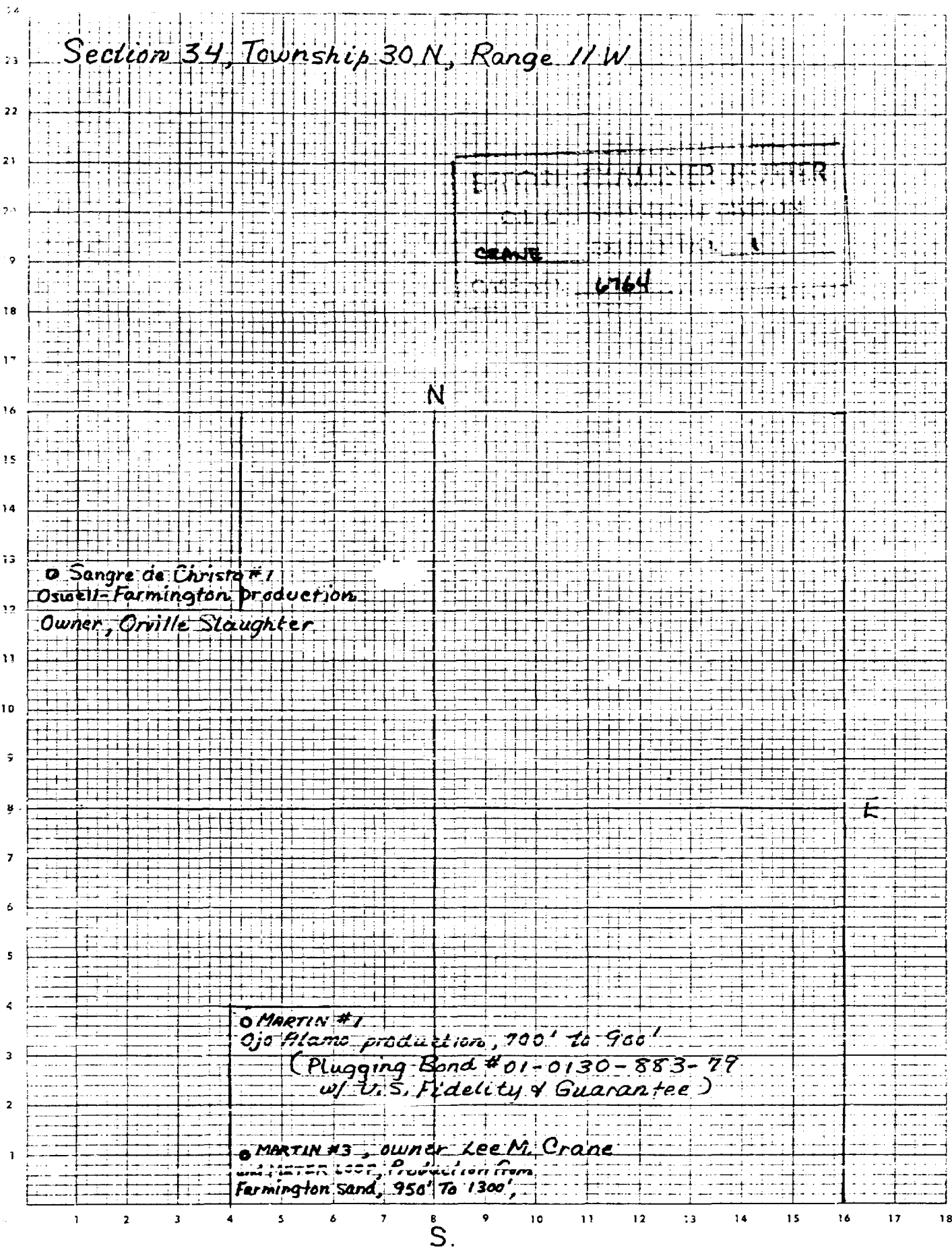
4764

○ Sangre de Cristo #1
Oswell-Farmington production
Owner, Orville Slaughter

○ MARTIN #1
Ojo Alamo production, 700' to 900'
(Plugging Bond #01-0130-883-79
w/ U.S. Fidelity & Guarantee)

○ MARTIN #3, owner Lee M. Crane
and METER LOOP, Production from
Farmington Sand, 950' to 1300'

24	Recent production, Martin #3																	
23																		
22																		
21	Month	Quantity				Gross Value				Net Value								
20																		
19	Mar.	631				640.20				580.02								
18	Apr.	655				668.58				605.93								
17	May	561				576.72				522.90								
16	Jun.	557				576.70				523.09								
15	Jul.	684				719.58				650.55								
14	Aug.	624				661.82				598.61								
13	Sep.	890				952.50				861.15								
12	Oct.	742				800.48				724.06								
11																		
10																		
9																		
8																		
7																		
6																		
5																		
4																		
3																		
2																		
1																		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18



24	Recent production, Martin #3			
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22				
21	Month	Quantity	Gross Value	Net Value
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19	Mar.	631	640.20	580.02
18	Apr.	655	668.58	605.93
17	May	561	576.72	522.90
16	June	557	576.70	523.67
15	Jul.	684	719.58	650.55
14	Aug.	624	661.82	598.61
13	Sep.	890	952.50	861.15
12	Oct.	742	800.48	724.06
11				
10				
9				
8				
7				
6				
5				
4				
3				
2				
1				
	1	2	3	4
	5	6	7	8
	9	10	11	12
	13	14	15	16
	17	18	19	20

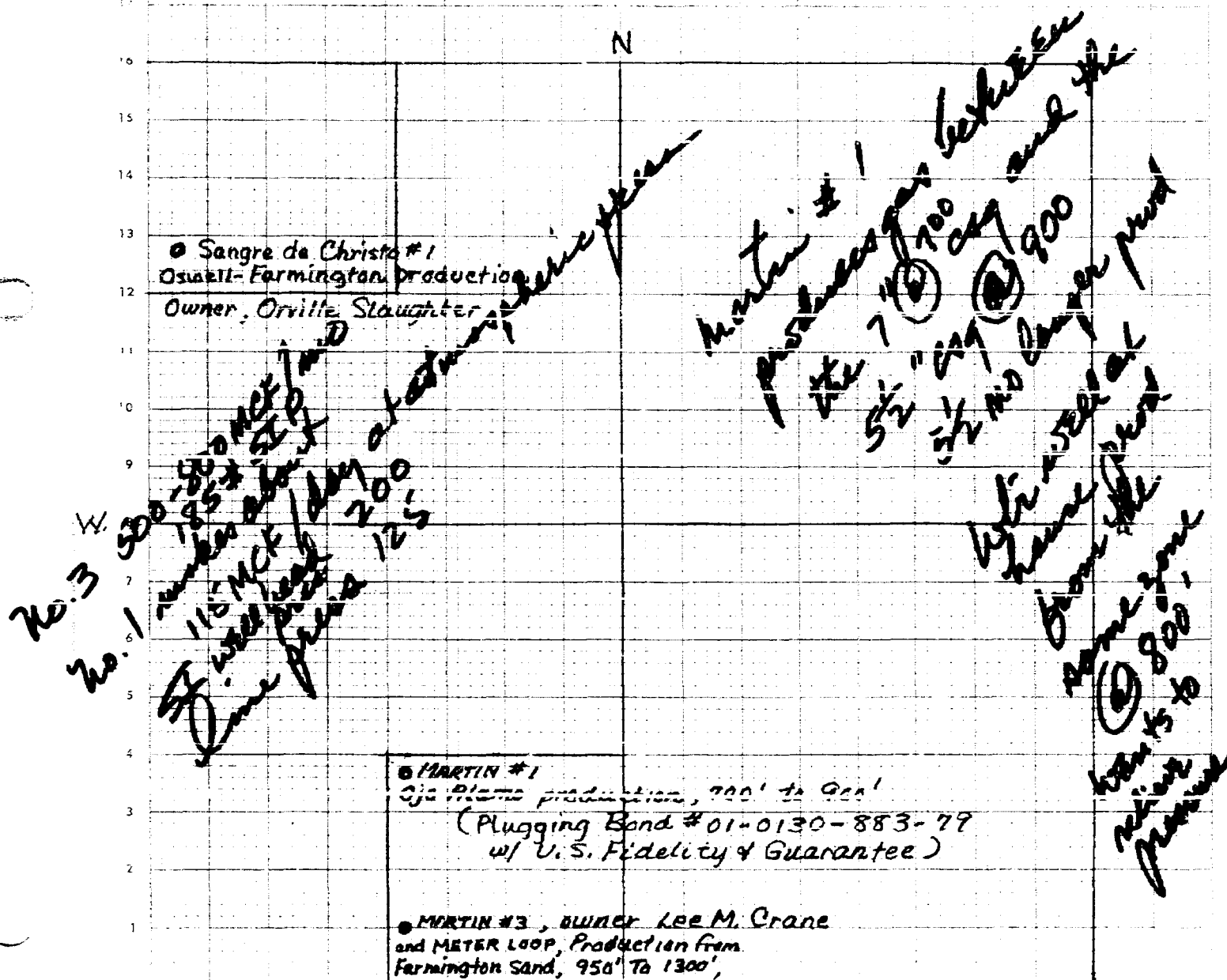
Section 34, Township 30 N, Range 11 W

BEFORE EXAMINER NUTTER

OIL CONSERVATION DIVISION

CRANE EXHIBIT NO. 1

CASE NO. 6764



Farmington prod from # 3 is constant, varying only w/ line press.

Recent production, Martin #3

Month	Quantity	Gross Value	Net Value
Mar.	631	640.20	580.02
Apr.	655	668.58	605.93
May	561	576.72	522.90
Jun.	557	576.70	523.09
Jul.	684	719.58	650.55
Aug.	624	661.82	598.61
Sep.	890	952.50	861.15
Oct.	742	800.48	724.06

CAMPBELL AND BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
PAUL R. CALDWELL

POST OFFICE BOX 2208
JEFFERSON PLACE
SANTA FE, NEW MEXICO 87501
TELEPHONE (505) 988-4421

December 3, 1979

Mr. Joe D. Ramey
Division Director
Oil Conservation Division
New Mexico Department of Energy & Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Application of Lee Crane for Surface
Comingling, San Juan County, New Mexico

Dear Mr. Ramey:

Enclosed in triplicate is the application of Lee Crane
in the above-referenced matter.

The applicant requests that this matter be included on
the docket for the examiner hearing scheduled to be held
on December 12, 1979.

Very truly yours,

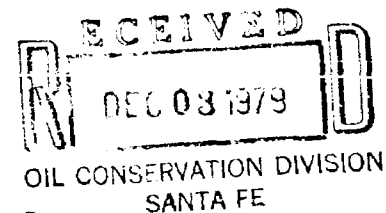
William F. Carr

William F. Carr

WFC:lr

Enclosure

cc: Mr. Lee Crane



BEFORE THE
OIL CONSERVATION DIVISION
SANTA FE

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION
OF LEE CRANE FOR SURFACE COMINGLING,
SAN JUAN COUNTY, NEW MEXICO.

CASE 6764

APPLICATION

Comes now LEE CRANE, by his undersigned attorneys, and applies to the New Mexico Oil Conservation Division for approval of surface comingling, San Juan County, New Mexico, and in support of his application states:

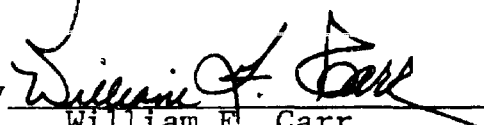
1. Applicant is the operator of the Martin #1 Well located ¹¹⁹³~~1693~~ feet from the south line and 1460 feet from the west line of Section 34, Township 30 North, Range 11 West and the Martin #3 Well located 330 feet from the south line and 1460 feet from the west line of Section 34, Township ³⁰~~29~~ North, Range 11 West, both in San Juan County, New Mexico.
2. That the Martin #1 Well produces from the Ojo Alamo formation and the Martin #3 Well produces from the Oswell-Farmington formation.
3. That the mineral ownership of the acreage dedicated to both of the subject wells is common.
4. Adequate facilities will be provided for accurately determining production from each well at reasonable intervals.

5. Applicant therefore seeks approval pursuant to Rule 303-A to comingle production from said wells.

WHEREFORE, applicant respectfully requests that this matter be set for hearing before the Commission or one of the Division's duly appointed examiners and that after notice and hearing as required by law, the Division enter its order approving the application.

Respectfully submitted,
CAMPBELL AND BLACK, P.A.

By


William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87501
Attorneys for Applicant

RECEIVED
OIL CONSERVATION DIVISION
SANTA FE

BEFORE THE
OIL CONSERVATION DIVISION
SANTA FE

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION
OF LEE CRANE FOR SURFACE COMINGLING,
SAN JUAN COUNTY, NEW MEXICO.

CASE 6764

APPLICATION

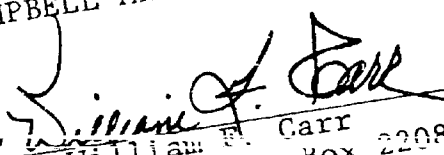
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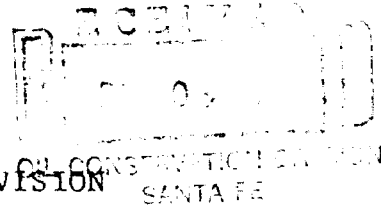
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Respectfully submitted,
CAMPBELL AND BLACK, P.A.

By 
William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87501
Attorneys for Applicant

BEFORE THE
OIL CONSERVATION DIVISION



NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION
OF LEE CRANE FOR SURFACE COMINGLING,
SAN JUAN COUNTY, NEW MEXICO.

CASE 6764

APPLICATION

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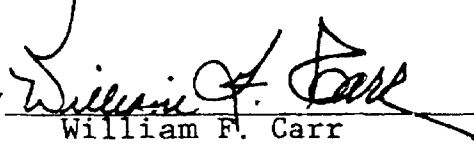
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Respectfully submitted,
CAMPBELL AND BLACK, P.A.

By


William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87501
Attorneys for Applicant

- CASE 6760:** Application of Sun Oil Company for an unorthodox location, non-standard gas proration unit, infill findings, and simultaneous dedication, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State "AY" Well No. 5, located in Unit E of Section 36, Township 7 South, Range 35 East, Todd-Upper San Andres Gas Pool, to be simultaneously dedicated with its State "AY" Well No. 3 in Unit F of Section 36 to a 160-acre non-standard gas proration unit comprising the NW/4 of Section 36. Also sought are findings that the proposed well is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing unit well.
- CASE 6761:** Application of Phillips Petroleum Company for an unorthodox gas well location and approval of infill drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of an Aloka-Morrow test well to be drilled 660 feet from the North and West lines of Section 2, Township 24 South, Range 28 East; applicant further seeks a finding that the drilling of said well is necessary to effectively and efficiently drain that portion of the proration unit, being the W/2 of said Section 2, which cannot be so drained by the existing well.
- CASE 6762:** Application of Joe Don Cook for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine into an unlined surface pit located in Section 1, Township 19 South, Range 31 East, Shugart Pool.
- CASE 6763:** Application of Adams Exploration Company for compulsory pooling and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the North Osuda-Morrow Gas Pool underlying Section 16, Township 20 South, Range 36 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South and West lines of said Section 16. 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.
- CASE 6729:** (Continued from November 14, 1979, Examiner Hearing)
- Application of Adams Exploration Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying Section 16, Township 20 South, Range 36 East, North Osuda-Morrow Gas Pool, to be dedicated to a well to be drilled at a standard location thereon. 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.
- CASE 6725:** (Continued from November 28, 1979, Examiner Hearing)
- Application of Tenneco Oil Company for three non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 291.23-acre non-standard gas proration unit comprising the W/2 of Section 6 and the NW/4 of Section 7, a 247.56-acre unit comprising the W/2 of Section 19 and the NW/4 of Section 30, and a 375.17-acre unit comprising the SW/4 of Section 30 and the W/2 of Section 31, all in Township 29 North, Range 8 West, Basin-Dakota Pool, each unit to be dedicated to a well to be drilled at a standard location thereon.
- CASE 6751:** (Continued from November 28, 1979, Examiner Hearing)
- Application of Tenneco Oil Company for the rescission of special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the rescission of the special pool rules for the Catclaw Draw-Morrow Gas Pool to provide for 320-acre spacing rather than 640 acres. In the absence of objection, the pool rules will be rescinded and the pool placed on standard 320-acre spacing for Pennsylvanian gas pools rather than the present 640-acre spacing.
- CASE 6764:** Application of Lee Crane for surface commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the surface commingling of undesignated Ojo Alamo and Gwells-Farmington production from his Martin Wells Nos. 1 and 3 located in Section 34, Township 30 North, Range 11 West.
- CASE 6765:** Application of Mesa Petroleum Company for an exception to Order No. R-111-A and an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the casing-cementing rules of Order No. R-111-A to complete its Bass Federal Well No. 2 to be drilled at an unorthodox location 1450 feet from the North line and 1850 feet from the West line and its Bass Federal Well No. 3 to be drilled in Unit D, both in Section 6, Township 20 South, Range 31 East, by setting surface casing in the "Red Bed" section of the basal Rustler formation and production casing at total depth. Both casing strings would have cement circulated to the surface.

Memo

From

FLORENE DAVIDSON

ADMINISTRATIVE SECRETARY

To Called in by
Bill Carr 11/20/79

Lee Crane

Surface Commingling - Gas
Martin #1

1193/5 + 1460/W

34-30N-11W

Undesignated ojs Alamo

Martin #3

1330/5 + 1460/W

34-30N-11W

Oswell-Farmington Pool

1100/5 + 1540/W

OIL CONSERVATION COMMISSION-SANTA FE

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

dr/

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6764

Order No. R-6233

APPLICATION OF LEE CRANE

SURFACE
FOR ~~DOWNHOLE~~ COMMINGLING, SAN JUAN
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 12,
19 79, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter

NOW, on this _____ day of December, 1979, the
Division Director, 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 Division has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Lee Crane, is
the owner and operator of the Martin Wells Nos. 1 and 3,
located in Unit N of Section 34, Township 30 North,
Range 11 West, NMPM, San Juan County, New Mexico.

(3) That the applicant seeks authority to commingle undesigned
Ojo Alamo and Oswell-Farmington production

~~in the~~ of the above-described wells into a
common gathering line for sale through a single
meter into the pipe line.

(4) That the production of gas from the aforesaid Martin Well No. 1 is a salvage operation only.

~~(4) That from the Undesignated Ojo Alamo zone, the subject well is capable of low marginal production only.~~

~~(5) That from the OSwell-Farmington zone, the subject well is capable of low marginal production only.~~

(5) 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.

~~(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 Division 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 Division any time the subject well is shut-in for 7 consecutive days.~~

(6) That in order to allocate the commingled production to each of the ~~commingled zones~~ *subject wells, semi-annual tests should be taken* ~~percent of the commingled production should be~~ *of the wells by shutting in one well and producing* ~~allocated to the Undesignated Ojo Alamo zone, and the other~~ ~~percent of the commingled production to the~~ ~~OSwell-Farmington zone.~~

(ALTERNATE)

(9) That in order to allocate the commingled production to each of the commingled zones in the wells, applicant should consult with the supervisor of the Aztec district office of the Division and determine an allocation formula for each of the production zones.

IT IS THEREFORE ORDERED:

(1) That the applicant, Lee Crane, is
undesignated
hereby authorized to commingle Ojo Alamo and
Oswell-Farmington production ~~in a common gathering system~~

from his Martin Wells Nos. 1 and 3, located in Unit N of
Section 34, Township 30 North, Range 11 West,
NMPM, San Juan County, New Mexico, *in a common gathering system.*

(2) That the applicant shall consult with the Supervisor
of the Aztec district office of the Division and
determine an allocation formula for the allocation of production
to each zone in each of the subject wells.

(ALTERNATE)

(2) That _____ percent of the commingled
production shall be allocated to the undesignated Ojo Alamo
zone and _____ percent of the commingled
production shall be allocated to the Oswell-Farmington
zone.

(3) That the operator of the subject well shall immediately
notify the Division's Aztec district office any time the
well has been shut-in for 7 consecutive days and shall concurrently
present, to the Division, a plan for remedial action.

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

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

*(2) That the applicant shall allocate
the production to each of the aforesaid
wells on the basis of semi-annual well
tests.*